

Case Study
Sexually Transmitted Altruism
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DKT International, founded by one of the largest erotica distributors in the United States, provides contraceptives to approximately 50 million people a year in the developing world.

BY GREG BEATO

PICTURE GUNTAR, AN ENTIRELY HYPOTHETICAL but demographically plausible college student in Bandung, a city of 7.4 million in the Indonesian province of West Java. Guntar is 21 years old. He's driving through the city on a Friday night on his Taurus motorbike, headed toward a dance club. Guntar is eager to get there, but first he makes a stop at Circle K convenience store. Why? Because he's pretty sure Adinda's going to be at the club, and whenever he and Adinda spend the night drinking and dancing they usually end up having sex.

Circle K carries numerous condom brands: Durex, Kingtex, Impulse, Freestyle, Fiesta. Fiesta, that's the brand Guntar likes, the one advertised on MTV. The ad shows a guy in a club, moving smoothly across the floor in a crisp white button-down until a girl bumps into him and douses him with a glass of red wine. His shirt's ruined, but the guy doesn't miss a beat. He rips off his stained button-down to reveal another one beneath, equally crisp, equally white. The tagline: "Protect yourself. Be cool and responsible."

Fiesta condoms come three to a pack, with the packs costing 40 cents each. When Guntar grabs one and pays for it at the counter, he doesn't realize it, but he's engaging in a humanitarian act that will have ramifications 7,500 miles away, in Ghana. That's because the organization that markets Fiesta in Indonesia also markets condoms and other contraceptive products in Ghana. And it uses some of the surplus income generated in Indonesia to make its Ghana product line super-affordable. In fact, its pricing plan dictates that a year's supply of contraceptives should equal no more than 1 percent of Ghana's average gross income per capita. In Ghana, fewer people are using contraceptives today than just a few years ago, and maternal mortality is high, with 451 deaths per 100,000 live births. But thanks to Guntar's purchase in Indonesia, a young woman in Ghana will be able to buy an IUD she otherwise couldn't afford. And that IUD might save her life.

The organization orchestrating this global network of sexually transmitted altruism is a 23-year-old nonprofit called DKT

International. Based in Washington, D.C., DKT promotes family planning and HIV/AIDS prevention in 18 countries in Asia, Africa, and Latin America. Instead of distributing products free through clinics, hospitals, and other settings, it sells them through established retail channels. It also promotes them aggressively through advertising, social media websites, live

events, and other consumer-focused efforts. This approach is called social marketing—the idea is to use the mechanisms of commerce to induce positive social outcomes. (The term predates Facebook, Twitter, and other social networks by at least three decades.)

Antismoking commercials and voter registration campaigns are forms of social marketing too, but DKT takes things a step further by actually selling products. It sets prices that allow it to give the wholesalers and retailers their usual profit margins to distribute its products, and in some countries, like Indonesia, it sells some products at prices that allow it to cover its own costs and even accrue a surplus. In most of the countries in which it operates, DKT's expenses exceed its revenues—but it's still able to recover a sizable amount of its costs. In 2010, it recorded \$76.4 million in revenues through contraceptive sales and related services, substantially offsetting its \$114.3 million in expenses. Although contributions from the public and private sectors play a pivotal role in DKT's efforts, they account for only about 30 percent of its annual budget.

In the realm of international family planning, social marketing is fairly common, but no other major NGO obtains as high a percentage of its funding from social marketing as does DKT, which allows the nonprofit a unique degree of autonomy. "DKT's the smallest of the bunch," says Margot Fahnstock, a program officer in the William and Flora Hewlett Foundation's Global Development and Population Program. "But their programming is more exciting. They're risk takers."

"One of the reasons I've stressed generating revenue over the years is that I am such a lousy fundraiser," says Phil Harvey, the 70-year-old founder and president of DKT. "Both PSI [Population Services Inc.] and Marie Stopes International are much better at raising funds from donors than we are," he says, referring to the other two principal family planning NGOs.

But until very recently finding funds for family planning was not easy. According to Population Action International, the US government's funding for international family planning dropped by about 25 percent from 1995 to 2010. And the US government isn't the only donor whose commitment has waned. "Birth control has almost

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A DKT salesman displays Prudence condoms in his shop in Mozambique, where condom prices are subsidized through Prudence sales in Brazil.

completely and totally disappeared from the global health agenda,” philanthropist Melinda Gates said in an April 2012 TEDxChange presentation. In July 2012, the Bill & Melinda Gates Foundation, Bloomberg Philanthropies, and 15 other entities committed \$2.6 billion for family planning programs.

One reason for this long funding gap is a shift in priorities among the donor community. “The data I’ve seen have shown rapidly rising commitments to HIV/AIDS and gradually falling off commitments to family planning,” Harvey explains. Another factor is the culture wars that family planning efforts spawn. They aren’t confined to the United States; they play out internationally. Some family planning nonprofits, including DKT, offer abortion services in countries where abortion is legal. All help improve access to a wide range of contraceptive products in developing nations, a fact that sometimes gets characterized as a coercive attempt to limit the reproductive choices of poor people.

Such factors can make the world of international family planning complex territory to navigate. Donors are wary of potential backlash from pro-life groups, abstinence advocates, and other advocates. Nonprofits and other actors in the sector sometimes circumscribe their programming efforts in the name of political expedience. But Harvey’s lousy fundraising

skills—along with his sharp commercial instincts—have helped insulate DKT from much of the strategic capitulation and general uncertainty about funding that often characterize nonprofits. Indeed, even as donor interest in family planning waned, DKT has thrived, increasing its annual budget from \$39 million in 2002 to an estimated \$145 million in 2012 and broadening its footprint from eight countries to 18.

In the family planning sector, organizations like DKT measure their reach through a metric called “couple years of protection,” or the amount of contraceptives one couple needs in a year to prevent unwanted pregnancies. In 2011, DKT’s contraceptive outlay included 650 million condoms, more than 72 million cycles of oral contraceptives, 14 million injectable contraceptives, 1 million IUDs, and 12 million misoprostol pills. All told, this mix of products provided 24.5 million couple years of protection, enough to meet the needs of 6 percent of all couples using family planning in the developing world, excluding China. DKT estimates that these contraceptives prevented 7 million unwanted pregnancies and 11,000 maternal deaths. In addition, in 2011 DKT provided 1.7 million doses of a drug that induces a medical abortion.

And yet because DKT leverages the commercial sector so extensively to distribute and market its products, it is able to operate with a small core staff. “Here in Washington, D.C., it’s mostly just me and Phil Harvey and a support team of accountants and some administration,” says Chris Purdy, DKT’s executive vice president.

DKT was founded in 1989, but its gestation period goes back to the early 1960s, when Harvey traveled to India to work for the international relief agency CARE after graduating from Harvard College and serving two years in the US Army. At CARE, Harvey supervised a preschool nutrition program, a job that exposed him to a daunting

At CARE, Harvey supervised a preschool nutrition program, a job that exposed him to a daunting fact: No matter how much food he managed to obtain, the number of children to feed increased faster.

fact: No matter how much more food he and his colleagues managed to obtain for the program each year, the number of children to feed increased faster. Eventually, Harvey concluded that family planning offered a better way to address India’s nutrition challenges and widespread poverty.

In India, Harvey was exposed to work being conducted by Peter King, an MIT professor who was in Calcutta as a visiting scholar at the Indian Institute of Management. King was interested in how to distribute condoms more effectively in India. What struck him was that although there were relatively few doctors and medical clinics in the country, especially in non-urbanized areas, a developed retail infrastructure existed. In fact, in the mid-1960s a few hundred retailers were already selling condoms—but the condoms were high priced, targeted at urban elites, and not particularly accessible to the majority of Indians. To sell at

prices the average Indian could afford would be impossible for a commercial manufacturer looking for a profit. But, King reasoned, a nonprofit whose primary goal was to increase contraceptive usage could sell condoms at subsidized prices and still take advantage of already existing retail distribution networks.

It took King four years to get the necessary commitments for a trial project, but in

1968 the US Agency for International Development (USAID) and the Swedish International Development Cooperation Agency provided 400 million condoms to the Indian Ministry of Family Planning for the experiment. Meanwhile, King had enlisted the support of six commercial distributors that were already supplying thousands of Indian retailers with tea, cigarettes, and batteries. The condoms were sold at one-fifth the price that condoms typically fetched in India.

Although the project wasn’t an immediate success, Harvey believed it offered a viable model for future efforts. Before he tried to emulate it, however, he returned to the United States in 1969 to attend a one-year master’s program at the School of Public Health at the University of North Carolina at Chapel Hill. There he met Tim Black, a British doctor who was also enrolled in the program. Like Harvey, Black had spent time in developing countries working to alleviate poverty, and he shared similar views about the positive impact of family planning.

The two would eventually implement a program similar to King’s in Kenya, but first they tackled a more local challenge. As part of his master’s thesis, Harvey drafted a plan to sell condoms through the mail to US consumers. Condom distribution via mail was still illegal in some cases, with a potential five-year prison sentence and \$2,000 in fines, stemming from the 1873 Comstock Law, which forbade the mailing of obscene materials or articles designed for the “prevention of conception, or for causing unlawful abortion.” The law had been chipped away at, though. In 1936, a federal appeals court ruled that the federal government could not interfere with doctors providing contraception to their patients. In 1965, the US Supreme Court in *Griswold v. Connecticut*



At a DKT International franchise in Indonesia, midwives receive training on how to insert an IUD.

determined that citizens had a “right to marital privacy” and could purchase contraceptives by mail. But in 1970 it was still not clear that unmarried people could do this, and so condoms by mail were not widely available.

Using grant money from the Ford Foundation, Harvey and Black set up a nonprofit called Population Services Incorporated (PSI). Their plan was to offer condoms by mail, and to advertise their service heavily. Although *Playboy* and *Penthouse* initially turned down advertisements, several hundred college newspapers ran them. In their first year of operation, PSI filled more than 2,000 orders.

Although neither Harvey nor Black had intended to turn the project into an ongoing commercial enterprise, the response from customers convinced them to do so. In 1972, they established Population Planning Associates as a for-profit corporation distinct from their original nonprofit, PSI. In time, the company’s name would change to PHE (Phil Harvey Enterprises), and the catalog it published under the brand name Adam & Eve would evolve into one of the world’s most popular sources of adult-oriented merchandise, including condoms, sex toys, and explicit videos. Today, the privately held company employs nearly 400 people, stocks 18,000 products, and has annual revenues of around \$95 million.

PHE made Harvey a rich man, but instead of being lured into a life of sports cars, hot tubs, and other totems of Hefneresque hedonism, Harvey stayed true to his first passion: humanitarian work in the developing world. In 1972, he and Black got a grant from USAID to conduct a contraceptive social marketing program in Kenya, selling condoms in packs of three for about 6 cents a pack. The brand was called Kinga, which means protection in Swahili. PSI conducted in-depth research with local shopkeepers to determine ideal product characteristics, price points, and marketing messages. It retained the

services of the Ogilvy & Mather East African Advertising Agency to promote the brand through in-store displays, a 60-second commercial that aired in movie theaters, and a weekly 15-minute radio advice program called *The Kinga Doctor*.

PSI went on to implement similar social marketing programs in Sri Lanka and Bangladesh. In 1976, Black left PSI to work at Marie Stopes International, a London-based family planning clinic that he would help develop into a major international relief agency, and Harvey resigned as PSI’s executive director in 1977. But he continued to serve on its board, and PSI continued to thrive. By the 1980s, it had expanded its relief efforts beyond family planning and contraceptive services to malaria, child health, and HIV prevention, and sometimes it obtained grants for these efforts from USAID.

The support that PSI—and many international family planning nonprofits—received from USAID was threatened in 1984, when the Reagan administration implemented a new policy. Known as the Mexico City Policy, it stipulated that any international NGO that provided advice, counseling, or information regarding abortion in the countries where it was operating would no

longer be eligible for USAID funding. The policy’s potential impact on PSI was fairly clear: Offering information about abortion in country A could jeopardize USAID funding for combating malaria in country B. This new policy, along with Harvey’s desire to assume a more hands-on role in the nonprofit realm, prompted him to start thinking about creating a new organization that would focus only on family planning and sexual and reproductive health issues. In 1989, he founded DKT International to serve this purpose.

At first glance, it was an odd time to take on new responsibilities, as PHE was in the midst of a time-consuming and expensive battle to defend itself from a series of obscenity indictments brought against it by the US Department of Justice (DOJ). The DOJ’s intent, Harvey explained in his 2003 book *The Government vs. Erotica*, was to prosecute companies like PHE in several venues at once and thus induce “financial annihilation” even if the DOJ didn’t actually obtain a conviction. Although the government’s strategy, dubbed Project Postporn, wiped out much of PHE’s competition in the adult entertainment market, PHE kept mounting defenses and eventually sued the DOJ for harassment, obtaining a settlement in 1993 that effectively ended the government prosecutions.

Like PHE, DKT hasn’t been afraid to take on the federal government. In 2005, when USAID rescinded a \$60,000 sub-grant to DKT because of its refusal to adopt a policy “explicitly opposing prostitution and sex trafficking,” it sued the federal government for infringing its right to free speech. Initially, the court ruled in DKT’s favor,

but in 2007, the US Court of Appeals, District of Columbia Circuit, reversed this decision. Later, another organization sued the federal government on similar grounds and obtained a favorable ruling in US Court of Appeals for the Second Circuit in New York, which was extended to virtually every other family planning nonprofit except DKT. “Because DKT had a contrary outcome in D.C., the [Second Circuit panel] didn’t feel it was within its power to override the Court of Appeals in D.C.,” Harvey explains. “At this point DKT is the only US NGO of any importance against whom this policy is still enforceable. It’s been a moderate impediment to us doing business with the US government, but it hasn’t prevented it altogether.” Indeed, the government’s restrictions are not a major impediment to DKT, because DKT isn’t doing business with the federal government. It’s doing business with the millions of people who buy its products in the 18 countries in which it operates.

DKT’s social marketing approach doesn’t just increase its own autonomy; it increases the autonomy of the individuals it serves. For Harvey, this approach has always been hugely appealing. In his 1999 book *Let Every Child Be Wanted*, he recounts delivering a truckload of food to a flooded village in Punjab while working for CARE in 1968. When a woman in a ragged sari knelt down before him and touched his feet in gratitude, he felt “upset, confused, and instinctively repelled.” Harvey was troubled by the international aid world’s tendency to divide players into benefactors and beneficiaries. Social marketing, he hoped, would offer a way out of that paradigm.

The shift in power dynamics that social marketing enables is especially valuable in family planning, because decisions about contraception are by their nature extremely personal, as intimate as decisions get. When governments explicitly mandate such decisions—think of China’s one-child policy—personal autonomy is drastically curtailed. The goal of family planning advocates like Harvey is to increase personal autonomy, to give women and men in developing nations the power to control their reproductive destinies and sexual health. When goods are given away freely, a specter of mild coercion can haunt the transaction. When goods are offered for sale, however, target recipients are forced to incur a cost to obtain the perceived benefit. Those who don’t really want any condoms won’t buy them. Those who do, will.

Social marketing also changes the way NGOs think about such transactions. “The typical NGO thinks about what’s called a target beneficiary—the person who’s going to benefit from the intervention,” says Purdy. “A typical social marketer thinks about a customer—you’re there to serve their needs and wants.” In situating condoms and other contraceptive products in the commercial marketplace, social marketing forces its purveyors to understand how best to persuade potential users that their product is worth their money and attention.



DKT’s largely self-sustaining model, gives it the freedom to make contraception sexy and explicit, as in this Brazilian ad.

“We do a lot of research on consumer behavior to find out why someone in country X doesn’t use condoms,” says Purdy. “What are some of the barriers for women to access family planning? Is it because they are concerned about side effects? Is it because they don’t trust the quality or the price is too high? We understand those barriers to use, and then develop campaigns that respond to those obstacles. We’re trying to create brands, because when people feel good about brands, they use those brands and they don’t question the quality.”

DKT’s approach varies from country to country—what works in Brazil, where DKT runs contests

encouraging people to submit tales of sexual adventure on the organization’s Facebook page, won’t necessarily go over in a more conservative country like the

Democratic Republic of the Congo (DRC).

In general, though, DKT aims for candor. “I was at a conference in Dakar [Senegal] last November, and I gave a roundtable on this topic,” says Purdy. “I purposely made it controversial. It was called ‘The Orgasm Premium: Trying to Sexualize Family Planning.’ And what I realized is that the reason it is so difficult to get people to talk about sex when they talk about family planning is not because society at large is puritanical. It’s the people in the world of reproductive health. They really want to keep [family planning] medicalized and sanitized and quote unquote respectable.”

DKT, on the other hand, was founded by a man who made a fortune selling Double Bullet Jumbo Dildos. This pedigree, plus its largely self-sustaining business model, gives DKT the freedom to make contraception and family planning sexy and explicit, not clinical and euphemized. You can see this freedom manifest itself in DKT’s products and packaging—it offers flavored condoms, condoms with delay gels and warming lubricants, and vibrating condoms that blur the line between contraceptive device and sex toy. DKT will spend between \$25 million and \$28 million this year promoting its products, and it frequently tries to push the envelope when delivering its messages. In 2006, for example, a billboard in São Paulo for a condom aimed at men who have sex with men was taken down after officials received complaints. In 2008, a TV commercial that showed a woman pouring melted chocolate over a muffin and then suggestively licking her chocolate-covered fingertip was initially banned in India because officials worried that it might promote oral sex.

“In Ethiopia, we have billboards all over country, bus panels, TV ads; it’s a pretty extensive campaign,” says Andrew Pillar, DKT’s country director for Ethiopia. To increase its reach in the country’s rural areas, where traditional media are less prevalent, DKT operates a small fleet of “mobile video units”—cargo vans equipped with big-screen TVs and other broadcasting equipment—that it sends to hundreds of small market towns. “We show videos and have MCs

who do live interactions with people,” says Pillar. “There’s not much entertainment in these places, so it’s not hard to draw a crowd.”

As important as it is to create awareness of the benefits of contraception through advertising, it’s even more important to make the products easily accessible. In some countries, such as the Philippines and Indonesia, there are 24-hour convenience stores through which DKT can distribute its products. In less developed countries, DKT innovates. For example, in Kinshasa, a city of 10 million in the DRC, DKT is now selling condoms in 37 barbershops. “They’ll buy a box of condoms, in five packs, and offer them to their clients and include it in the bill,” says Sandra Gass, DKT’s country director for the DRC.

DKT’s innovative distribution schemes also have encouraged entrepreneurship. “We recently had someone call us from one of the eastern provinces, where we don’t have any staff or activities,” Gass says. “But he’d heard about our Okay brand of condoms and wanted to sell them. So he ordered them, paid, put them on a boat, and sent them up the river to be sold at pharmacies.”

In Ethiopia, the situation is similar. “Because of the HIV situation here, the government has been very progressive in some ways,” says Pillar. “First, they eliminated the duty on importing condoms. And second, they eliminated any restrictions on the type of outlets where they can be sold.

For oral contraceptives, we’re restricted to pharmacies and drug-stores, and clinics. But if we can convince a gas station to carry condoms, they’re legally authorized to distribute them.” The challenge, Pillar says, involved assembling an Ethiopian sales force that could cover up to 100,000 retail establishments. A German NGO bought condoms from DKT, Pillar explains, and gave them to anti-AIDS youth clubs. But the NGO got tired of doing free distribution, so DKT helped it identify several people in a given club, to be trained as salespeople in DKT’s Young Marketers program. “Now we have 183 clubs participating, selling condoms in nontraditional outlets in selected territories,” says Pillar. “We get better coverage and distribution, the individuals selling them get money for their efforts, and their clubs get money too.” A third of the condoms DKT now sells in Ethiopia are sold through Young Marketers.

As effective as selling subsidized condoms and other contraceptive products through the retail sector has been for DKT, there are many things a convenience store clerk will never be able to do, such as inserting IUDs into customers and performing sterilizations and abortions. To fill this void, 12 years ago DKT started clinics in India using a social franchising model. Pioneered by chains like McDonald’s and Kentucky Fried Chicken, franchising develops a comprehensive operating plan for franchisors to follow, complete with a brand identity, products and services, training, and advertising support. Social franchising is just the social sector’s use of the approach.

DKT currently has social franchise networks in five countries, with its most developed franchise in India. It’s called Janani, and it includes 27 clinics that DKT owns and 104 that are operated by franchisees. When a franchisee signs a contract with DKT, the non-

profit provides training that allows the franchise to get accreditation from the Indian government to perform sterilizations and IUD insertions. But it isn’t just medical training that DKT facilitates. “We train our franchisees in counseling services, quality of care issues, even business skills,” says Purdy. “They’re doctors and midwives, but at the end of the day they have to run a business. They have to know how to forecast, they have to know how to manage expenses, cash flow. They have to develop marketing skills.”

After several decades of making contraceptives more accessible, DKT’s work is far from over. “I’ve got a spreadsheet on my wall of 30 countries with unmet needs for family planning,” Purdy says. “On the very top of that list is Pakistan—there are at least 6.8 million women there who want family planning but can’t get it, and it’s a country we’re not even in. So we’re going to invest half a million bucks there and try to make a go of it.”

Obtaining funding for startup efforts is one reason that donor contributions remain a critical part of DKT’s approach. In some instances, it is able to self-fund such efforts. In Indonesia, the Philippines, and Brazil, DKT has introduced premium lines of condoms, the sales revenue from which it uses to cover expenses in those countries and, in some cases, other countries as well. In most instances, though,

DKT relies on donor contributions to kick-start its efforts in new countries. Historically, DKT’s largest donors have been governments, large foundations, and Harvey himself, who has contributed approximately \$40 million to DKT since 1989. According to Purdy, however, it doesn’t take that much to broaden DKT’s reach. “We don’t actually need \$10 million to start a new program,” says Purdy. “We just need a little bit of seed money to get things moving. Once we get things moving, 70 percent of our budget comes from our revenues.”

By itself, social marketing isn’t a cure-all for worldwide family planning needs. It works best in areas where there is sufficient retail infrastructure. In addition, the sorts of products that are best suited to social marketing—ones that don’t require a medical provider and can be sold in any retail outlet—condoms and oral contraceptives—offer relatively short-term protection. In contrast, an IUD or implant can offer substantially longer-term benefits with no repeat actions necessary. (Of course, an IUD or implant offers no protection against sexually transmitted diseases.)

Social marketing as Phil Harvey helped pioneer it, first with PSI and then with DKT, has proven to be an extremely flexible and cost-effective way to implement services and boost contraceptive use in developing nations. It has given DKT a robust distribution infrastructure, a customer-oriented focus, the power to substantially leverage its donor funding, and the autonomy to pursue innovative and potentially controversial outreach efforts that help improve the lives of underserved constituencies. “It’s certainly true that 20 million customers are not as fickle as three donors,” Harvey says of DKT’s social marketing approach. “The revenue streams are much more predictable, and that makes life a lot better in many ways.” ■

Social marketing, as Harvey helped pioneer it, has proven to be an extremely flexible and cost-effective way to boost contraceptive use in developing nations.