

MAKING MONEY SAVING LIVES: SOCIAL MARKETING SPURS THE PRIVATE SECTOR OVERSEAS

PEER
REVIEWED | By Philip D. Harvey

Social marketing programs that market and distribute subsidized contraceptives in developing countries do not make money, nor are they intended to. Indeed, attempts to make them profitable have generally undermined the effectiveness of such programs, particularly in very poor countries (Harvey, 1999, pp. 213-225).

The purpose of such programs is to make contraceptives available to even the lowest-income people in developing country markets and, as such, subsidization of overall project activities will always be required. Indeed, contraceptive services, along with health services in general, are subsidized for low-income people in industrialized countries, leading one expert to suggest that it is "patently absurd" to withdraw contraceptive subsidies "for people who struggle to survive on a dollar a day" (*The Lancet* Eds., 1990, p. 659).

However, there are numerous parties involved in contraceptive social marketing (CSM) projects in the countries of Asia, Africa, and Latin American that *do* make money from their role in social marketing, and these businesses and entrepreneurs benefit significantly from the parts they play. Such private businesses include, most prominently, advertising agencies, product distribution firms, market research firms, and ancillary businesses like vehicle manufacturers and importers, makers of promotional paraphernalia – from calendars to pens to T-shirts, and others.

ADVERTISING

Social marketing normally has its greatest impact in the poorest and least sophisticated economies because contraceptives are generally least available and least affordable in those countries. By the same token, the business sector is least developed in poor markets, which gives social marketers a special opportunity to contribute. When DKT International's social marketing project got underway selling *HIWOT* condoms in Ethiopia in 1990, for example, there was essentially no advertising industry and virtually no companies fulfilling the role of product distribution. DKT's Jim Myers, who initiated the project there, describes the situation:

Late in 1989, when I first went to Addis Ababa, all that Ethiopia had, by way of advertising, was one man who owned and operated Lion Advertising Agency, the only show in town. Lion Advertising was a one-person operation and more of a PR group than an ad agency. The "studio" featured an old Aiwa reel-to-reel tape recorder, which produced "world class" quality radio spots, complete with traffic noises for background because the studio, with broken windows that faced a noisy street, also served as the reception and office. Graphics and creative departments were "in the planning stages." (Harvey, 1999, p. 179)

Ten years later, there are at least three full-service advertising agencies in Addis Ababa, and numerous boutique agencies that produce and print promotional materials (baseball caps, T-shirts), flyers, point-of-purchase materials and other "below-the-line" advertising. While it would be going too far to say that the

CSM project created the advertising industry in Ethiopia, it is certainly true that it has provided a significant boost to these activities and continues to provide substantial income for the Cactus and Admass advertising agencies there. Further, the project remains one of the major advertisers in Ethiopia (the *Coke* and *Pepsi* wars have moved to the top of the advertising contest), and the mass media, unfortunately government-owned, benefit significantly from this advertising revenue.

Similarly in Vietnam, in 1990, advertising was at a very primitive stage due to the heavily communist orientation of the Vietnamese economy. Andy Piller, DKT's project manager, reported:

When Trust condoms were introduced in Vietnam in August, 1993, advertising in the mass media was still in its infancy. Most ads were very plain and were for local watch or gold shops and a few guest houses. The most "interesting" ads were for MSG. There were also a few ads for things like pens, detergents and shampoos. Most ads for other (locally made) products generally included a shot of the factory followed by shots of the management talking on the phone. (Harvey, 1999, p. 194)

In this climate, the socially marketed *Choice* oral contraceptives and *OK* and *Trust* condoms were among the country's most advertised products. Creating ads for these products – ads that had to meet international standards of effectiveness – was a major part of several new agencies' business.

Today, there are several dozen advertising agencies in Vietnam, and the level of advertising quality has mushroomed along with the volume of advertising.

Another notable example of CSM giving a boost to advertising: The Bitopi agency in Bangladesh received substantial income from social marketing for more than a decade and has flourished as a result.

THE MEDIA

In India, with a considerably more sophisticated economic model than either Ethiopia or (in 1990) Vietnam, social marketing has provided significant income to the media. Newspapers such as the *Hindustan Times*, *The Times of India*, and major Hindi papers like *Nav Bharat Times* and *Dainik Hindustan* have carried advertising for socially marketed condoms and pills for years – in the case of condoms for nearly four decades and for pills since the early 1990s when the product was made available without a doctor's prescription. Advertising condoms and oral contraceptives in newspapers and magazines, which are privately owned, also led to more such advertising on Doordarshan Television and All India Radio, monopoly media owned by the government.

A great deal of consumer product advertising in rural India is done on hoardings (billboards) and wall paintings, which are strictly private advertising mediums. DKT's social marketing project in Bihar spent nearly \$300,000 on these forms of advertising in 1999-2000. Similarly in the Philippines, advertising budgets have been substantial for privately owned radio and television networks, with the budget for CSM products in these media running around \$400,000 in 2000.

DISTRIBUTORS

One of the objectives of CSM programs in developing countries is to take advantage of preexisting infrastructures and organizations. Local distribution firms are prominent among these. Distributors have tended to play key roles in social marketing programs in their early years, with project staff or regional distributors assuming greater responsibility for distribution as the programs mature. However, the introductory years of a new program often provide substantial revenue to distribution companies, giving them a significant financial shot in the arm.

The socially marketed *Prudence* condom in Brazil, for example, generated nearly \$1 million annually during the period 1995 to 1997 for Biersdorf, the Brazilian company that markets *Nivea* skin cream and that handled *Prudence* from 1991 to 1997. Similarly, Metro Drug, a major national distributor in the Philippines, received commission income of approximately \$115,000 per annum during the period 1995 to 1997. In both cases this business was a significant part of these companies' income.

In Indonesia, the national distributor PT Sawah Besar Farma continues, after five years, to play a central role in the social marketing program there and will earn nearly \$200,000 in commission margins in 2000. (The margins cited here refer to income to the distributors, not their profit; the distributors are expected to incur considerable expenses from these margin income flows.)

Market research firms have also been given major financial and professional boosts by CSM programs. By paying for major research studies and demanding rigorous, professional results, CSM has contributed to the growth of market research firms such as MODE, the Opera-

tions Research Group (ORG) and the Indian Market Research Bureau (IMRB) in India, and the firm Asia Marketing Intelligence in Indonesia.

In addition to these major program participants, CSM programs help dozens of smaller business enterprises in developing countries. Printing, transportation, packaging, data processing, accounting and auditing, and even banks benefit from these efforts. These collaborations with the commercial world fit very well with the rationale and motives of those of us engaged in contraceptive social marketing. We want to strengthen the private sector. Our system of delivering contraceptives bypasses the often wasteful and inefficient government structures and does not make the traditional foreign aid mistake of supporting government institutions (except, unavoidably, in the case of government-owned media). By providing contraceptives and information about where to get them and how to use them, CSM programs help people directly. By hiring local private companies to conduct most of the activities of these projects, CSM helps people additionally, by promoting and strengthening those sectors of society that will ultimately be the principal source of prosperity and jobs – private enterprise.

ABOUT THE AUTHOR

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