

# THE LONG ROAD TO THE LAST MILE

## A Total Market Approach to Family Planning:

Learning from a Private  
Sector Wholesaler Landscape  
Analysis for Malawi



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## Project Goal and Background:

**GOAL** → *conduct a contraceptives distributor landscape analysis and deliver actionable and stakeholder receptivity-tested concepts for stimulating commercial distributor participation in rural, remote and other underserved populations*

- MDAWG seeks to facilitate change that allows for movement ‘up’ the value chain to non-subsidized products and **wider commercial activity**
- **Private sector** has historically **not served poor and/or rural clients** with the method choice and quality available in other segments
- Study Malawi as representative country, identify other-country success stories



## Research Question:

How can we foster the private sector provision of FP products to rural and underserved areas to prepare countries like Malawi for the future?

## Project Phases:

- 1** *Conduct preliminary **background research** & introductory calls surrounding wholesaler challenges related to the delivery of contraceptives in LMICs*
- 2** *Perform **30 country interviews in Malawi** with cross-sector stakeholders in the family planning market*
- 3** *Perform literature search to **identify interventions & success models** from other countries and sectors that illustrate successful private sector engagement*
- 4** *Develop **potential intervention ideas** based on stakeholder interviews and overall landscape assessment*
- 5** *Test **intervention ideas** with key in-country stakeholders and **develop final recommendations** utilizing all findings*



# Project Methodology and Activities:

## Landscape Assessment

- Desk research and telephone interviews
- In-country interviews w/ 31 stakeholders
- Analysis of interview notes for challenges, successes, and potential solutions
- Analysis of pricing and sales data
- Geo-mapping of outlets and need

## Concept-Testing and Recommendations

- Follow-up interviews via Skype with 10 country stakeholders
- Intervention rating and ranking
- Literature review for other country and sector success examples

## *In-Country Interviews by Stakeholder Type*

Stakeholder Type	Interviews
Manufacturers	1
Wholesaler/Distributors	10
Policy & Regulatory	4
Private Sector Providers	8
Public / SMO Providers	6
Other Key Actors	2
<b>Total</b>	<b>31</b>



## > Introduction & Family Planning Market Overview



# Malawi is highly donor-dependent with an under-developed private health sector, particularly in Family Planning

Population of 17.5 million, 84% of which are **rural** and 51% of which are **below the age of 18**<sup>1</sup>

80% of FP provision is through **public sector**, and 70% of the wealthiest women access free public sector contraceptives<sup>2</sup>

Total mCPR of 45%, but women are still on average having **one more child than desired**<sup>3</sup>

Government has included the private sector in key planning documents, but little direct engagement of commercial actors



1. World Bank Indicators. 2016.

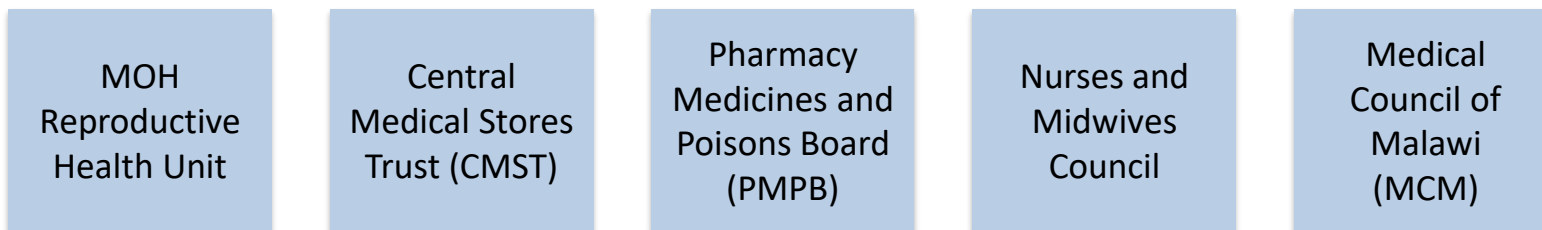
2. SHOPS Plus. *Sources of FP: Malawi*. Abt Associates; 2018.

3. National Statistical Office (NSO) [Malawi], ICF. *Malawi Demographic and Health Survey 2015-16*. Zomba, Malawi and Rockville, Maryland, USA.: NSO and ICF; 2017.



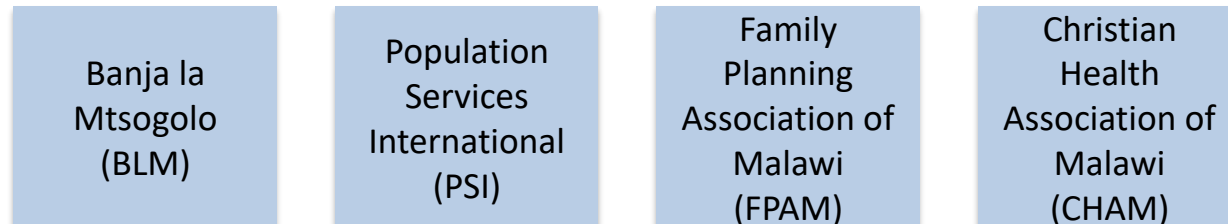
# The structure of Malawi's FP market is similar other markets, the bulk of actors are concentrated in the public and NGO/FBO sector

## Public Sector



- Free FP product and services
- Contraceptive supply 100% dependent on UNFPA, USAID, DFID

## NGO/FBO Sector



- Mostly free FP product and services, static sites charge small service fee
- Supplies come from both donated products and international warehouses (for SMOs)

## Private Sector

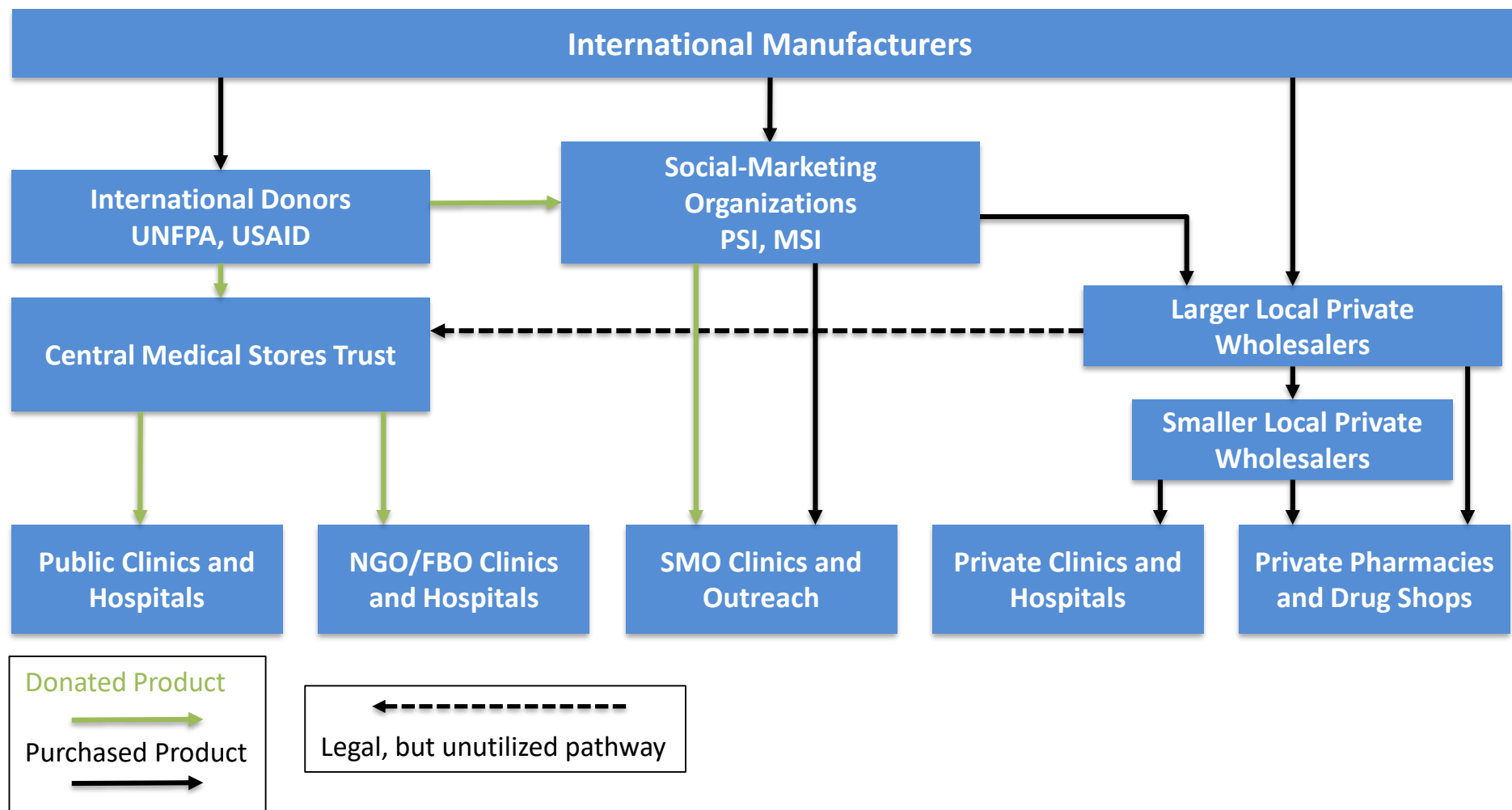


- 100% out-of-pocket payment for FP product and services
- Both commercial and socially-marketed brands are available





# Family Planning Product Pathways in Malawi



\*Figure only displays the pathways used for Family Planning products, not other pharmaceuticals or other medicines.

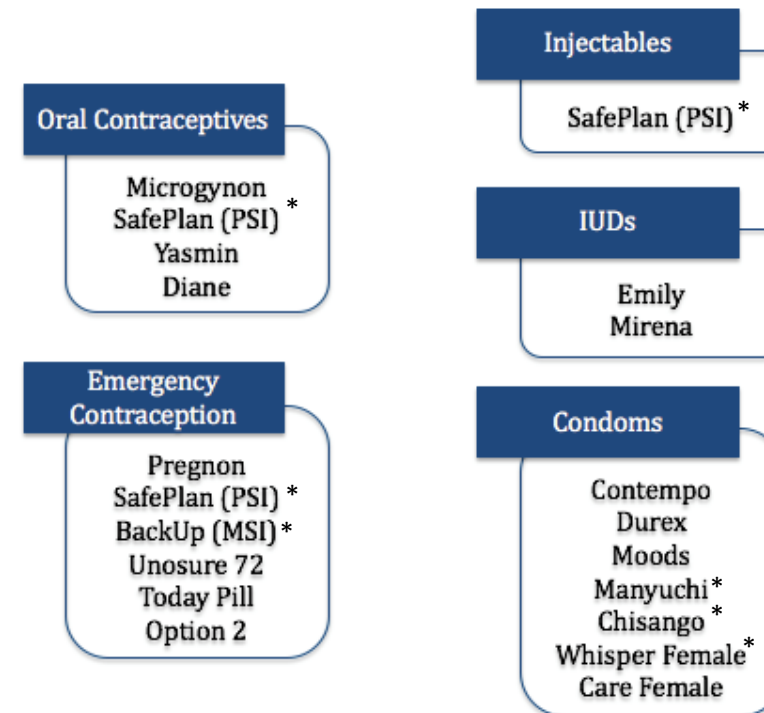




# Most contraceptive method types can be found in the private sector, brand availability is dependent on outlet type

- 10 wholesalers and 8 private retailers/providers were observed for contraceptive availability
- 50% of visited wholesalers were providing at least one contraceptive method
- 100% of private retailers/providers were providing contraceptives – most carried oral contraceptives, emergency contraceptives, injectables, and condoms
- No contraceptive implants were seen the private sector outlets

## Contraceptive Method Brands Carried by Private Retail Outlets or Private Wholesalers



\*Denotes a socially-marketed brand of contraceptives. Active SMOs with socially-marketed products in Malawi are PSI and BLM (MSI).



## When available, WDI collected data on pricing for contraceptive products in Malawi's private sector (September 2018):

- Prices ranged from as low as **\$0.87** to as high as **\$22.24** at the retailer level
- The needed **living wage** for rural Malawi was estimated to be **\$81.90 USD per month** or **\$3.60 USD per day** in 2014
- Annual **GDP per capita** for 2018 is estimated to be **\$28 USD monthly**

*Contraceptive Pricing and Margins by Brand*

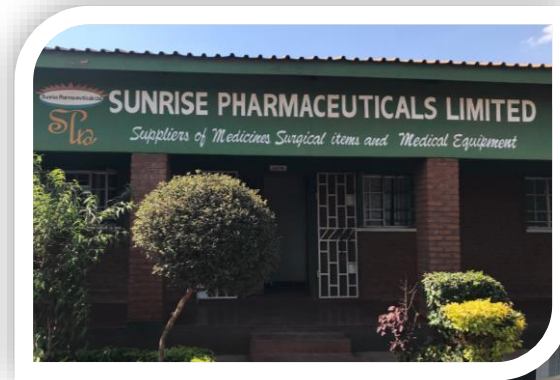
Method Type	Brand	Average (or Point Estimate) Retail Price (n)	Average (or Point Estimate) Wholesale Price (n)	Average Calculated Retailer Margin
Monthly Oral Pills	Microgynon	\$1.81 USD (3)	\$1.04 USD (1)	42%
	Yasmin	\$22.24 USD (1)	NA	NA
	Diane	\$11.40 USD (1)	NA	NA
Injectables	Safeplan (PSI)	\$0.87 USD (4)	\$0.45 USD (2)	48%
	Safeplan (PSI)	\$1.11 USD (3)	\$0.56 USD (1)	50%
Emergency Contraception	Pregnon	\$2.78 USD (1)	\$1.39 USD (1)	50%
	Unosure	\$2.78 USD (2)	\$0.39 USD (1)	86%
	Today Pill	\$1.96 USD (4)	\$0.90 USD (1)	54%
	Option 2	\$2.00 USD (1)	NA	NA
	Safeplan (PSI)	\$1.11 USD (2)	\$0.56 USD (1)	50%
	Backup (BLM)	\$2.14 USD (3)	NA	NA



## > Stakeholder Interview Findings



There are over 60 registered wholesalers in Malawi, but 10 or fewer key players dominate the market



## KEY FINDING | Wholesalers have the technical abilities and capacity to reach FP customers in both rural and urban markets

- Lack demand to incentivize participation in rural markets
- Primary source of business is the CMST for larger wholesalers
- Overall growing customer base
- BUT limited overall business in contraceptives
- Primarily carry SMO-branded contraceptive products



50% of interviewed wholesalers were currently selling contraceptives



Primary customers for contraceptives include private clinics, pharmacies, and medicines stores



## In-country interviews yielded a few predominant themes from wholesaler viewpoints and challenges:

*“PSI is buying overseas in mass quantities and supplying the same product at a subsidized price, so how do we compete?”*

*“We can get the products, that’s not the issue. It’s that **we assume that PSI and BLM will dominate the market.**”*

*“The retailers and drug stores are adding 100% margins or more, because **there is no price regulation in Malawi**”*

*“**Malawi is 20 years behind Sri Lanka.** There’s lots of misunderstanding about use of contraceptives. Take the misuse of emergency contraception, which is a huge market. We felt that we should not carry EC for this reason.”*

*“**Promotion & information is a prime gap,** from the manufacturer to the end user. Information relay from doctors to patients is very limited.”*

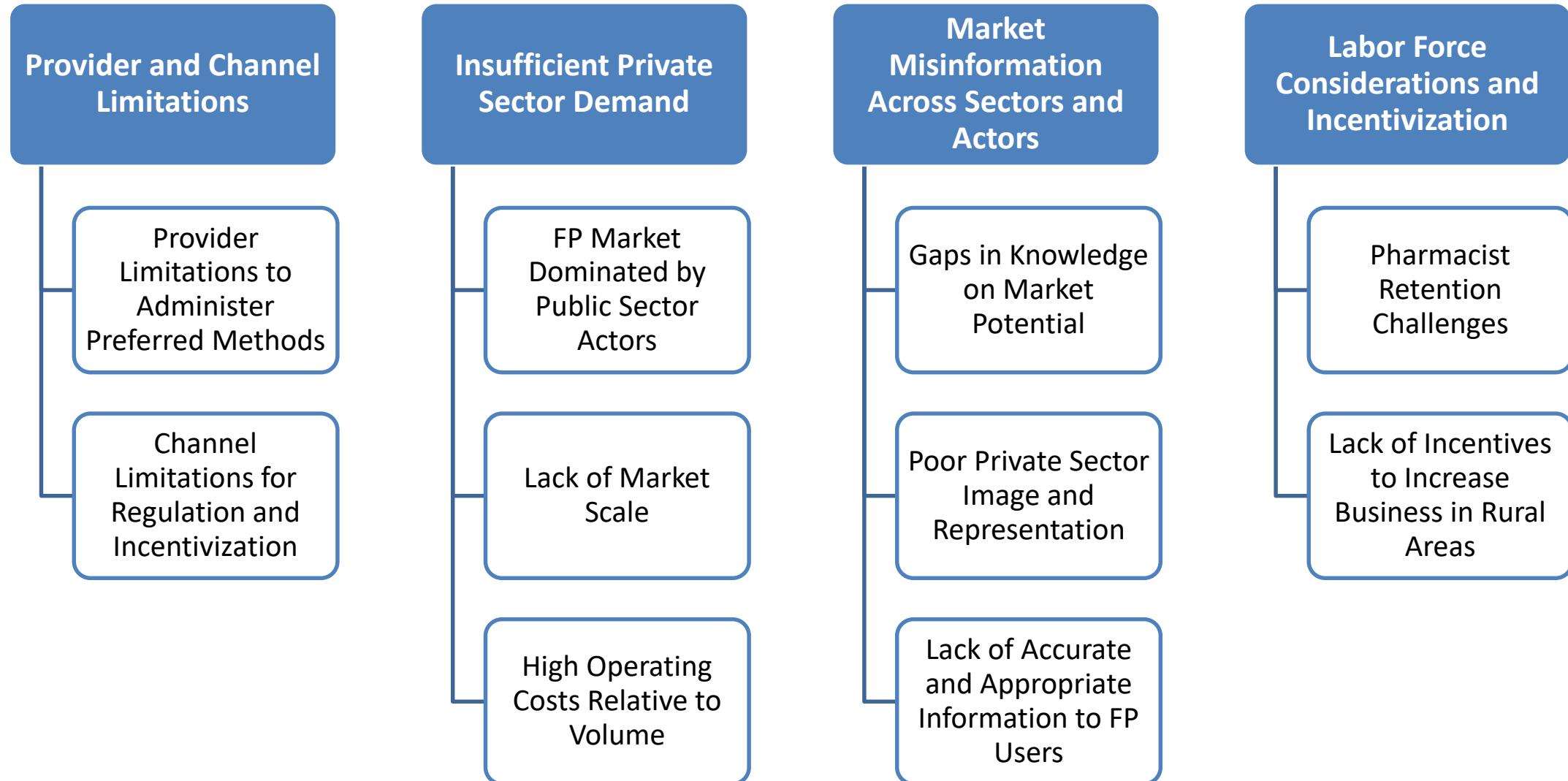
*“People see **pharmacies as first point of health contact,** although less so for reproductive health. But there’s a **lack of complementary services in the pharmacy.**”*

- **Subsidized products dominate and discourage wholesaler participation**
- **Absence of price regulation in Malawi may result in high end-user prices, which further incentivize use of public sector**
- **Information needs are high but not currently served by the private sector**
- **Pharmacists are not licensed to provide the services required for LACs**





# KEY FINDING | Malawi faces four predominant buckets of challenges in developing a private sector for Family Planning





# KEY FINDING | Information availability is a major barrier in FP market creation – for consumers, suppliers and policy makers

## *Demand Side*

- Cultural barriers + existence of misconceptions about FP = a high level of information need
- Unique information needs for youth, 51% of Malawi's population
- Information distributed to rural women focuses on the donor-funded products
- No awareness or demand generation for private sector products

## *Supply Side*

- Wholesalers, retailers and other actors need data regarding market potential
  - More specifically in rural areas
  - Willingness to pay, potential volumes
- No marketing efforts by the private sector due to the FP market being government tender and donor dominated
- Multiple outlet types that could serve as information sources
  - Pharmacies, clinics, drug shops



# KEY FINDING | Three significant opportunities exist for potential exploitation in expanding Malawi's private sector for family planning



1

Pockets of Unmet Need for Emergency Contraception Utilized for Private Sector Development

2

Potential to Identify and Serve Unique Market Segments Who Have Willingness-to-Pay

3

Young, Entrepreneurial Pharmacists to Serve Rural Areas w/ New Healthcare Businesses



## KEY FINDING | Emergency Contraception (EC) illustrates Malawi's private sector interest in filling a key gap in FP product provision

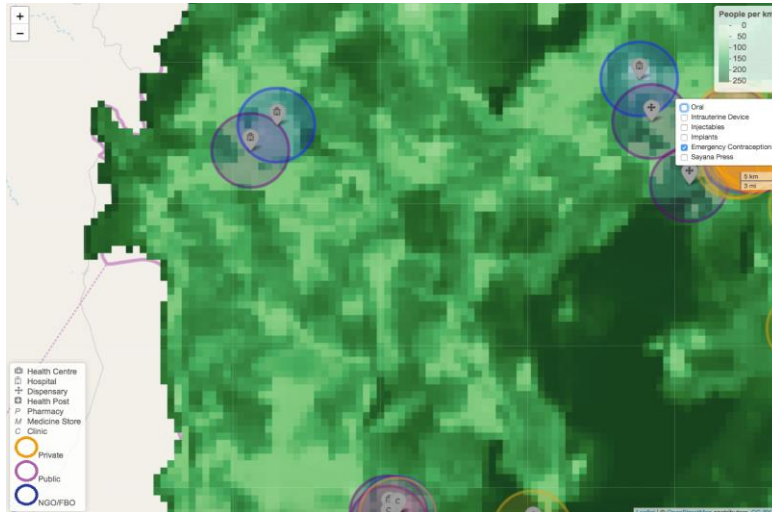
- EC was described by all wholesalers as a **fast-moving** and **high demand product**
- **Two wholesalers** are working on regulatory approval and **at least three** are already selling
- **Public facilities often do not stock** EC or refuse to sell the product to younger women due to stigma
- Interviewees said there may be **over-usage** and **improper usage** of the product



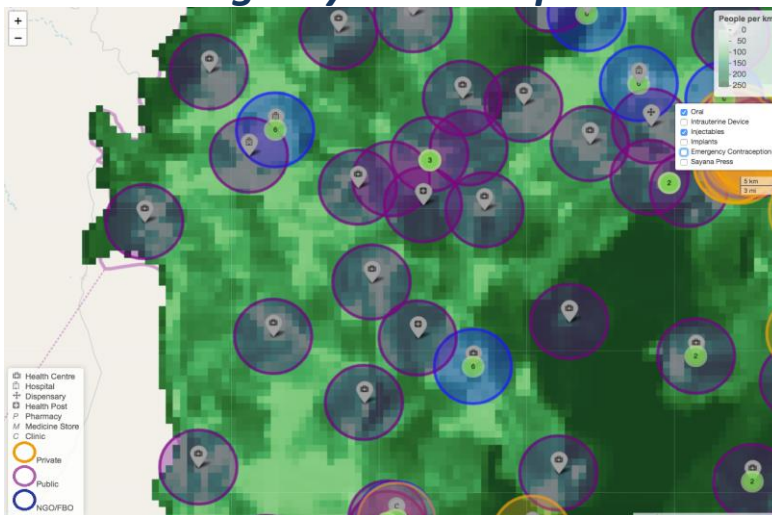
Two emergency contraceptive brands (Unosure 72 & Today Pill)



# KEY FINDING | Retail pharmacy and medicine store growth is saturated in urban areas – this sector is not yet serving rural areas



**Emergency Contraception**



**Orals & Injectables**

## *Retail Pharmacy Concentration & Growth*

- About 60 registered retail pharmacies, geographically concentrated in major cities
- Large number of individual pharmacists are pursuing business by opening new retail pharmacies often as secondary jobs, concentrated again in urban areas
- Retail pharmacies provide the privacy and convenience which many underserved populations seek
- Lack of pharmacist motivation for servicing the rural areas

## *The North*

- Mzuzu has **10%** of the region's population, **but > 30%** of the region's healthcare facilities
- **Only 9** of Malawi's 60 retail pharmacies

Credit to Auriel Fournier for assistance with geo-mapping exercise



➤ **Intervention Development, Stakeholder Testing & Other Country Examples**



# A priority of this project was to consult with Malawi business people and FP implementers, both for idea generation and scoring

*15 market building interventions were developed and tested with stakeholders.*

- 
- ✓ Meetings with market actors in Lilongwe
  - ✓ FP market discussions
  - ✓ Identification of challenges and opportunities
  - ✓ Idea solicitation for market building
- Follow-up interviews with subset of the Malawi interviewees to concept-test the potential interventions
  - Likert scale Qs to solicit stakeholder input on feasibility and impact
  - Stakeholders selected 'Top 3'

## Feasibility



## Impact



# Four ideas dominated in the Malawi stakeholder voting consultation, two additional interventions also stood out

## Top Stakeholder Scored Intervention Ideas

Market Building Intervention	Top 5 'Feasibility'	Top 5 'Impact'
Private sector based contraceptive information campaign	▲	▲
Emergency contraception information campaign	▲	▲
* Nationally representative willingness-to-pay (WTP) survey	▲	▲
* Self-injectable Sayana Press for sale in pharmacies, target rural women	▲	▲
Add private sector representation to cross-sector FP working group(s)	▲	
Create program that parallels ART service provision		▲
* Pilot business model for mobile <rural> pharmacy		


*\*The WTP survey, self-injectable Sayana Press for sale in pharmacies and pilot business model for mobile <rural> pharmacy all received multiple votes when stakeholders selected their 'top 3'*





# Market building examples from other countries show a range of strategies, based on conditions and players

*Illustrative efforts span both demand and supply, not focused on the wholesalers per se – but addressing distribution channel factors*

Fully Integrated Government Strategy	<ul style="list-style-type: none"> <li>Indonesia: Ten-year, three-phase strategic set of initiatives</li> </ul>	
Provider Entrepreneurship	<ul style="list-style-type: none"> <li>Marie Stopes Ladies (multiple countries)</li> <li>DKT Bees (Nigeria)</li> <li>Living Goods (Kenya, Myanmar, Uganda, Zambia)</li> </ul>	  
Health Insurance Inclusion	<ul style="list-style-type: none"> <li>Tanzania AAR</li> <li>Indonesia</li> </ul>	
Rural Pharmacy Investment	<ul style="list-style-type: none"> <li>European countries: Business measures for rural pharmacy investment</li> </ul>	
SMO Mkt Building	<ul style="list-style-type: none"> <li>DKT in Brazil</li> <li>PSI in Myanmar &amp; Vietnam</li> </ul>	 
New Provider Types	<ul style="list-style-type: none"> <li>Tanzania Duka La Dawa: Policy and partnership to create accredited drug dispensing outlets (ADDOs)</li> </ul>	

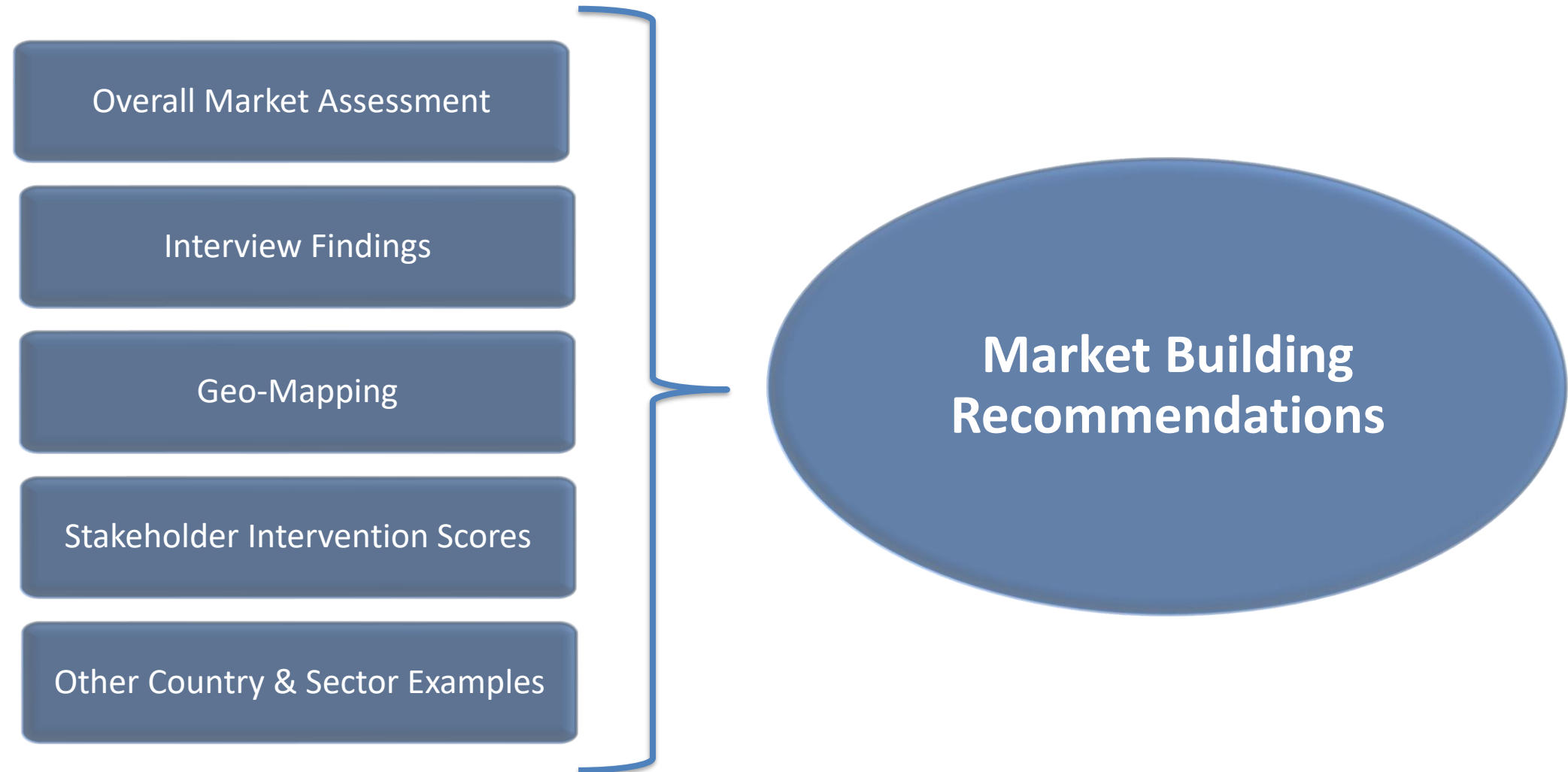


## Several common success factors are evident in market building efforts from other countries and sectors

- Strong government interest & commitment
- Formal mechanisms for private sector participation and inclusion in critical market matters
- Growth of commercial FP markets must be approached through both demand and supply
- Channel-based models that recognize where and how women wish to obtain their FP
- SMOs can play a direct positive role in fostering the commercial sector
- Efforts generally require medium to long term time horizons



## Multiple data points were utilized to develop the final market building recommendations for Malawi



## > Final Recommendations for Malawi



## WDI developed *two recommendations for existing initiatives in Malawi*

<i>Market Issue</i>	<i>Recommendation</i>	<i>Notes</i>
<p>Partnership &amp; Common Goals</p>	<p>1            Include private sector representatives in Malawi's Family Planning Technical Working Group(s)</p>	<ul style="list-style-type: none"> <li>• <b><i>In the top 5 for feasibility</i></b></li> <li>• Expand beyond SMO representation</li> <li>• No funding requirement</li> <li>• Generate common knowledge and coalesce sector efforts</li> </ul>
<p>Prioritizing Access &amp; Private Sector</p>	<p>2            Target projects such as Sayana Press launch to rural / underserved areas with greater access barriers, rather than urban / peri-urban areas</p>	<ul style="list-style-type: none"> <li>• <b><i>Highly rated by stakeholders</i></b></li> <li>• Utilize product-focused initiatives to also develop the private sector</li> <li>• A particular need for rural areas</li> </ul>



# WDI developed *three recommendations involving new investment* in order to develop the private sector in rural Malawi

Market Issue	Recommendation	Notes
Consumer Knowledge	<p>3</p> <p><b>Joint public &amp; private sector communications strategy: build FP awareness and demand in rural, remote &amp; underserved areas</b></p>	<ul style="list-style-type: none"> <li>• <b>Highly rated on feasibility &amp; impact</b></li> <li>• A natural project across the sectors</li> <li>• Could be led by the FP working group</li> <li>• Include a sub-campaign on EC</li> <li>• Would require funding</li> </ul>
Market Data	<p>4</p> <p><b>Market study with nationally-representative sample: a) consumer WTP survey and b) retail pricing audit</b></p>	<ul style="list-style-type: none"> <li>• <b>Rated highly for feasibility &amp; impact</b></li> <li>• Inform actors on market potential</li> <li>• Could also inform policy development</li> <li>• Would require funding</li> </ul>



## WDI developed *three recommendations involving new investment* in order to develop the private sector in rural Malawi, *cont.*

<i>Market Issue</i>	<i>Recommendation</i>	<i>Notes</i>
Channel Deserts vs Saturation	<b>5</b> Invest in 'retail' pharmacy channel for rural areas – mobile pharmacy or alternative service delivery model	<ul style="list-style-type: none"><li>• <b>A 'Top 3' from stakeholders</b></li><li>• Leverages the entrepreneurial pharmacist community, engage other cadres (nurse / midwife)</li><li>• Several design questions to consider</li><li>• Would require investment</li></ul>





# In closing & looking forward – there is opportunity to advance the private sector for FP to serve Malawi's rural and hard-to-reach populations

## *Summary*

- Wholesalers are interested and able to serve a rural, private sector FP market
- Strategies are needed for long term market building, demand generation, and information transmission
- Several recommendations are supported by evidence from other countries
- Market actors in Malawi are interested to further develop possible interventions

## *Next Steps*

- Complete dissemination of findings and final recommendations
- In partnership with in-country contacts, seek to advance recommendations with relevant donor organizations and in-country partners
- Develop concept notes/issue briefs for Recommendations #3, #4 and #5



# Thank you and Acknowledgements

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**SUPPLIES COALITION**

## *Colleagues and contributors*

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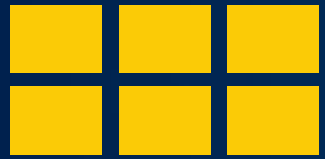
# Questions?

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