



REVIEW OF THE HISTORY OF PRICE REVISIONS OF SOCIAL- MARKETED BRANDS OF MALE CONDOMS IN SELECT COUNTRIES

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CONTENTS

Acronyms..... vii

Executive Summary..... ix

Introduction 1

Objectives 3

Methods..... 5

Findings..... 7

 Trends in Consumer Price Index and Gross National Income 7

 Current Price of Social-Marketed Brands 8

 History of Price Revisions of Social-Marketed Brands..... 9

Conclusions 11

Sources 13

ACRONYMS

CPI	consumer price index
CYP	couple-year of protection
GNI	gross national income
PPP	purchasing power parity
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Social-marketed brands of condoms are usually sold at a subsidized price in African countries. The goals of this approach are to ensure that the price of the condom does not pose a barrier to purchase and to promote to condom use among the populations the social marketing organization aims to serve. This review found that the price that the market can bear for a given condom brand fluctuates in response to varying macroeconomic and health contexts, as well as marketing factors.

This review aims to determine whether the price of six social-marketed condom brands in five countries (Kenya, Nigeria, South Africa, Zambia, and Zimbabwe) has kept pace with macroeconomic indices, specifically the consumer price index (CPI) and gross national income (GNI). This review found that the social-marketed brands of condoms revised their prices in keeping with the trends in per capita GNI. The sole exception was the brand Gold Circle, sold in Nigeria, which had no price increase. The review also found that the per capita GNI varies considerably across these countries, and that the price points of the condom brands in these countries do not appear to reflect these differences.

INTRODUCTION

Donors have supported social marketing of male condoms over the past 30 years both as a strategic means for dual protection against sexually transmitted infections, including HIV, and unintended pregnancies. Social marketing organizations have typically developed brands of condoms, marketed these brands with branded and generic promotional campaigns, and distributed them through a variety of retail channels. Through these strategies, social marketing organizations aim to increase both the adoption and the use of condoms among individuals at risk of HIV infection. Social-marketed brands of condoms are usually sold at a subsidized low price, so that the price of the condom does not pose a barrier to purchase and use among the targeted population the social marketing organization aims to serve.

Once the price of a condom brand has been set, the attention of social marketing managers, donors, and other stakeholders focuses on ensuring an uninterrupted supply of quality-assured condoms, that the social-marketed brand is widely accessible, and that condom use and the brand itself are promoted.

Decisions by marketers to revise prices are influenced by, in addition to assessments of the price the market can bear for a brand of condoms, their (and their donors') motivations toward increasing efficiency and decreasing the operating deficit for the social marketing of condoms.

Potential unintended outcomes of condom social marketing are an inhibiting effect on the entry of commercial marketers of condoms into a market, or restriction of a commercial marketer's relative success in that market. By offering high-quality products at a very low price, including to those who are willing and able to pay a commercial price for condoms, social marketing could impact the attractiveness of that market to commercial marketers. This consideration is, in some cases, secondary to the equity consideration—that is, ensuring access to health products for all those in need. However, the potential adverse impact on development of a commercial market for condoms increases in significance as the market for condoms matures and the income of population groups increases.

In this context, the "20x20" condom initiative, led by the United Nations Population Fund in collaboration with the World Bank, the Reproductive Health Supplies Coalition, the United States Agency for International Development (USAID), and the International Labour Organization, aims to foster a greater role for the commercial sector in the condom market where appropriate. To help explore this possibility, the USAID-supported AIDSFree Project was tasked with conducting a review of the history of price revisions in social-marketed brands of condoms. This review aims to describe whether the price of social-marketed condom brands has kept pace with other macroeconomic indices, specifically the CPI and GNI, in select countries (Kenya, Nigeria, South Africa, Zambia, and Zimbabwe). In other words, this review focuses on whether the prices of social-marketed brands have kept pace with aggregate national indicators of ability to pay. A retrospective analysis of factors influencing willingness to pay was deemed not feasible and was not included in this review.

Furthermore, the review does not attempt to explain underlying reasons for increasing (or not increasing) the price of condoms, nor to determine the impact of these decisions, if any, on the market for commercial condom brands.

OBJECTIVES

The purpose of this review is to describe whether the price of social-marketed condom brands has kept pace with other macroeconomic indices in select countries. Specifically, the review examines whether the price of social-marketed brands of condoms has kept pace with:

- the CPI—that is, if the price of the social-marketed condom brands were being revised at the same pace as the price of other products consumed.
- the per capita GNI adjusted for purchasing power parity (PPP)—that is, if the prices of social-marketed condom brands were being revised at the same pace as growth in average purchasing power.

METHODS

The review team used data on macroeconomic indicators from the World Bank’s International Comparison Program database. Prices of condom brands were obtained from program managers of social marketing organizations. We attempted to collect information from the sub-Saharan countries of Kenya, Nigeria, South Africa, Zambia, and Zimbabwe. In addition, we included two Asian countries, Nepal and Afghanistan—for comparison. Organizations contacted were local affiliates of Population Services International, DKT International, Marie Stopes International, the Afghan Social Marketing Organization, and the Nepal Contraceptive Retail Sales Company. Only brands that had been marketed for more than 10 years and had records of price revisions were included in the review. In cases where an organization marketed multiple brands in a country, we selected the lowest-priced condom brand for this review. Because we were unable to obtain records of price revisions to social-marketed brands of condoms in Zambia and Zimbabwe, they are not included in the review.

FINDINGS

Trends in Consumer Price Index and Gross National Income

Table 1 shows the trends in the consumer price index during a 15-year period, from 2000 to 2015.¹ CPI data in this table have been indexed to 100 in the base year (2000). Table 1 shows that the cost to the average consumer of acquiring a basket of goods and services in these countries has increased by a factor of 2 to 5. If the price of condoms were revised in accordance to price trends of other products in the country, the prices would have been increased by a similar ratio.

Table 1. Trends in Consumer Price Index

Country	2000	2005	2010	2015
Nepal	100	123	185	283
Nigeria	100	207	335	532
Afghanistan*	100	113	158	208
Kenya	100	146	263	394
South Africa	100	128	179	233

* Afghanistan: CPI base year of 100 is 2004.

Table 2 on the following page shows the trends in per capita GNI adjusted for PPP and expressed in terms of US dollars. This table shows the trends in an average consumer's purchasing power, after adjusting for inflation and exchange rate variations, and represents an aggregate measure of consumers' ability to pay. For social marketers, the ability to pay is a more important consideration than inflation. As shown in Table 2, the per capita GNI has increased in these countries, with the largest increase occurring in Nigeria. These trends present a strong rationale for periodically reviewing and adjusting the price of social-marketed brands of condoms.

¹ International Monetary Fund, International Financial Statistics and data files.

Table 2. Trends in Per Capita GNI, PPP Adjusted (International Dollars)

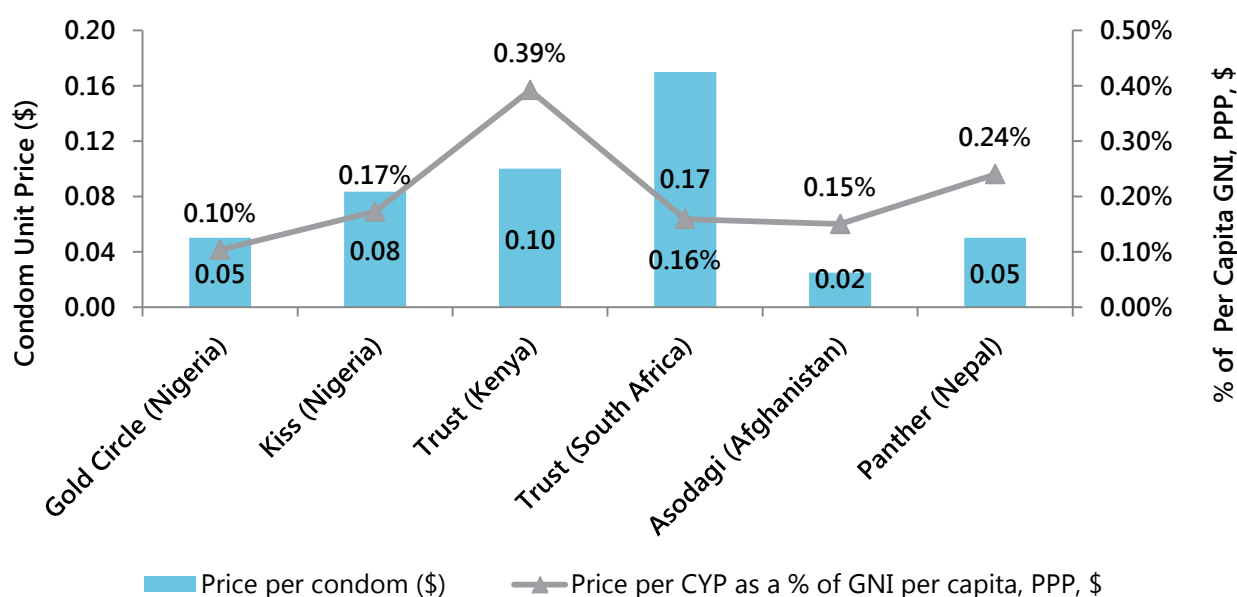
Country	2000	2005	2010	2015	Percentage Increase, 2015 vs. 2000
Nepal	1,220	1,510	1,970	2,500	105%
Nigeria	1,950	3,240	4,750	5,800	197%
Afghanistan*	890	1,040	1,640	1,990	124%
Kenya	1,690	2,020	2,480	3,060	81%
South Africa	7,690	9,740	11,590	12,830	67%

* Afghanistan: Data for 2000 were not available; the 2004 GNI is shown here.

Current Price of Social-Marketed Brands

The price of the social-marketed brands of condoms varies from US\$0.05 in Nigeria to US\$0.17 in South Africa, as shown in Figure 1. To compare the price of condoms in relation to the average purchasing power in a country, we compared the price of one couple-year of protection (CYP) of condoms to the country’s per capita GNI. This comparison shows that Trust condoms in Kenya and Panther in Nepal are priced higher in relation to the respective country’s average purchasing power. Furthermore, though the absolute price of Trust condoms in South Africa is higher than social-marketed brands of condoms in other countries in this comparison, the price of Trust condoms in South Africa relative to the GNI is lower.

Figure 1. Price of Social-Marketed Condom Brands in Relation to Per Capita GNI



History of Price Revisions of Social-Marketed Brands

Table 3 shows the price per condom of social-marketed brands of condoms between 2007 and 2014. Apart from Gold Circle in Nigeria, these brands have periodically revised the prices of their condoms by 100 percent to 200 percent. This increase seems consistent with increases in the purchasing power in these countries. We were not able to obtain records of price revisions in earlier years, but interviews suggest that there were few, or no price revisions, prior to 2005.

Table 3. Price per Condom between 2007 and 2014

Brand/Country	Price per Condom in US\$								Percentage Increase
	2007	2008	2009	2010	2011	2012	2013	2014	
Gold Circle/Nigeria	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0%
Trust/Kenya	0.033	0.033	0.033	0.033	0.066	0.066	0.100	0.100	203%
Trust/South Africa	0.080	0.080	0.070	0.090	0.090	0.120	0.170	0.170	113%
Asodagi/Afghanistan	0.012	0.012	0.012	0.012	0.015	0.015	0.017	0.025	107%
Panther/Nepal	0.025	0.050	0.050	0.050	0.050	0.050	0.050	0.050	100%

CONCLUSIONS

Our review found that there have been periodic revisions to the price of social-marketed brands of condoms in all countries, except for the Gold Circle brand in Nigeria. The price revisions appear consistent with increases in the purchasing power of the countries. Interviews with condom marketers suggest that price revisions have been instituted more frequently since 2005 than in earlier periods. Discussions with marketers of condoms suggest that the impetus to review and revise prices of social-marketed products originated with donors supporting social marketing in these countries.

However, we note that the per capita GNI varies considerably across countries and that the price of the condom brands in these countries does not appear to reflect these differences. Particularly in the case of South Africa, where the per capita GNI is relatively higher, there may be an opportunity either to increase the price further, or to position and target the condom brand to meet the needs of lower-income populations within the country. Similarly, there seems to be a greater potential to increase the price of Gold Circle brand of condoms in Nigeria, since the price for one CYP of condoms in relation to the country's GNI is lowest (among the countries included in this review) in Nigeria.

SOURCES

GNI per capita: World Bank, International Comparison Program database.

Consumer Price Index: International Monetary Fund, International Financial Statistics and data files.



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