

From Policy to Practice

Defining Health Market Interventions within a Total Market Approach

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Introduction

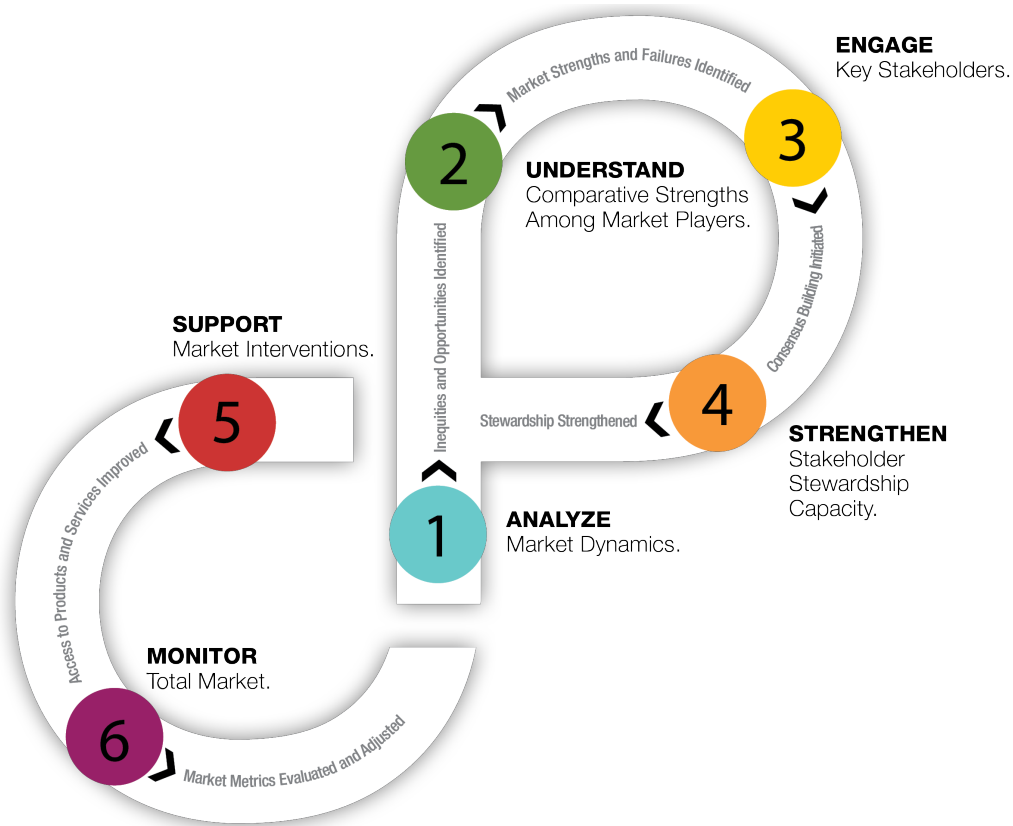
There is increasing global interest among international health practitioners and the donor community to expand the private sector's role in health markets. This is partly attributed to the increasing need to achieve efficient, equitable, domestically financed, and sustainable health systems. Within this context, Total Market Approach (TMA) is a policy framework for improving targeting of government and donor resources and addressing health market inefficiencies through commercial investment in new products and services.

Within the last several years, numerous guidelines and handbooks about TMA have been published (Brady et al., 2016; Meekers et al., 2016; SHOPS Plus, n.d.). TMA assessments have been funded by a range of donor agencies, and several bilateral programs have incorporated a strong emphasis on TMA principles, including the UK Department for International Development's Enabling Sustainable Health Equity (ESHE) family planning project, awarded in 2013, and the U.S. Agency for International Development's (USAID's) Zambia DISCOVER-Health project, awarded in 2015. Nonetheless, there is still a lack of clarity around what actions governments, donors, the private sector, and TMA practitioners can take in different country contexts to improve sustainability in markets.

Palladium's TMA framework (Figure 1) reflects the intensive, iterative process of TMA implementation that focuses on (1) analyzing market dynamics through market segmentation, (2) understanding comparative strengths among market players, (3) engaging key stakeholders, (4) strengthening stewardship, (5) supporting market interventions, and (6) monitoring the total market (Palladium, 2017c). Various countries have implemented different processes reflected in the framework and documented lessons learned—including case studies from Kenya, Mali, and Zambia (Palladium, 2017a; 2017b; 2017d). However, less widely implemented and explicitly documented are interventions designed to shape markets (step 5). The purpose of this brief is to provide family planning practitioners with information about different types of market interventions that are being implemented to support TMA outcomes. Although there is not a common definition of a health market intervention within a TMA context, this brief proposes the following:

A health market intervention is an evidence-based action taken by a market player that is supported by planned commitments and designed to address market gaps, market distortions, or inefficiencies, with the goal of strengthening the overall health market.

Figure 1. Palladium's TMA Framework



Source: Palladium, 2017c

When Are Health Market Interventions Needed?

The goal of market interventions is to support governments, donors, the private sector, and TMA practitioners to each play a role in equitably and sustainably meeting national family planning priorities. This section describes several common scenarios in which health market interventions may be needed.

Scenario 1: Markets dominated by free donor products

In many countries, donor funding is expected to decline and there is a need to reduce free or highly subsidized products and services that dominate markets and threaten overall market sustainability. In Uganda, for example, the total condom market was estimated at 169 million condoms in 2016 with approximately 93 percent of the market dependent on external donor resources. Although the intent is for donated products to reach the poor and vulnerable, there is relatively little data on where free condoms are distributed and to whom. As donor funding commitments for condoms are reducing, the Government of Uganda and other stakeholders recognize the need to reduce dependence on donated commodities, better define the target populations who should receive donated commodities, and create room for the private sector to serve others over the long term (Jones and Kadirov, 2017).

Scenario 2: Inequity among users

In some contexts, better targeting is needed to reach the poor with free or highly subsidized products and services to ensure equity among users. Market segmentation analyses of Demographic and Health Survey (DHS) data have been widely used to identify inequities in access to and use of health products and services. In urban areas in Mali, secondary analysis of 2012/13 DHS data found a 10 percent

difference in the use of oral contraceptives among the highest and lowest wealth quintiles—women in the highest wealth quintile had significantly higher usage than women in the lowest wealth quintile. In addition, a considerable amount of oral contraceptive users from the highest wealth quintile (more than 30 percent) used free public sector sources. In Zambia, data on condom use by brand demonstrated that approximately 69 percent of urban condom users from the highest wealth quintile were using the highly subsidized *Maximum* condom (Pandit-Rajani et al., 2017). In order to improve access for the poor and vulnerable, as well as allow the private sector to address middle- and upper-income segments, there is a need for better targeting of public and donor resources.

Scenario 3: Over-competition among social marketing organizations

In recent decades, social marketing programs have benefited from support from multiple donor agencies, and as a result, it is fairly common that multiple social marketing organizations (SMOs) operate in the same developing country market, sometimes competing for the same market share. In Uganda, for example, there are at least three different SMOs, each with its own condom brand(s) catering to a similar customer base at similar price points. In countries where there are multiple SMOs and multiple donor-supported private sector interventions, there is often a need for better coordinated and well-defined market segmentation strategies.

Scenario 4: Restrictive, unpredictable, or ambiguous regulation

There are many regulatory factors that influence private sector growth and affect people's access to high-quality health products and services. These issues range from product importation taxes and duties, registration requirements and timelines, testing procedures and costs to marketing authorizations, advertising restrictions, and dispensing regulations. From 2009 to 2016, USAID and Bayer HealthCare collaborated on a regional partnership to introduce the oral contraceptive, Microgynon Fe, in 11 sub-Saharan African countries at a low, but commercially viable, price (approximately US\$1). The product registration timelines varied greatly—under nine months in Ghana, Kenya, Malawi, and Uganda; from 12 to 28 months in Burkina Faso, Cote d'Ivoire, Ethiopia, Senegal, and Tanzania; and 41 months in Nigeria (Bayer HealthCare, 2015). While both USAID and Bayer HealthCare assumed that product registration would not be a major factor because the product was pre-certified by the World Health Organization, it actually became a significant challenge in several countries. Market interventions designed to remove or reduce regulatory barriers can support private sector investment.

Different Types of Health Market Interventions

Health market interventions address supply and demand issues, as well as policy and regulatory issues. The type of appropriate market intervention will vary among countries in different stages of market development. Because overall policy and program objectives differ across countries, health market interventions will need to be tailored to the specific context; nascent family planning markets, such as in Mali, will need different market interventions than developing markets, such as in Tanzania, or more mature markets, such as in parts of Kenya.

Table 1 highlights market interventions for different market players—governments and regulatory bodies, donors and TMA practitioners, nongovernmental organizations (NGOs) and SMOs, and the commercial sector—recognizing that many types of organizations are often involved in advocating for and taking action to improve market efficiencies. The interventions are categorized by their key objectives, associated with improving (1) policy and regulation, (2) financing and resource allocation, (3) products and services, (4) distribution, and (5) marketing and promotion to ensure equitable access to affordable, high-quality health products and services. Countries implementing TMA are likely to support multiple market interventions in different areas and with multiple players—as described in Table 1.

Table 1. Health Market Interventions for Market Players

Market Intervention Objective	Governments and Regulatory Bodies	Donors and TMA Practitioners	NGOs and SMOs*	Commercial Sector
Policy and regulation: Establish an enabling environment that allows for a timely, predictable, and cost-effective pathway to market for high-quality public, socially marketed, and commercial products and services.	Address policy and regulatory constraints to support market growth, e.g., streamline product registration and testing requirements and improve market regulation of leaked product.	Advocate for government action around main policy or regulatory constraints.	Advocate for reducing regulatory constraints that inhibit market growth, e.g., pricing controls, constraints around advertising/ marketing of products, and inability to include prices in advertising or point-of-sale materials.	Advocate to address main constraints for increased investment, e.g., importation fees, excessive testing costs, and delayed testing. Professional associations may also advocate for private sector interests.
Financing and resource allocation: Ensure investments from the government, donors, and the commercial sector increase and are coordinated to enable a healthy, sustainable market.	Enact concrete timelines/ commitments for increased domestic investment in family planning. Quantify the private sector's financial commitment for commodity procurement.	Advocate for clear commodity investment timelines; encourage transparency from SMOs around cost-recovery levels; coordinate on funding amount and transition timeline with other donors.	Practice transparency around cost-recovery and long-term sustainability for subsidized products and cost implications of targeting strategies.	Increase investment for key products and services.
Products and services: Make available a wide array of affordable and differentiated family planning options for consumers of all types.	Enforce and monitor policies that ensure that public sector products and services are primarily focused on reducing inequity and are reaching the intended target groups.	Develop guidelines so that SMOs are not competing among themselves for the same market or crowding-out the commercial sector.	Introduce new products to address gaps that cannot be filled through commercial partnerships, e.g., socially marketed products that are not fully cost recoverable and serve those with some ability to pay. Segment and position brands appropriately so that they do not compete for the same market share.	Introduce new products to fill the market segment that falls between subsidized and up-market commercial products.
Distribution: Scale and strengthen distribution systems to ensure equitable access to the right products or services at the right price and at the right time.	Establish clear guidelines on the distribution of free products outside of healthcare facilities. Ensure that NGOs receiving free products are reporting adequately on where and to whom they are distributed.	Support SMOs in developing well-defined distribution strategies for all market sectors. Support commercial partnerships that can expand distribution channels.	Develop well-defined distribution channels for intended target audience, reaching beyond traditional commercial distribution infrastructures, e.g., rural areas.	Expand distribution beyond urban and peri-urban high-end markets.
Marketing and promotion: Make information available to drive sustained demand for family planning across consumer types.	Advocate for generic demand creation campaigns that grow the total market.	Financially support generic demand creation campaigns that grow both social marketing and commercial sectors.	Implement marketing and promotional activities that are well designed and targeted to their intended audience.	Increase advertising and marketing support for commercial brands.

* Not-for-profit organizations integrating commercial strategies and approaches.

In addition to the interventions listed in Table 1, there are several important TMA processes and activities that are considered precursors to implementation of market interventions. These pre-market interventions include market analysis, research on market or consumer trends, market segmentation, or other data collection through TMA assessments. Stakeholder engagement, government stewardship, such as formation of TMA working groups, and development of national plans or strategies are also important processes but are not considered market interventions on their own because they do not directly address market gaps, distortions, or inefficiencies.

Health Market Interventions Designed to Support TMA in Kenya

The ESHE project in Kenya was designed to increase multisectoral engagement and build on the government's commitment to support the private sector through TMA as part of its Family Planning 2020 global commitments. International donors had supported private sector interventions in Kenya for many years, but with limited coordination among market players. With the imminent phase-out of donor support to family planning, the government was under increasing pressure to expand its resources to address the significant funding gap for family planning commodities.

Analyzing Market Dynamics (Pre-market Interventions)

As a first step, ESHE supported market analysis at macro- and micro-levels by conducting a baseline diagnostic assessment of Kenya's family planning market, extensive market segmentation analysis, an analysis of the national family planning forecasting and quantification process, and an analysis of trends in sales and distribution of family planning products to uncover market inefficiencies. A large percentage of Kenya's two highest wealth quintiles sourced family planning supplies from the public sector, suggesting an opportunity to shift some users to the private sector (Palladium, 2017a). In addition, 20 percent of implants and 35 percent of free injections intended for distribution in the public sector were then sold in the non-profit or commercial sectors.

Health Market Interventions

The ESHE project focused on identifying smart, low-cost catalytic investments to motivate the commercial sector to take an informed risk in expanding the number and type of family planning products on the market. At the same time, the project discouraged any interventions that might create disruptive incentives or subsidies to the commercial sector, thereby disturbing market forces. This strategy encouraged private investment and expansion of contraceptive choice through introduction of several new family planning products: combined oral contraceptives, progestin-only pills, emergency contraception, and injectables (DMPA-SC). The following examples illustrate different types of market interventions related to product introduction:

- **Financing and resource allocation:** Commercial distributors increased investment for key family planning products with the introduction of a range of brands of combined oral contraceptives, progestin-only pills, emergency contraception, and injectables (DMPA-SC) aimed at those that could afford to pay for unsubsidized products. This resulted in an additional one million commercially sourced family planning products introduced into Kenya's market.
- **Products and services:** In early 2016, Sai Pharmaceuticals introduced two new brands—Julee (combined oral contraceptive) and Hyan (progestin-only pill)—targeted toward the emerging young middle-market consumer with the ability to pay more than the cost of socially marketed brands but less than highly priced up-market commercial brands. In late 2016, Sai Pharmaceuticals also introduced a new emergency contraceptive, Revoke, for individuals who wanted to use a high-quality pill for the same price as any other sub-standard brand widely available across Kenya. In July 2017, ESHE coordinated with Pfizer and DKT International on the planned introduction of the injectable Sayana Press. The target market for this product was younger women of reproductive age who could afford to pay more than typical injection users (Sayana Press was four times more expensive than the socially marketed Depo-Provera, but still significantly subsidized by donors).

- **Distribution:** Sai Pharmaceuticals took advantage of its established distribution network to ensure wide availability of its three new contraceptive products within a short time period in Kenya. Piggybacking off its existing products increased confidence in the quality of its new offerings. For Revoke, a bottom up distribution strategy was used to promote the product to retailers; this was effective, as it allowed the brand to be stocked, which subsequently generated orders from wholesalers and demonstrated that as long as retailers were demanding the product, distributors would stock it. DKT also had a network of commercial distributors that worked with pharmaceutical and clinical outlets, which contributed to a smooth introduction of Sayana Press into the market.
- **Marketing and promotion:** Sai Pharmaceuticals and DKT were supported with limited funding from ESHE for marketing. Sai Pharmaceuticals' strategy emphasized detailers and a sales team on the ground over physical marketing materials. DKT focused more on category and branded marketing materials with the funds contributed by ESHE, as they already had a sales team.

Beyond contributions from the commercial and social marketing sectors, ESHE, donors, and the Government of Kenya also took action to improve financing and resource allocation, products and services, and marketing and promotions to support TMA. The full range of market interventions by all market players is highlighted in Table 2.

Table 2. ESHE-Supported Health Market Interventions in Kenya

Market Intervention Objective	Governments and Regulatory Bodies	Donors and TMA Practitioners	NGOs and SMOs*	Commercial Sector
Financing and resource allocation	Incorporated commercial sector procurements for family planning into annual quantification exercise, helping to reduce the overall commodity gap.	Donors articulated their timeline for gradually decreasing levels of support to SMOs.	SMOs gradually raised prices for condoms, pills, and injectables between 2015–2018 to improve overall cost-recovery of subsidized brands.	Increased investment for key family planning products with the introduction of four new products.
Products and services	The Ministry of Health endorsed various new and high-profile products, which was encouraging to private providers concerned about quality control.	ESHE negotiated with commercial manufacturers for the introduction of new products and provided technical support and market facilitation to support the new products.	DKT introduced Sayana Press to offer new technological advances to women (lower dose formulation and user-friendly design).	Sai Pharmaceuticals introduced Julee, Hyan, and Revoke to target gaps for the middle-market consumer.
Distribution	N/A	N/A	DKT used its network of commercial distributors to work with pharmaceutical and clinical outlets for smooth introduction of Sayana Press.	Sai Pharmaceuticals used its existing distribution network to ensure widespread availability of three new products.
Marketing and promotion	N/A	ESHE supported marketing for Sai Pharmaceuticals and DKT in a small and nuanced fashion, e.g., some branded marketing materials and some detailers and sales teams on the ground.	DKT deployed its own sales team to market and promote Sayana Press and developed marketing materials with ESHE funds.	Sai Pharmaceuticals supported detailers and a sales team on the ground with ESHE funds.



Conclusion

TMA is an intensive, iterative process designed to address complex, multi-stakeholder systemic issues. To support the continued evolution and application of TMA principles, TMA practitioners will need to support governments and key stakeholders to implement concrete and measurable market interventions. Some countries have advanced in incorporating TMA principles into their national strategies but have made less progress in identifying or taking specific actions to influence market dynamics. One core challenge to TMA implementation is that in-country stakeholders may not be able to reach a consensus on what actions to take—or they may not know how market interventions can be used to address market gaps, inefficiencies, or distortions.

The goal of this brief is to support governments, donors, and TMA practitioners in aligning market characteristics to overall policy objectives. As many developing countries continue to face pressure to sustainably finance family planning programs, policymakers and practitioners will benefit from understanding the range of approaches to achieve healthier markets. To continue to evolve TMA implementation at the country level, stakeholders will need to aggressively address market failures, regulatory barriers, and inefficiencies through deliberate actions informed by evidence and supported by planned commitments.

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Health Policy Plus (HP+) is a five-year cooperative agreement funded by the U.S. Agency for International Development under Agreement No. AID-OAA-A-15-00051, beginning August 28, 2015. HP+ is implemented by Palladium, in collaboration with Avenir Health, Futures Group Global Outreach, Plan International USA, Population Reference Bureau, RTI International, ThinkWell, and the White Ribbon Alliance for Safe Motherhood.

This publication was produced for review by the U.S. Agency for International Development. It was prepared by HP+. The information provided in this document is not official U.S. Government information and does not necessarily reflect the views or positions of the U.S. Agency for International Development or the U.S. Government.

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