From Push to Pull

PSI/Rwanda – the Evolution of a Social Marketing Sales & Distribution Approach

Terminology

• “Push”
  – Strategies where marketers “push” products in a top-down fashion through the distribution channel to create availability and stimulate demand
    • Most often used for new products, builds awareness

• “Pull”
  – Where end consumer demand “pulls” products through distribution channels
    • Traders stock based on degree of consumer demand
    • Usually results in market equilibrium between supply and demand
Push vs. Pull: Why Should We Care?

- Cost implications
- Management implications
- Impacts Sustainability
  - Financial
  - Behavior
  - Market Development
- Marketing Mix Efficiency

Push vs. Pull: Developing World Context

- Condom social marketing
  - Attempted to correct “market failure”
    - Public and commercial sectors not “working”
- Push-oriented strategies used to:
  1. Counter condom stigma among traders and consumers
  2. Provide greater control over affordability & availability
  3. Drive availability ahead of demand
- Resulted in very effective but parallel distribution systems
  - Cost and capacity constraints
Rwanda Context

- HIV Prevalence: 3% (7% urban/2% rural)
- Total Fertility Rate: 5.5 (down from 6 in ‘05)
- Low condom use rates: 40% male, 20% female

- PSI/Rwanda
  - 180 staff, $9m annual budget (increase of 30% in 3 years)
  - 4 products: condoms, nets, retreatment, safe water
  - 6 upcountry youth centers

- Introduced Prudence Plus (“PP”) condoms in 1994

PP “DHL” push approach generates growing sales
Skepticism about PP sales performance

- Unclear reasons for sales growth
  - Minimal consumer/advertising support
  - Questionable ability to forecast the future
  - Doubts about adding on additional products

Digging deeper tells a different story...
### PSI/Rwanda self assessment

**“Any Sale is a Good Sale”**

<table>
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<th>Attribute</th>
<th>Outcome</th>
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| • Condoms sold to all customers at any (lowest) price  
  – Incentivized on per unit commission | • Wholesaler level undercut  
  – Economies of scale not realized  
  – Reduced sales revenue |
| • 3,000 customers  
  – Top 10 customers --> 70% of sales  
  – 71 customers --> 95% of sales | • 7% ($340K) of operating budget supporting sales cost |
| • 8 sales reps + 8 drivers = 4,000 travel days/year  
  – 3 reps account for 75% of sales  
  – 70% of sales in Kigali | • Significant wasted effort on small, temporary customers |
| • 27% outlet penetration | • Product not available in informal outlets |

### What was really going on…

- Condom market existed; PP available *in spite* of PSI sales efforts
  - Where available, PP moved
  - Where available, traders re-stocked independently
    - Condoms leaking from other countries into Rwanda

- Availability not sufficient; formal pharmacies only consistent outlet stocking
  - Consumers had to search for PP

- Sales targets met by cross-border, short term credit, public sector institutions (50%) of sales.
In sum...

- *PP push distribution efforts working against the commercial sector it intended to leverage and develop*

- Expensive
- Ineffective
- Limited capacity for new products

Corrective Measures: the shift to Pull

- Retail Outlet Creation:
  - Single dispensers uplifted to retailers at retailer price and mapped
  - 8,000 retailers mapped -> identified 60 key wholesalers

- Reduce sales staff (8 → 1); eliminate commissions
  - Sales personnel shifted to demand creation roles

- Drain retail market, launch updated packaging & carton configuration

- Upcountry travel focused on demand and retail creation, not sales
Corrective Measure: Qualify the Customer Base

- Reduce direct customers from 3,000 to 32
  - Only 2 customers located up country
  - Stop institutional sales

- Longer term, mutually beneficial customer partnerships
  - Clearly defined wholesalers based on MOU partnership
    - Targeted demand creation efforts at wholesale point of sale
  - Wholesaler criteria:
    - Established business able to sell and repurchase at least 100 cartons every 3 months
    - Buys and sells only in bulk quantities
  - Wholesaler customers evaluated quarterly and pruned when necessary

Results

- PP sales growth continued
- Total market growth
- PP retail penetration increased from 27% to 60%
- More balanced focus on all 4Ps
- Distribution cost reduced from $350K to $140K per year
  - Savings reallocated to demand creation investment
Results: PP sales continued to grow

...as did the entire market
Push vs. Pull: Evidence of Rwanda Success

- Cost implications: $210K/60% savings
  - Program funds reallocated to demand creation
- Management implications: less time consuming
  - reduced sales force, smaller customer base
  - Provided room for product diversification
- Impacts Sustainability
  - Financial: reduced cost, greater cost recovery (margins)
  - Behavior: committed customers become partners
  - Market Development: sales growth, category segmentation
- Marketing Mix Efficiency: more balanced 4P approach
  - Updated positioning, pricing, more promotion

From Push to Pull: Lessons Learned

- Staying with “push” too long can breed bad behavior
  - Sales figures a crude measure of “success” and can hide quality problems
- Map the market to understand product flows, trade relationships
  - More focus on customer relationship building
- Understand channel margin structures; maintain pricing with inflation
- Good MIS is critical
- Need courage to risk sales