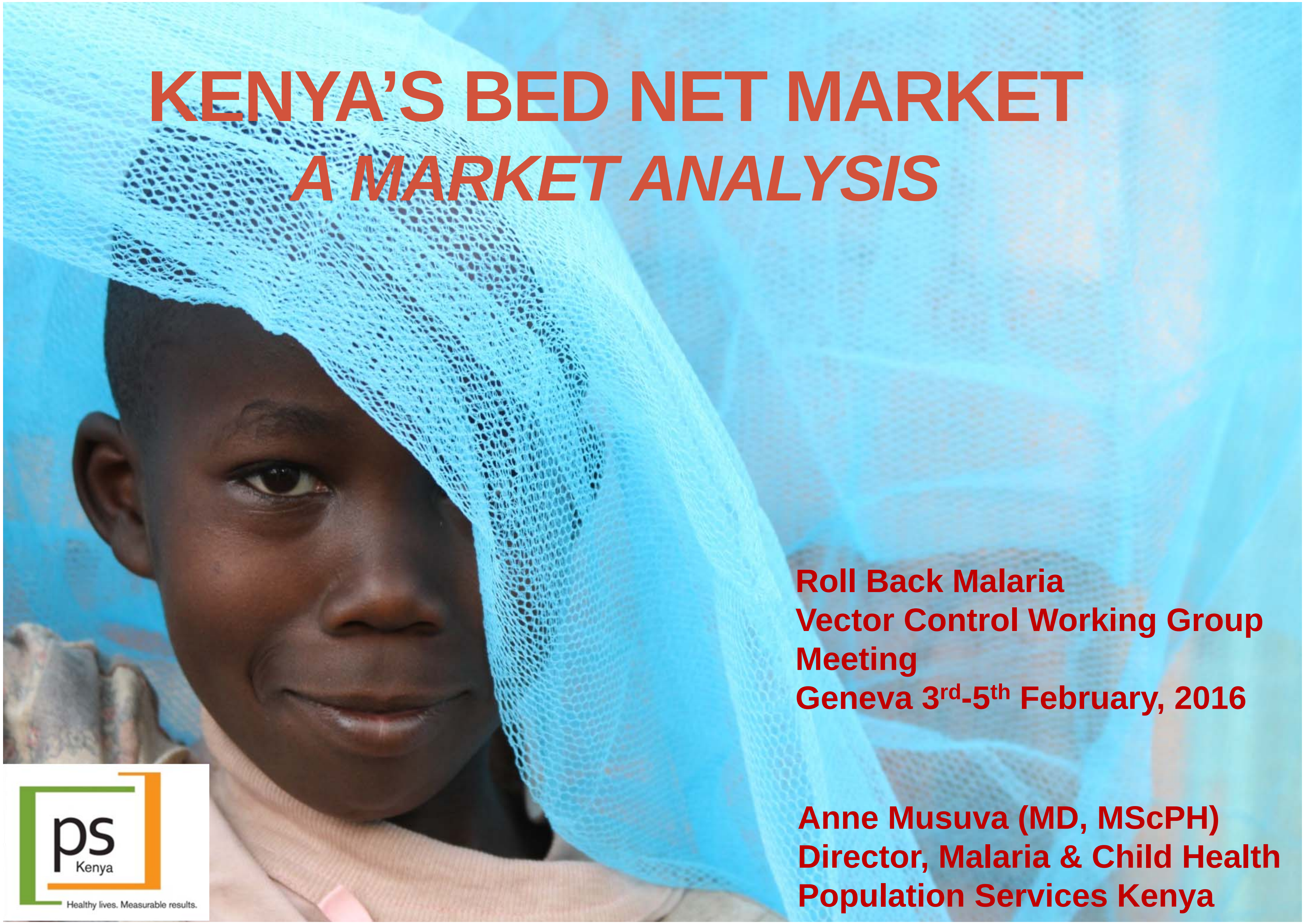

KENYA'S BED NET MARKET
A MARKET ANALYSIS

Roll Back Malaria
Vector Control Working Group Meeting
Geneva 3rd-5th February, 2016

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Population Services Kenya

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Outline of the presentation

- Objectives & Methodology
- Findings
  - Retail Survey
  - Key Informant Interviews
  - Stakeholder Workshop
- Conclusions & Recommendations

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Objectives of the total bed net market analysis

Objectives

- To understand the **scope** of the total bed net market – public and private sectors

- To determine the capacity of and barriers to private sector **expansion of the LLIN market** and potentially engage in keep-up strategies with the public sector.

Methodology

- Key informant interviews - 23
  - Donors, manufacturers - local and international - importers, regulators, MOH, IPs

- Retail outlet survey
  - In all 4 malaria zones
  - Semi-structured
  - 1,610 approached (310 ever stocked nets)

- Stakeholder Workshop
- Data collection - April-Sept 2015

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Findings – Key Informant Interviews
Retail Survey

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Policy & regulation

National Malaria Control Program (NMCP)

- Management, control and eradication of malaria in Kenya
- Implementing National Malaria Strategy (NMS) 2009 – 2018
- NMS Objective 1 – 80% LLIN use in malaria risk areas

Regulation

PEST CONTROL PRODUCTS BOARD

A Statutory Organization of the Kenya Government

Registration of LLINs

Type and quality of insecticide

KEBS

Kenya Bureau of Standards

Standards for Quality life

Physical attributes of nets- dernier,

Bursting strength

Channels and volumes

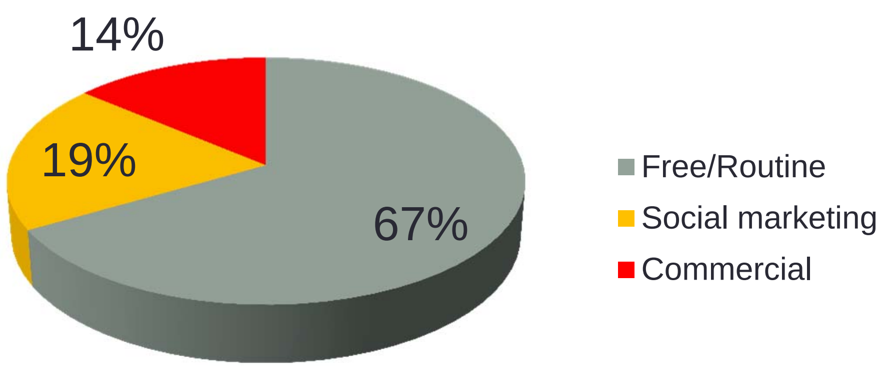
Free Routine

Mass net distribution

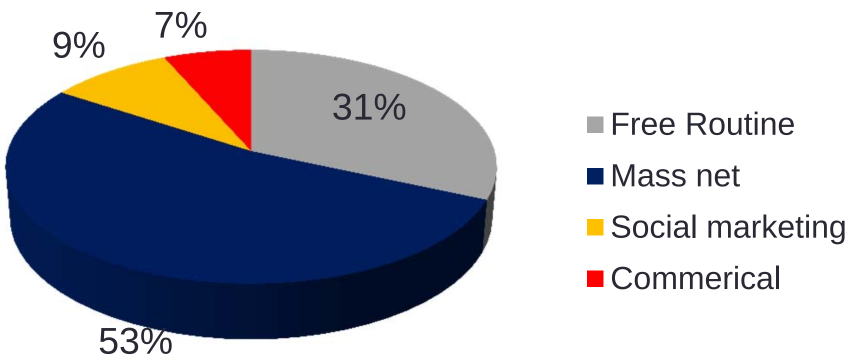
Commercial sector

Social marketing

Market share



Net market share with Mass nets



Public Sector

- LLINs procured, local manufacturers excluded
- Donors- GF, PMI, DFID
- Taxation, levies a regular challenge
  - ✓Waiver process long and time consuming

Public Sector LLIN Procurement Process by Donor

Process Description	GF	PMI	DFID
Quantification of Net Needs	NMCP led process		
Funding principle recipient	Gov Treasury	PS Kenya	PS Kenya
Provision of LLIN Specifications	NMCP approved net specifications & WHOPES		
Preparation of tender and procurement	KEMSA	USAID Deliver	Crown Agents
Supply, Ware Housing and distribution	KEMSA	PS Kenya	PS Kenya

Social Marketing

- DFID-funded program implemented by PS Kenya since 2003
- Targeted to rural malaria endemic regions- lake and coast regions
- Changed from retail outlets to rural community based organizations (CBOs)

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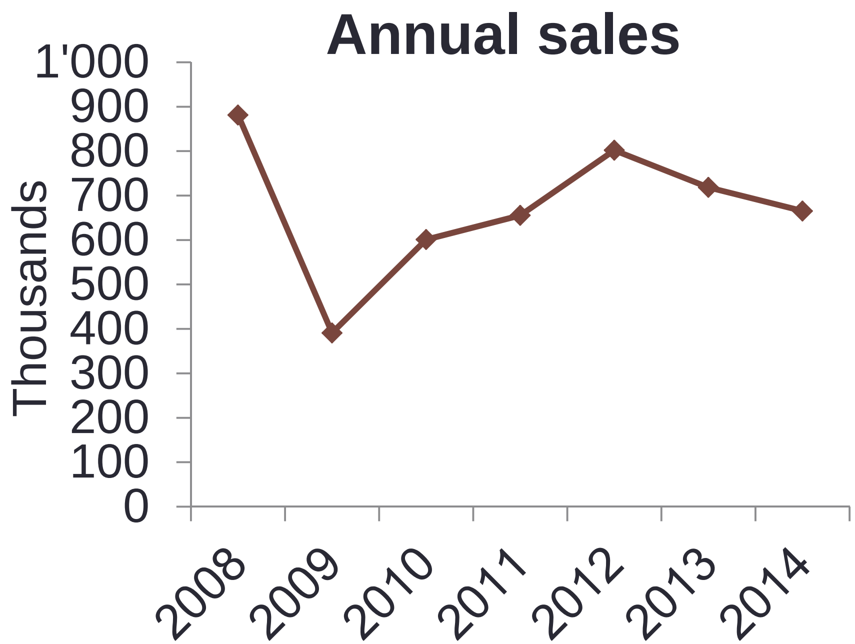
- Nets green in color
- PS Kenya sells at US$ 0.90 to large CBOs

Large CBOs
- Pre-contracted by PS Kenya
- Resupply to smaller CBOs
- Sell at $1.15 – margin of $ 0.25

Smaller CBOs
- Supply the net directly to the end users at $1.50
- Margin of $ 0.35



Sales 600-800,000/year
Volumes dependent on funding available

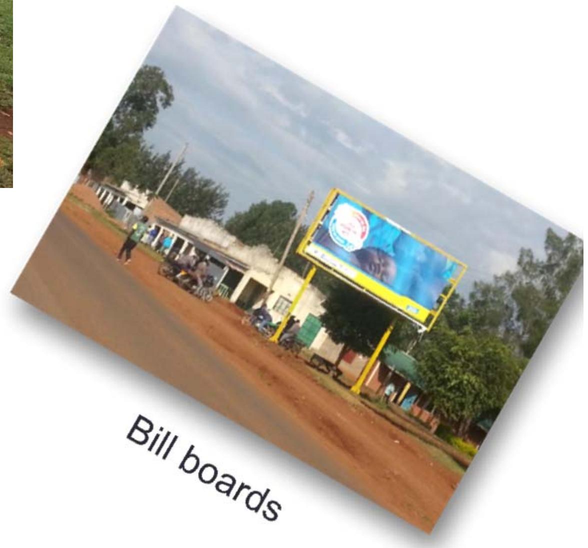
Communication

- NMCP led, PS Kenya & other stakeholders
- Generic net use campaigns
- 360 degree approach
  - Mass media-Radio
  - Interpersonal
  - Outdoor


Interpersonal Communication


Road shows

Bus branding


Bill boards

Commercial sector

- Total retail market ~ 500,000.
- Distribution mainly in urban areas through direct sales to major retail chains & institutions
- Seasonal sales - rainy season, schools opening
- Limited marketing and consumer research
- Untreated nets
  - Only two untreated net importers identified
  - Most manufactured locally
  - Offer more variety - net sizes, colors, packaging, brands

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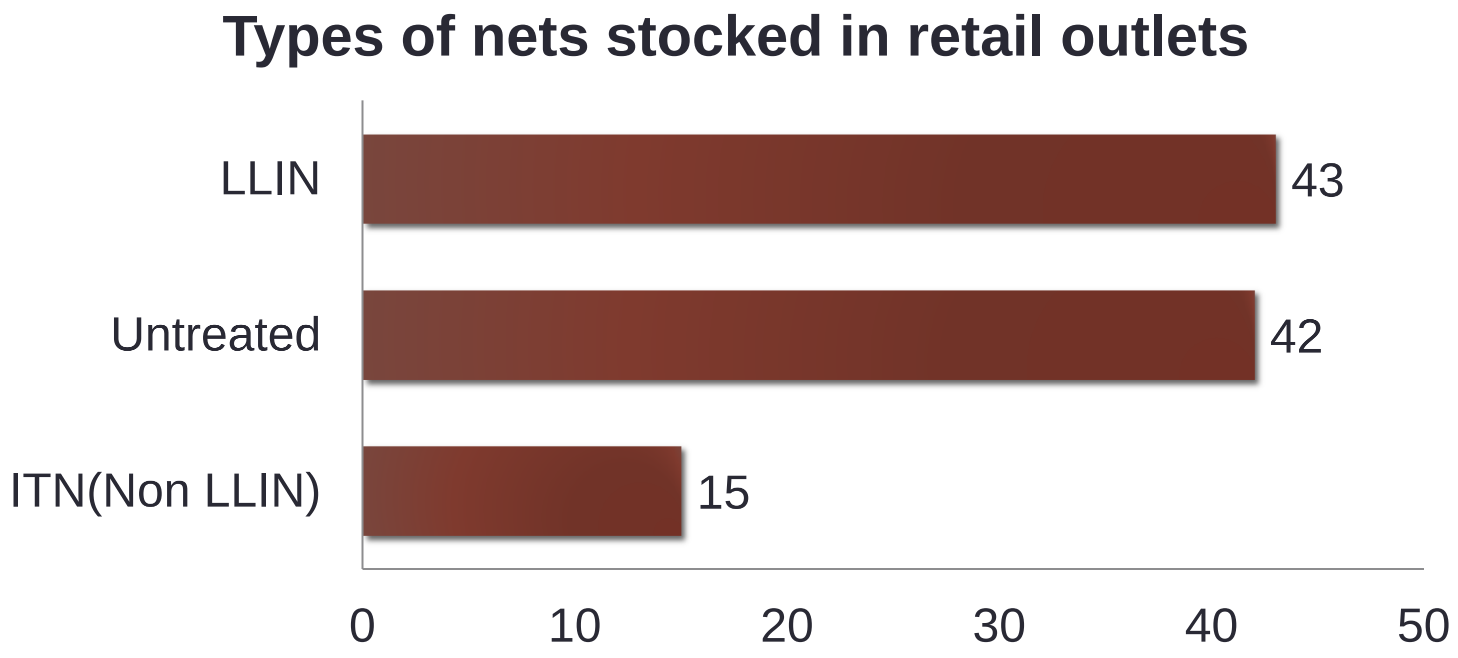
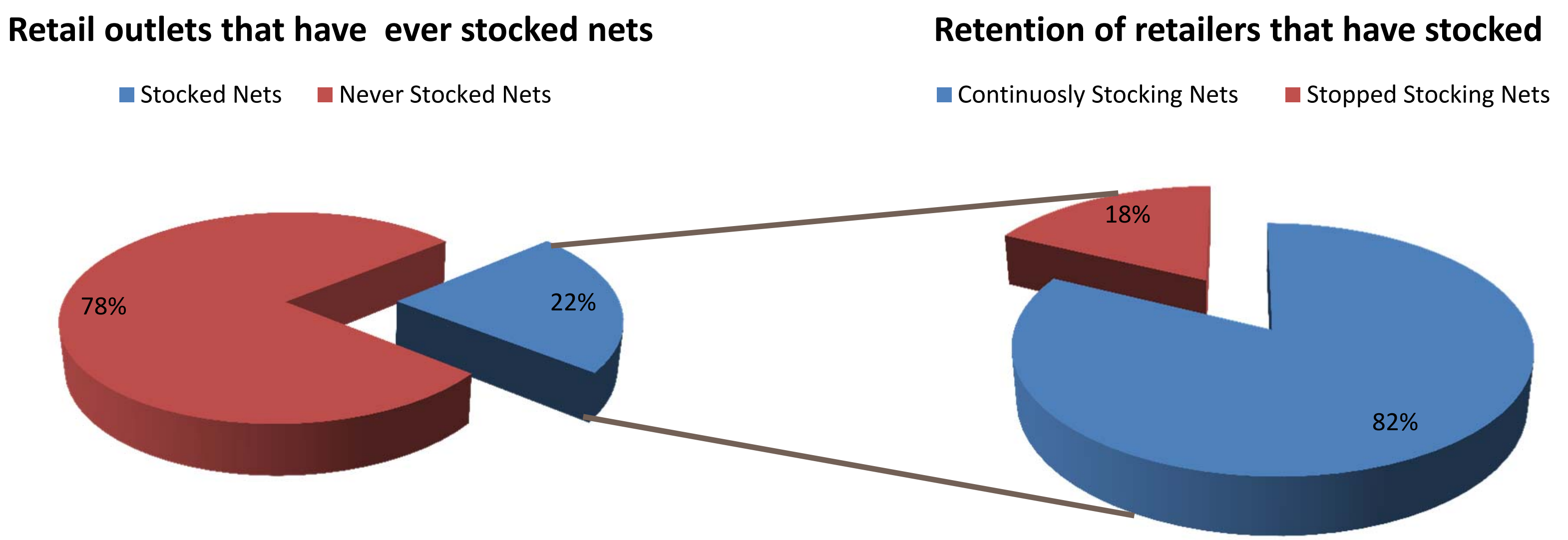
Type of nets in the market

- 64 net brands in the Kenyan market. 3 LLIN brands
- The market is split between LLINs and untreated nets
- 15% of ITNs in the market, particularly in the Coast region
- 33.5% of retailers cannot differentiate between LLINs and untreated nets



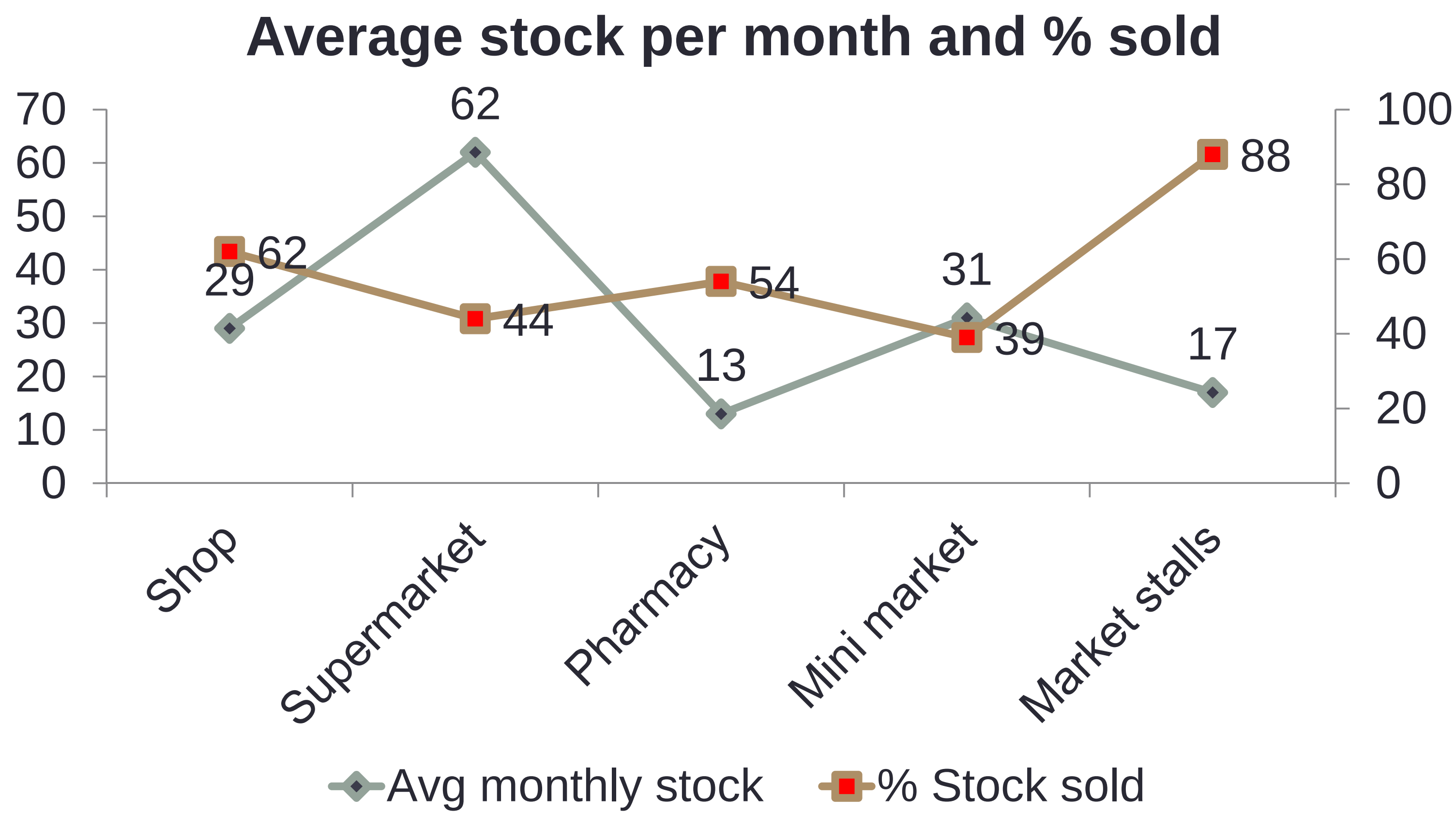
Retail stocking of nets



Similar across all 4 epidemiologic zones

Reasons for not stocking nets	Reasons for not stocking some brands
Lack of consistent supply- quantities, variety	Unattractive design – color, large weave
Slow moving product	Expensive
Seasonal sales	Lack of product information- pricing, supply
Low demand due to free net distribution	Free brands illegal

Stock movement



- Supermarkets stock more volumes than other channels
- Other channels clear their stocks faster

Pricing

- Huge price variations. The price ranges for untreated nets is higher due to the variety.
- Similar average price for untreated nets and LLINs. Apart from small net and 5 by 6 net.
- The average prices of nets in supermarkets is higher than in the other outlet channels

Net Size	Price range (USD)	Average Price by Net Type (USD)	
		LLIN	Untreated
3 by 6	0.5 - 43.0	9.1	7.2
4 by 6	2.0 - 57.6	10.4	11.7
5 by 6	1.5 - 66.0	10.1	13.8
6 by 6	2.5 - 67.2	14.1	14.3

Retailer perceptions of what drives consumers

LLINs	%	Untreated nets	%
Longer lasting	41.6	*Affordability*	55.7
Does not need regular re-treatment	39.3	*Side effects of the treated nets because of the insecticide used*	11.5
Effective	22.5	*Easily available*	9.8
Retreatment tabs are not available	18.0	*The shape of the net*	9.8
Quality of material – hard or soft	15.7	*Other reasons*	31.1
Other Reasons	27.0		

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Challenges in the commercial sector

Distributors, manufacturers

Stagnant retail market

Increased competition from untreated and free nets- lower prices and margins

Taxes on imported netting material vis a vis untreated

Taxation: Import taxes, railway levy , VAT

Minimal marketing- reduced margins

Difficult to customize LLINs- economies of scale

Retail

Inconsistent & unreliable supply

Information about nets

Many free nets- mass net

Slow moving

Unregulated pricing

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Stakeholder's workshop

Pricing, market segmentation	• Public free nets 86%. Target subsidies • Similar pricing of LLINs/untreated • Inadequate consumer insights
Communication	• Retailers don't know of difference between LLIN and untreated nets • Limited marketing by manufacturers
Untreated nets	• Significant market share • Unregulated

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MOH, NMCP, donors, manufacturers, distributors, implementing partners

Recommendations

- Explore **more sustainable approaches** to universal coverage
- Market segmentation
  - To increase ownership and sustainability, **better targeting of free nets/** subsidy through a total market approach and market segmentation.
  - Expanding social marketing, mid tier priced LLIN

- Marketing
  - Private sector willing and interested to expand LLIN market
  - Public-private partnership on communication efforts to **differentiate** LLINs and drive their use

- Untreated nets
  - **Engage local manufacturers** to start phasing out untreated nets, particularly in endemic areas
  - Government to relax **regulation** on importation of treated netting material vis-a-vis untreated material & untreated nets


Thank you
Asante!