KENYA’S BED NET MARKET
A MARKET ANALYSIS

Roll Back Malaria
Vector Control Working Group Meeting
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Population Services Kenya
Outline of the presentation

• Objectives & Methodology

• Findings
  • Retail Survey
  • Key Informant Interviews
  • Stakeholder Workshop

• Conclusions & Recommendations
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
Findings – Key Informant Interviews
Retail Survey
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

Registration of LLINs
Type and quality of insecticide

Physical attributes of nets: dernier,
Bursting strength
Channels and volumes

Market share

- Free/Routine: 19%
- Social marketing: 14%
- Commercial: 67%

Net market share with Mass nets

- Free Routine: 53%
- Mass net: 31%
- Social marketing: 9%
- Commercial: 7%
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

<table>
<thead>
<tr>
<th>Process Description</th>
<th>GF</th>
<th>PMI</th>
<th>DFID</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantification of Net Needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding principle recipient</td>
<td>Gov Treasury</td>
<td>PS Kenya</td>
<td>PS Kenya</td>
</tr>
<tr>
<td>Provision of LLIN Specifications</td>
<td></td>
<td></td>
<td>NMCP approved net specifications &amp; WHOPES</td>
</tr>
<tr>
<td>Preparation of tender and procurement</td>
<td>KEMSA</td>
<td>USAID Deliver</td>
<td>Crown Agents</td>
</tr>
<tr>
<td>Supply, Ware Housing and distribution</td>
<td>KEMSA</td>
<td>PS Kenya</td>
<td>PS Kenya</td>
</tr>
</tbody>
</table>
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)

**PS Kenya**
- 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

**Annual sales**

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

Road shows
Interpersonal Communication
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
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

Types of nets stocked in retail outlets

- LLIN: 43
- Untreated: 42
- ITN (Non LLIN): 15
Retail stocking of nets

Retail outlets that have ever stocked nets

- Stocked Nets
- Never Stocked Nets

Retention of retailers that have stocked

- Continuously Stocking Nets
- Stopped Stocking Nets

Similar across all 4 epidemiologic zones

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

<table>
<thead>
<tr>
<th>Net Size</th>
<th>Price range (USD)</th>
<th>Average Price by Net Type (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>LLIN</td>
</tr>
<tr>
<td>3 by 6</td>
<td>0.5 - 43.0</td>
<td>9.1</td>
</tr>
<tr>
<td>4 by 6</td>
<td>2.0 - 57.6</td>
<td>10.4</td>
</tr>
<tr>
<td>5 by 6</td>
<td>1.5 - 66.0</td>
<td>10.1</td>
</tr>
<tr>
<td>6 by 6</td>
<td>2.5 - 67.2</td>
<td>14.1</td>
</tr>
</tbody>
</table>
## Retailer perceptions of what drives consumers

<table>
<thead>
<tr>
<th>LLINs</th>
<th>%</th>
<th>Untreated nets</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Longer lasting</strong></td>
<td>41.6</td>
<td><strong>Affordability</strong></td>
<td>55.7</td>
</tr>
<tr>
<td><strong>Does not need regular re-treatment</strong></td>
<td>39.3</td>
<td><strong>Side effects of the treated nets because of the insecticide used</strong></td>
<td>11.5</td>
</tr>
<tr>
<td><strong>Effective</strong></td>
<td>22.5</td>
<td><strong>Easily available</strong></td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Retreatment tabs are not available</strong></td>
<td>18.0</td>
<td><strong>The shape of the net</strong></td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Quality of material – hard or soft</strong></td>
<td>15.7</td>
<td><strong>Other reasons</strong></td>
<td>31.1</td>
</tr>
<tr>
<td><strong>Other Reasons</strong></td>
<td>27.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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
- Difficult to customize LLINs - economies of scale
- Minimal marketing - reduced margins

**Retail**
- Inconsistent & unreliable supply
- Information about nets
- Many free nets - mass net
- Slow moving
- Unregulated pricing
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

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!