



Vietnam is at a crossroads in its response to the HIV epidemic. Over the past decade, the Ministry of Health (MOH) has made significant progress in preventing new HIV infections and scaling up harm reduction and treatment coverage, but as international donor support for HIV-prevention declines with the growth of the nation's economy, Vietnam is faced with the challenge of sustaining access to lifesaving HIV-prevention commodities, including condoms.

Local condom manufacturers and distributors were unable to compete with a market dominated by high-quality subsidized imports, even when an increasing number of consumers (including those affected by HIV) could afford and preferred commercial condoms. However, if access to condoms for those most at risk of HIV is to be sustained as the number of free and subsidized products rapidly declines, the commercial market must grow to fill this gap.

“TMA is a new and innovative response to HIV/AIDS in Vietnam. The approach is a valuable planning and budgeting tool to segment populations and better target finite resources. As external donor funding declines, we are committed to collaborating with new partners to increase access to HIV prevention commodities, growing the market in a responsible and sustainable way.”

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HOW DOES THE TOTAL MARKET APPROACH WORK?

TMA enables segmenting of populations based on need and ability to pay. This helps the government and stakeholders to **prioritize public and donor resources for those who are unable to pay, while supporting the growth of a viable commercial market that can meet the needs of HIV-affected populations who are able and willing to pay.**

Healthy Markets' goals for applying the TMA to condoms in Vietnam are outlined in Box 1.

Box 1. Healthy Markets: Applying the TMA to promote condom security as part of the HIV response

- Facilitate the **transition from free and subsidized mass distribution** of condoms to a true TMA, where the commercial sector has a role based on population need and preferences.
- Identify **commercially viable distribution strategies** to reach key populations with affordable and desirable condom brands.
- Support **coordinated and rational commodity planning** by health authorities and donors, targeting subsidized condoms toward those who need them most.
- **Foster new and consistent condom use** through innovative behavior-change and demand-generation strategies.

Healthy Markets has followed seven core steps in developing the TMA for HIV prevention through condom security in Vietnam (see Box 2). These include three overarching areas: (1) generating data in order to understand policy barriers; measuring the condom market value, volume, and projected growth; and assess consumer needs, preferences, and willingness to pay; (2) developing a sustainable condom supply-distribution-retail value chain that meets the needs of key populations while generating demand for condoms and new local brands; and (3) working at the national level to address policy barriers and assist the MOH in using market data to shape annual planning and budgeting. Healthy Markets is able to draw on learning from PATH's previous work on the TMA for family planning in Vietnam.³

Box 2. Key strategies and steps toward the TMA for condoms in Vietnam

1. **Analyze policy enablers and barriers** related to condom market growth, regulation, and management.
2. **Measure condom market volume, value, and growth**, and map existing distribution networks.
3. **Segment consumers** by condom use, preferences, and willingness to pay.
4. **Partner with local commercial condom manufacturers and distributors** to brand and deliver quality, affordable condoms to key populations.
5. **Boost and sustain demand** for quality, affordable condoms.
6. **Advocate for an improved regulatory environment** for condom quality assurance.
7. **Support national and key provincial HIV leaders** to adopt the TMA to plan and prioritize use of finite resources for those most in need.

Healthy Markets facilitated a Market Growth Advisory Board, which acts as a forum for public and private stakeholders to come together and explore market challenges, analyze the growth and gaps in the market, and guide the TMA roadmap. The board is co-chaired by the MOH, the Vietnam Administration of HIV/AIDS Control (VAAC), and the Vietnam Chamber of Commerce and Industry.

RESULTS: PROMOTING A SUPPORTIVE REGULATORY AND LEGAL ENVIRONMENT FOR THE TOTAL MARKET APPROACH

ANALYZING POLICY ENABLERS AND BARRIERS

A comprehensive policy analysis revealed there are few barriers for investment in the commercial condom market in Vietnam, but a lack of regulation was placing consumers at risk and undermining trust, especially in locally produced products.

Local manufacturers in Vietnam had been producing affordable, high-quality condoms for many years, but for export only due to a lack of domestic interest. Condoms were categorized by the MOH as unregulated goods, meaning that no technical specifications guided importation or production until 2017. This enabled a “wild west” condom market, where the quality varied widely and sub-standard condoms were rife in wholesale markets. This situation was well-acknowledged by consumers; in a consumer analysis conducted by Healthy Markets in 2015, condom quality was considered the most valued product feature, and perceptions of quality were associated closely with cost (cheaper condoms were felt to be low-quality).

ADVOCATING FOR AN IMPROVED REGULATORY ENVIRONMENT

Healthy Markets worked closely with anti-counterfeiting and regulatory bodies to build awareness around the condom quality issue and to introduce regulations mandating standard specifications and requirements for market entry.

After working closely with the United Nations Population Fund (UNFPA), the MOH finally adopted condom standard controls through Circular 31 on July 25, 2017. Healthy Markets and UNFPA are now assisting the MOH in communicating these required standards to condom manufacturers to promote compliance.

PROMOTING CONDOM QUALITY STANDARDS AMONG CONSUMERS

Based on advice from the MOH, condom manufacturers, and UNFPA, Healthy Markets developed a quality seal program for condoms as a critical step in establishing condom quality assurance in the free market. The quality seal program offers local condom manufacturers the opportunity to safeguard and optimize their product marketing by advertising that they meet international quality standards. The quality seal program promotes local condom brands, ensures a fairer playing field for domestic condom companies, and provides confidence to consumers.

Healthy Markets worked with the World Health Organization (WHO) and UNFPA pre-approved local condom manufacturer, Medevice 3S, to design a condom quality seal (right) that assured the condom met International Organization for Standardization (ISO) standards and was WHO/UNFPA pre-qualified.

Medevice 3S now applies the quality seal to all condoms under the Doctor Young Lover and Gallant brands.



LEVERAGING TMA FOR MINISTRY OF HEALTH PLANNING AND BUDGETING

Healthy Markets provides ongoing technical support to national-level and key provincial governments to utilize findings of the market research to use its finite local resources for those who need them most. This includes applying the TMA analysis to the national annual HIV implementation plan and budget and supporting local authorities as they implement national strategies across key HIV-burdened provinces.

As a result, the VAAC integrated the TMA into the National HIV/AIDS Five-Year Plan for 2016–2020, committing to:

- Segment target populations between those who would require free or partially subsidized, socially marketed products versus those who could purchase HIV-related commodities by themselves.
- Introduce fee-based, lay-provider testing and self-testing for HIV.
- Offer fee-based PrEP and ART to provide greater choice for those who are willing and able to pay out of pocket for these services.

This endorsement of the TMA by the MOH reflects the work of Healthy Markets to pivot the VAAC toward a more sustainable domestic financing strategy.

Healthy Markets has since supported the VAAC to develop and test tools which will enable them to implement the TMA as planned, including an annual planning and budgeting template and commodity calculator. These tools enable Provincial AIDS Centers to quantify their annual need for condoms, needles and syringes, and HIV test kits, and plan for HIV services. Importantly, they aid provinces in calculating the percentage of HIV goods that require public spending, and the offset taken care of by the private sector for populations that prefer commercial HIV products. This enables provinces to use their finite local funds for populations most in need of public subsidies, and to generate data that can be used to advocate for additional local funding from the government.

The HIV annual program planning and budgeting template and total market HIV commodity calculator were piloted in four provinces in 2017 and formally approved by the MOH on October 23, 2017 (Decision 4757). With Healthy Markets' support, they are being rolled out to PEPFAR and Global Fund provinces in 2018 and 2019.

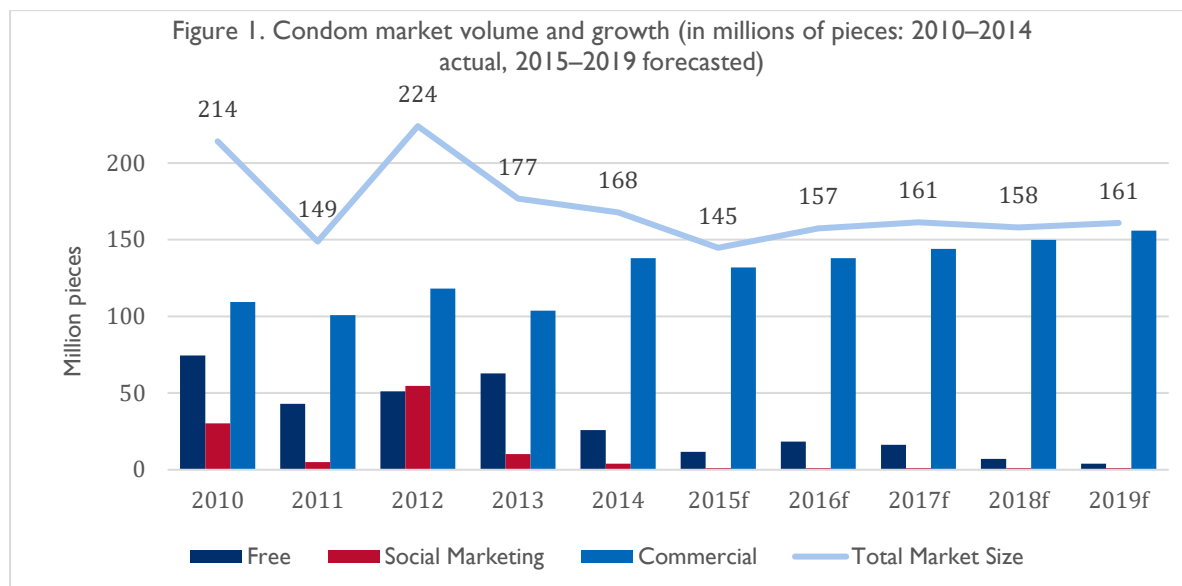
“This tool is very helpful in estimating commodity needs and use. It also supports us to review supply sources of condoms and needles/syringes and make decisions for procurement. We were able to test the tool and recognized that it is easy to use and install on our system. It helps to reduce the time and number of staff we need to complete the estimations and calculations.”

Mr. Nguyen Duy Hung, Hai Phong Provincial AIDS Center Director

RESULTS: FOSTERING A COMMERCIAL CONDOM MARKET THAT REACHES AND RESPONDS TO KEY POPULATIONS

MEASURING GROWTH OF THE OVERALL COMMERCIAL CONDOM MARKET

The market research carried out by Healthy Markets monitors and assesses the value, size, and future growth prospects of the Vietnam condom market. This research has measured a trend of an increased market share of commercial condoms over those that are distributed through social marketing or for free. With the decline of free and subsidized condoms and increased demand for quality commercial brands, the commercial condom market has been allowed to grow steadily and now makes up more than 90 percent of the total market (Figure 1).



CONDOM MARKET VOLUME AND GROWTH

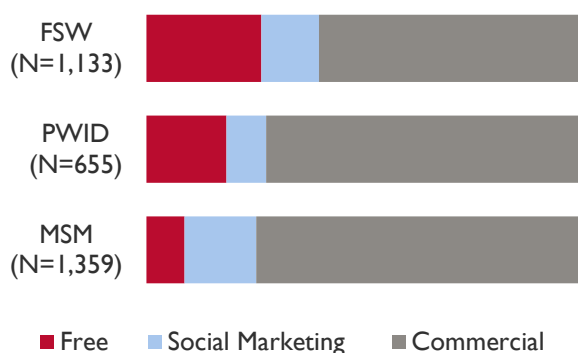
The value of the total condom market in 2014 was estimated at US\$23.8 million, 61 percent higher than in 2011. Healthy Markets leverages market research findings to encourage private-sector investment in the market, while advocating the need for quality assurance.

SEGMENTING CONSUMER NEED AMONG KEY POPULATIONS

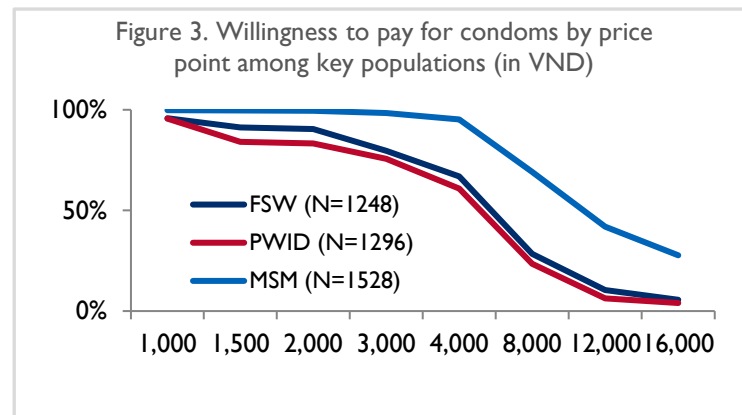
In 2015, Healthy Markets conducted a rigorous consumer analysis to segment need and willingness to pay. The findings revealed that key populations are already procuring and using commercial condoms, and there is a significant existing willingness to pay (Figures 2 and 3).⁴

More than 80 percent of respondents were willing to pay 2,000 Vietnam Dong (equivalent to eight cents) for a condom (the median commercial price), and more than 60 percent would pay twice that amount for a commercial condom. These price points represent the majority of condom pricing in retail outlets.

Figure 2. Condom types procured by key populations over three months in 2015



Overall, the findings suggest that commercial condoms play an important role in condom use among key populations. Remaining challenges related to key population access to and use of commercial condoms included lack of key population preferred points of sale, concerns around poor condom quality, and lack of key-population preferred condom marketing.



PROMOTING PRIVATE-SECTOR INVESTMENT IN THE COMMERCIAL CONDOM MARKET

Healthy Markets is working toward sustainable commercial condom supply chains by mapping existing commercial market and distribution networks and using market research to mobilize strategic private-sector partners to invest in key population-focused condom production and distribution. Key strategies involved:

- Developing affordable, high-quality domestic condom brands which meet key populations' needs and preferences.
- Boosting demand for condoms (especially domestic brands) through diverse communication and marketing channels.
- Supporting commercial distributors to develop diverse sales networks that have strong connections to key populations.
- Promoting the sale of condoms in key population-preferred points of sale, including in non-traditional outlets like hotels and guesthouses.

DEVELOPING NEW LOCALLY PRODUCED CONDOM BRANDS

Healthy Markets provided two local WHO-prequalified condom manufacturers (previously only exporting condoms) with market research to support the development of new condom brands for the domestic market. Representatives of key populations and the general population advised on product design and marketing for four condom brands.

Two of these brands, Doctor Young Lover (targeting FSW and young couples) and Gallant (marketed for MSM), were launched in 2016 and 2017, and millions of pieces have since been sold through a network of commercial distributors and social enterprises.

“Gallant is becoming really popular in the MSM community—it fits with our style. The design is really nice and modern, which is what MSM want, but it’s also a good quality product. The super thin version especially appeals to MSM.”

Tung, head of Hanoi-based civil society organization, Lighthouse



BOOSTING AND SUSTAINING DEMAND

Healthy Markets promotes local condom brands like Gallant and Doctor Young Lover (and condom use in general) through an aspirational and motivational behavior-change and demand-creation strategy to increase condom use among key populations. The campaigns are tailored for different key-population audiences, emphasizing the importance of condom use within a wider discussion of how to live a happy and healthy life. Traditional and new media approaches are leveraged to reach key populations in provinces most affected by HIV and across the country.



A post on the Rainbow Village Facebook page, promoting condom use. PATH

Rainbow Village, a Healthy Markets-supported Facebook platform with over 230,000 followers, regularly discusses condom use, features locally produced condom brands, and links followers to key population-friendly social enterprises who are selling these products.

Several “shared values” partnerships have been forged with private-sector media and communications companies to roll out the campaigns. This includes targeted advertising on leading MSM dating apps, like Grindr and Hornet, as well as a collaboration with MTV Vietnam to jointly produce two television series—MTV I Live and MTV Bus—for MSM and TGW audiences, which attracted a total audience of over 2.5 million viewers. Key population community representatives and organizations steer the rollout of the campaigns to ensure sustainability.



MTV Bus was a popular TV show co-created by Healthy Markets and MTV Vietnam, which promoted HIV prevention and control and embraced LGBT+ pride, with the help of well-known guests. PATH

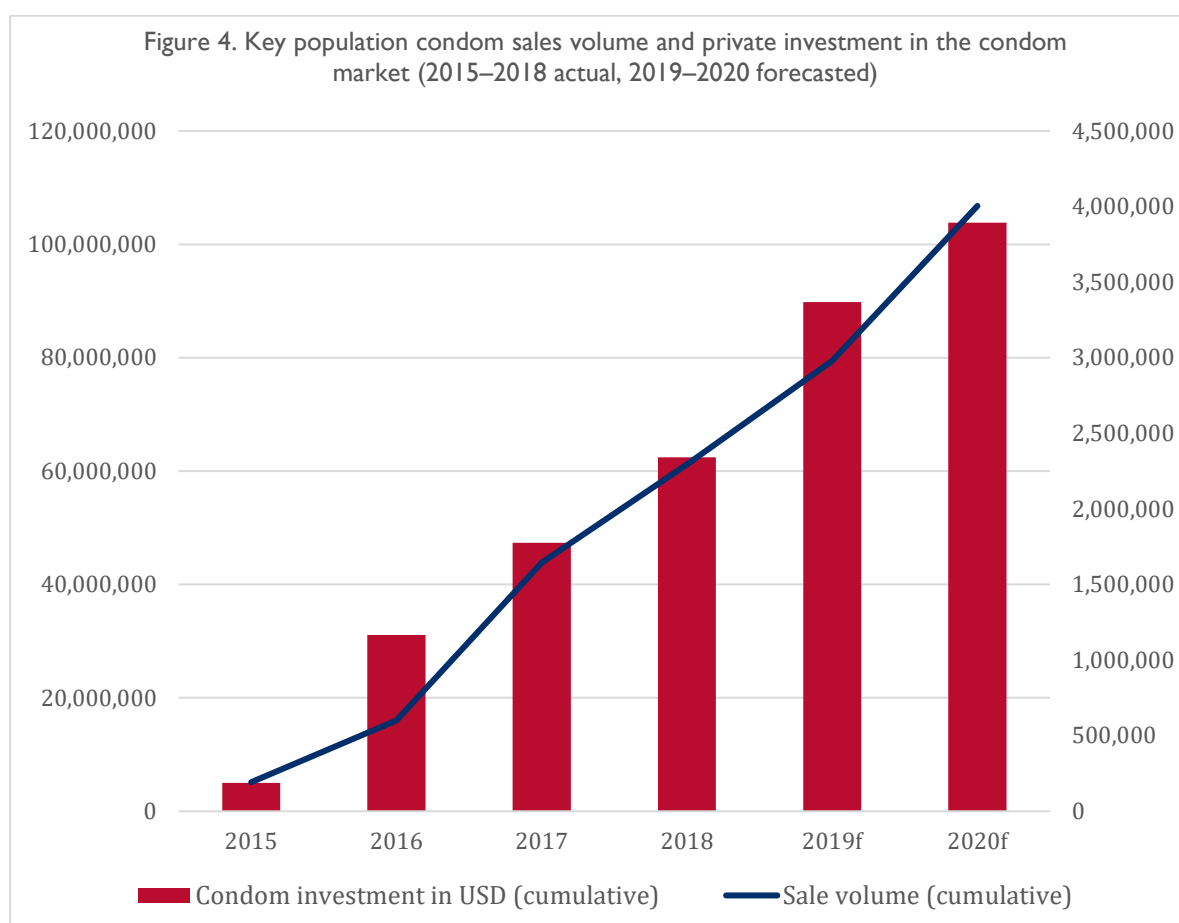
PARTNERING WITH LOCAL COMMERCIAL CONDOM MANUFACTURERS AND DISTRIBUTORS

Healthy Markets works with local condom manufacturers, distributors, retailers, civil society organizations (CSOs), and social enterprises to line up a sustainable supply chain by strategically expanding sales and distribution networks among MSM, TGW, FSW, and PWID groups in PEPFAR provinces.

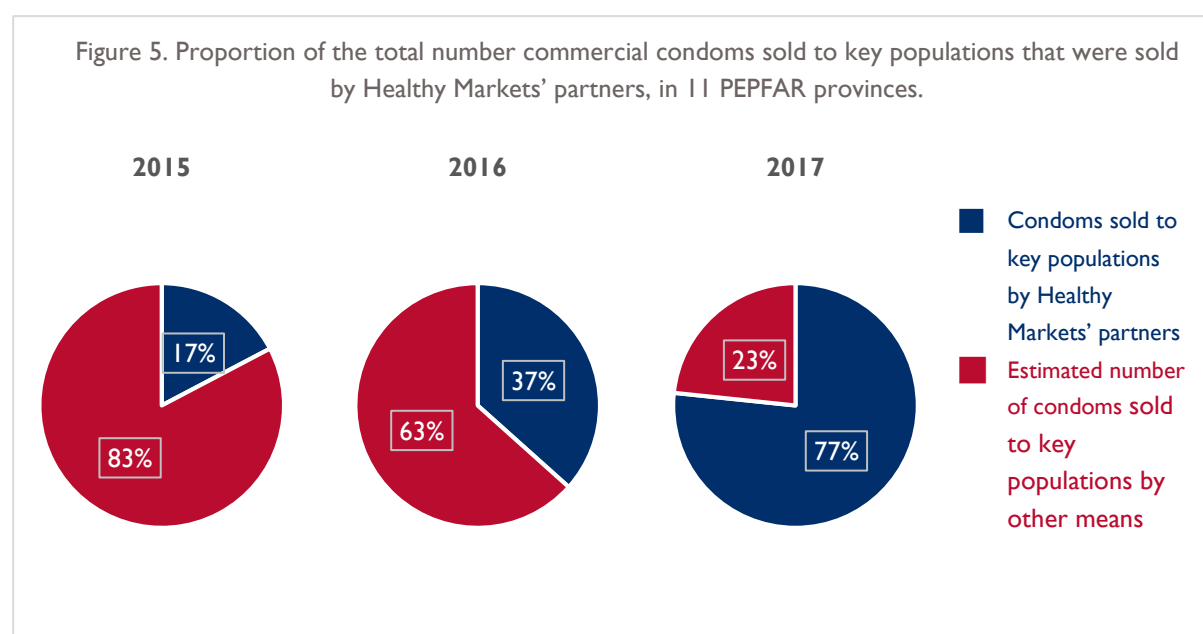
Through partnerships and a seed grant fund, Healthy Markets provides market data and technical assistance to boost the capacity of seven civil society and private-sector partners to plan and manage their businesses, respond to trends and key-population preferences, and develop effective sales and marketing campaigns, including online communication and retail. This has resulted in a diverse range of successful condom sales and distribution models, including:

- Commercial distributors investing in accessing non-traditional outlets.
- Individual social enterprises selling through their own retail stores and online.
- Commercial distributors sub-contracting as sales agents for key population-led civil society organizations.

As a result, more than 60 million condoms have been sold through channels developed by Healthy Markets since 2015. This is the result of significant private-sector investment (>\$2.5 million) in the key population condom market (Figure 4). Importantly, while other condom players in Vietnam had previously imported condoms from Thailand or Malaysia, they are now sourcing their condoms from local manufacturers, further boosting the local market and contributing to a reduced cost of production.



These social enterprises and local distributors have increasingly captured a greater percentage of the key population condom market in the 11 PEPFAR provinces in Vietnam (see Figure 5).



Healthy Markets estimates that by 2022, nearly 97 percent of the condoms sold to key populations will be distributed by agencies who have received technical assistance from Healthy Markets.

INCREASING THE MARKET SHARE FOR COMMERCIAL CONDOMS IN NON-TRADITIONAL OUTLETS

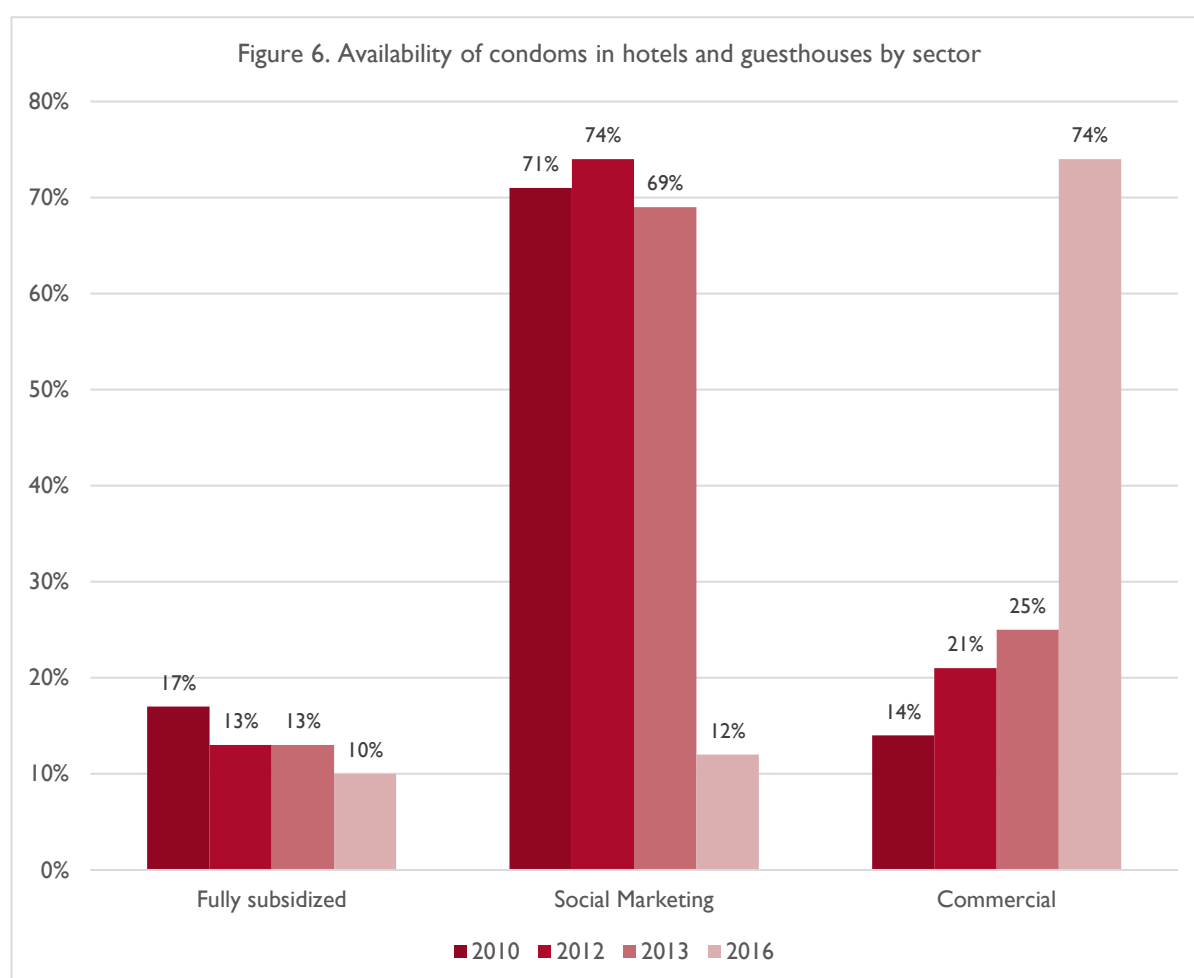
A key challenge to promoting key population access to and use of commercial condoms is the lack of preferred points of sale. The social barriers faced by many key populations means that they may find purchasing condoms at traditional outlets, like pharmacies, difficult or do not want to carry condoms on their person. Many prefer to access condoms in non-traditional outlets (NTOs), like hotels and guesthouses, where they will be used, or in civil society organizations.



AdamZone is a men's fashion store run by civil society organization, V-smile. They use their retail platforms to promote safer sex and sell HIV-related commodities. PATH

The innovative sales and distribution models developed by commercial distributors, CSOs, and social enterprises in partnership with Healthy Markets have succeeded in increasing condom sales in NTOs. A comparison (Figure 6) between studies of NTOs conducted in 2010, 2012, and 2013, and one conducted by Healthy Markets in 2016 in the same locations and outlets, revealed the following:

- A significant increase in the proportion of commercial condoms that are sold at the surveyed NTOs (from 25 percent in 2013 to 74 percent in 2016).
- A decline in the proportion of condoms sold at a subsidized price as socially marketed condoms (from 69 percent in 2013 to 12 percent in 2016).
- A decline in the proportion of condoms that are provided for free (from 17 percent in 2013 to 10 percent in 2016).^{1,2,3,4}



The change seen from 2013 to 2016 represents an accelerated transition from an external donor-funded condom supply to one that is being sustained by NTO owners, clients, and sex workers. Condom distribution channels are increasing year after year in NTOs, while distribution in traditional outlets, like pharmacies, is declining. Distribution through other retail outlets, like supermarkets and convenience stores, remains consistent.

WHAT HAVE WE LEARNED?

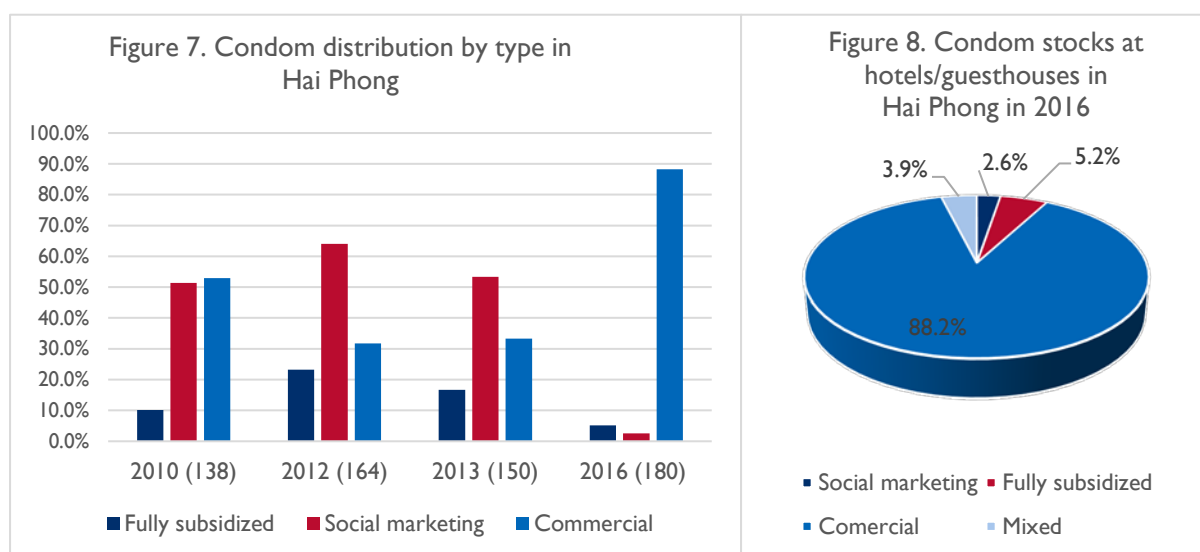
- **Both market data and an understanding of the public health need motivates private-sector investment:** the evidence base produced by Healthy Markets about the public health need and the market opportunities for an increased supply of commercial condoms enabled local private-sector partners to make informed decisions about investment.
- **Partnerships between key population-led organizations and the private sector provide win-win results:** engaging key population-led CSOs and social enterprises in the HIV commodities market increases the access of private-sector manufacturers and distributors to reach key-population consumers, and supports CSOs and social enterprises to sustain their activities. In turn, it increases access to high-quality, affordable commodities for key populations at risk of HIV.
- **Supply and demand must go hand-in-hand:** Healthy Markets has learned that once demand for commercial condoms among key populations is generated, manufacturers and distributors must keep up with this demand in order to retain traction in the market. Demand-generation efforts must be coordinated with real-time supply chains in order to capitalize on and sustain consumer interest.
- **Market facilitation is key to long-term commercial success:** although the numbers of subsidized condoms in the market have significantly decreased, and the number of commercial actors has increased, the commercial sector is still young. A re-introduction of heavily subsidized condoms could dampen commercial-sector engagement. This could lead to the loss of local condom brands from the market and a greater dearth of affordable, high-quality products for key populations once the short-term provision of subsidized condoms was over. The continued development of commercial brands and channels is, therefore, critical in ensuring a sustainable local condom market in the future.
- **MOH leadership is crucial:** recent government policies to enable a TMA for condoms (and other HIV-related products) has transformed the way in which HIV commodities are being managed. The MOH is increasingly taking on the role of market facilitator and using data for financing and planning purposes. This is an essential step toward ensuring long-run HIV commodity equity and access among key populations.



CASE STUDY: A NETWORK OF NON-TRADITIONAL DISTRIBUTORS AND SALES AGENTS IN HAI PHONG

In Hai Phong province, Healthy Markets facilitates collaboration between key population-led CSOs and the private sector, increasing both distribution of high-quality, locally manufactured condoms and revenue for distributors and key population-led CSOs.

As a result, commercial condom sales in Hai Phong are increasing and should eventually replace condoms provided through social marketing altogether. Figure 7 shows that 88 percent of hotels and guesthouses were stocking commercial brands of condoms in 2016, compared to just 33 percent in 2013. Figure 8 illustrates that 88.2 percent of the condoms sold in hotels and guesthouses in Hai Phong in 2016 were delivered through commercial channels.



A network of sales agents in Hai Phong, run by local condom distributor, One Touch, has contributed to this shift. Healthy Markets worked with One Touch to pilot a new model of engaging CSOs as NTOs, distributors, and sales agents, connecting them to “Live to Love” (Song de yeu), a FSW-led CSO, and two other CSOs in Do Son district in Hai Phong province. Live to Love is now distributing One Touch products to buyers in Do Son, targeting outlets that are frequented by sex workers.

With technical assistance from Healthy Markets, One Touch designed and led multiple business planning, marketing, and sales skills training sessions for Live to Love. This training program resulted in the creation of an organizational sales agent that has the capacity and skill set to shift their primary customer base from individual clients to a larger customer base of hotels and guesthouses, thereby selling more condoms to more key populations.

From December 2016 to March 2018, Live to Love sold 1,256,274 domestically produced condoms to approximately 160 hotels and guesthouses and 85 entertainment venues in Do Son district.

Live to Love now has 400 hotel, guesthouse, and entertainment venue accounts, with 60 percent of those clients placing repeat orders. They also increased the number of retailers that they provide with wholesale services, like pharmacies and cosmetic stores, to fifteen outlets.

The successful collaboration of Live to Love with One Touch is an example of the success of the multi-channel TMA employed by Healthy Markets. Utilizing Live to Love as a sales agent enables One Touch to access a customer base of FSW that they otherwise could not have reached so effectively. Working with Live to Love also allows One Touch to eliminate wholesale distributors and salaried sales representatives, lowering their costs significantly. These savings are then passed on to Live to Love, who now have the capacity to create a sustainable commercial condom market in Do Son.

In turn, Live to Love now has access to high-quality, lower-cost condoms distributed by One Touch, and have been able to increase their earning capacity and sales network, thereby resulting in larger orders and a greater sales volume. This increases their potential to become more financially independent and their ability to further support FSW.

One Touch intends to replicate this model with other key population-led CSOs across Vietnam as findings from the Live to Love partnership are assessed.

“The facilitation of the relationship between key population-led CSOs, like Live to Love with One Touch, has expanded the distribution network and created demand by transitioning key population-led CSO customer base from individual clients to much larger hotel/guesthouse accounts. This creates increased demand, sustainable distribution, and increased access to high-quality, affordable condoms for key populations.”

Nguyen Thanh Trung, Director of One Touch



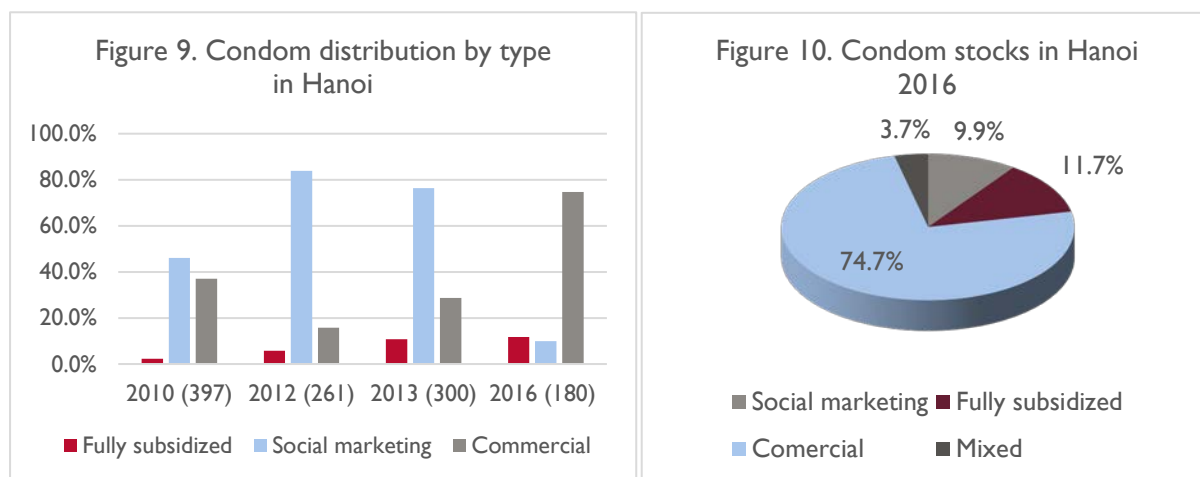
Live to Love are boosting sex workers' access to high-quality, affordable condoms through a network of hotels and guesthouses, entertainment venues, pharmacies, and cosmetic stores in Hai Phong province.

Photo: Live to Love

CASE STUDY: GROWTH OF SOCIAL ENTERPRISES IN HANOI

In Hanoi, Healthy Markets focuses on increasing the network and distribution capacity of local condom distributors and key population-led CSOs and social enterprises, expanding independent businesses led by CSOs, and forging manufacturer-distributor retail value chains. With the support of Healthy Markets, the network of sales agents in Hanoi has expanded, resulting in 5.5 million condoms sold through 1,050 NTOs in Hanoi between April 2016 and June 2017.

Similar to Hai Phong, market growth for commercial condoms has been documented in Hanoi. There has been a significant increase in the proportion of hotels and guesthouses in Hanoi stocking commercial condom brands—from 28.7 percent in 2013 to 74.7 percent in 2016—and 74.7 percent of condoms sold in hotels and guesthouses in Hanoi are delivered through commercial channels (Figures 9 and 10).



One of the most successful CSOs to have built a viable condom and sexual health business is V-smile. Established in 2012 and successfully registered as a social enterprise in 2016, V-smile has since grown into a sustainable business which has been profitable since September 2016.

V-smile's ambition is to become the leading sexual health commodities and services supplier, distributor, and retailer in Hanoi, and eventually in Vietnam. V-smile and Healthy Markets forged a partnership in late 2014 to expand availability and access to HIV-related commodities and services for MSM and TGW. In 2015, V-smile received an incubator grant and mentoring from Healthy Markets' Innovation Fund to build their business.

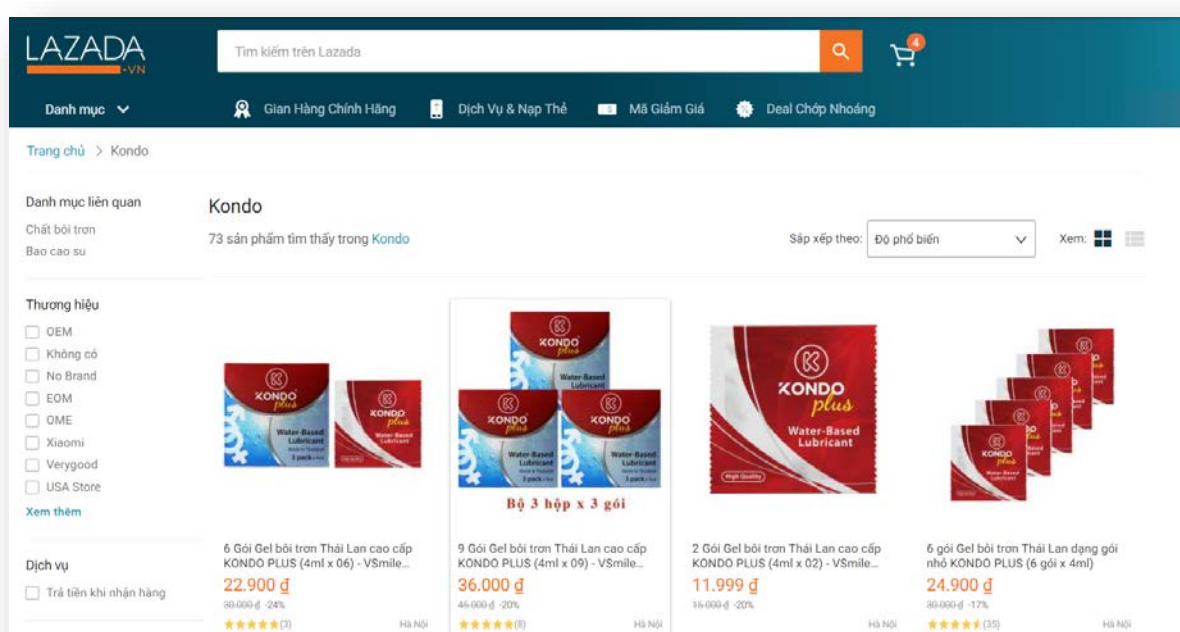
Healthy Markets provided V-smile with technical assistance for business planning and strategy; facilitated connections between V-smile and condom manufacturers to enable a sustainable supply of affordable, high-quality products; and boosted V-smile's ability to generate demand for their products through social media and offline events.

V-smile built a multi-channel condom and lubricant sales platform called "Kondo Home," which is targeted to key populations. Between April 2016 and December 2017, V-smile sold 444,380 condoms and 179,967 lubricant sachets Kondo Home. With the support from Healthy Markets, this fledgling business has been in profit since September 2016.



Like Live to Love in Hai Phong, V-smile's sales platform, Kondo Home, includes a network of 15 sales agents that sell condoms and lubricants to guesthouses, massage houses, saunas, and other hotspots frequented by key populations at risk of HIV, but also includes:

- In-store retail at V-smile's dedicated sexual health supplies store, Kondo Home, and at "Kondo Corners" within each of V-smile's three men's cosmetics and fashion stores in the AdamZone retail chain. These stores provide MSM and TGW-friendly spaces to purchase condoms, lubricants, and other sexual health products—including V-smile's own brand, Kondo Plus. They also provide an opportunity for V-smile to get valuable face-to-face feedback on their product range and direct customers to other essential services, like HIV testing.
- Online sales through their website, Facebook, and most recently, a sales profile on Lazada (the biggest online marketplace in Vietnam).
- Franchise opportunities wherein other CSOs or interested parties can purchase the Kondo Home brand, set-up, stock, and establish their own store or "Kondo Corner" within their business.



Kondo Home's shop page on Lazada.vn, Vietnam's largest online marketplace. PATH

The multi-channel platform enables V-smile to maximize their resources to better access and serve their target market. Healthy Markets has also supported V-smile to promote their various retail options and boost demand for their products through various communication channels, including a Kondo Home Facebook page with over 3,000 followers; amplifying online content through the Healthy Markets-supported Facebook community, Rainbow Village (with over 230,000 followers); and promoting V-smile and Kondo Home on the Healthy Markets and MTV Vietnam co-produced shows, MTV I Live and MTV Bus.

V-smile has leveraged its finite resources and support from Healthy Markets to build a successful commercial business for HIV-related commodities that supports those most at risk of HIV to access condoms, lubricants, and other services. V-smile's diverse and innovative sales platform has laid a solid foundation for a long and bright future.

For more information about the TMA for HIV-related commodities in Vietnam, contact the Healthy Markets team at HM@path.org.

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