Distribution chain challenges for pharmaceutical and medical device products in the African non-premium primary health care market

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High Potential in the Primary Health Care Sector

No comparable product in the market
- Current solutions available are outside availability and affordability of customers in the private and public sector
- Demand for affordable and high quality is great according to the opinion of a national well-know audiologist and a current Phonak distributor, a number of retirement village operators and primary healthcare clinics managers.

The market is ready for a solution that meets customer needs and affordability
- Tested indicative price range for a single product 250 to 300 USD
- 400 USD is the lowest price range for competitor products
- Current distributors only have limited to no knowledge about the primary health care sector

A solid distribution and local marketing & sales approach is key
- Setting everything up from scratch would increase initial product launch costs significantly
- Enough experienced and already established distributors on the ground that could be leveraged on to conquer the market, by offering them as well new market growth potential

Primary Health Care - The Biggest Sector You’ve Never Heard Of

- Approx. 15,000 PHC facilities in South Africa offering a level to getting faster and facilitated access to customers
- Nearly no competitive products of similar quality are in place and demand on the customer side can currently not be fulfilled.

<table>
<thead>
<tr>
<th>Primary Health Care Clinics</th>
<th>Step Down Clinics</th>
<th>Nursing Agency - Homecare</th>
<th>Occ. Health Factory / Industry</th>
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<tbody>
<tr>
<td>Corporate Wellness</td>
<td>Retirement Homes</td>
<td>HIV / NGO</td>
<td>University Clinics</td>
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Initial Market Analysis Africa

High degree of fragmentation in the Primary Health Care Sector

Primary Health Care: mapping who does what
The African Health Care Supply Chain Landscape
Highly fragmented and Difficult to Control

Source: Yadav et al. (2011), "Countering the Problem of Falsified and Substandard Drugs", National Academies Press
Distribution Chain Risks in Africa
Required: Solutions that Accommodate the African Reality

Developed Markets
- A few national firms control most of the wholesale market
- Processes are standardized and regulated
- Retail chains and public channels are well established and organized
- Distribution chain reaches the whole market

African Markets
- Distribution chains are often fragmented and complex
- Sufficiently large number of firms control tiny market shares
- Many small chains with many small companies at every step
- Distribution, especially the last mile is exceptionally expensive and inefficient

Passionate about real and measurable impact in primary healthcare