

Male condom. essay



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- Global market for rubbers

Introduction

This study aims to research the possible concern chance of rubber fabrication of a Novelty Condom (Lolly) , with peculiar accent on the public and private sector markets for the male rubber. In sing the market for male rubbers in South Africa, it is prudent to divide the treatment into public sector and private sector markets, and within these markets to see procurance, distribution and sale of the merchandises.

Executive Summary

Market / Industry/ Description (Makro)

South African rubber makers are non competitory in the planetary market. This has led to their trust on the authorities ' s rubber procurance contract, which they are awarded on a discriminatory footing. It is as yet ill-defined whether authorities will go on to demo penchant to local makers. If it does, this may further negatively impact the makers ' fight, and limit their market to the local populace sector. If authorities decides to present future contracts to the most competitory bidders, some local makers may travel out of concern.

Socio Cultural

There is no other merchandise on the market apart from rubbers that gives double protection against sexually transmitted infections (STIs) , including HIV, every bit good as protection against unplanned gestation.

In South Africa, the load of STIs and HIV is tremendous. The Actuarial Society of South Africa (ASSA), (beginning: www.actuarialsociety.org.za) has developed a demographic and AIDS theoretical account (latest ASSA 2003) that makes usage of informations from several beginnings to project the possible class of the HIV/AIDS epidemic and the demographic impact that it is holding. Harmonizing to the latest version of the theoretical account, some 5.4 million South Africans were infected with HIV in mid-2006. The has escalated to 5,934,183 in 2007 (beginning: Quantec Database and ECSSEC Analysis, 2009). The theoretical account farther indicates that prevalence is higher for adult females in the 15-34 age groups, while it is higher for work forces in the older ages. Furthermore, the ASSA theoretical account predicts that the figure of people infected will go on to lift, to transcend 6 million by 2015. Accumulated AIDS deceases will be near to 5.4 million by the same twelvemonth.

In footings of incidence, i. e. the figure of new infections happening, the 15-24 twelvemonth age group, and peculiarly adult females, contributes the highest Numberss of new infections. Biology, gender functions, sexual norms and inequalities in entree to resources and decision-making power put adult females and misss at greater hazard of infection. Many adult females have deficient information about sexual and generative wellness and do non understand the hazards associated with their ain or their spouses' sexual behavior. Many of those who do recognize their exposure are powerless to protect themselves.

Other STIs besides take their toll. In South Africa, the prevalence of STIs is estimated to run from 5% to over 30% in assorted population sub-groups

and vicinities depending on the type of STI (beginning: ASSA and Quantec Database) . It is of import to observe that, in add-on to the disease and disablement STIs themselves cause, they besides increase the hazard of geting HIV during intercourse as a consequence of redness and ulceration.

Male rubbers are widely available in South Africa, both through populace sector rubber distribution programmes every bit good as for sale through retail mercantile establishments. The scope of merchandises available in the private sector is wide, providing for assorted user sizes, every bit good as other fresh user penchants such as gustatory sensation, coloring material and texture (Our mark market: Novel Condom User) . The handiness of female rubbers is much more limited.

And eventually, although this is a pattern and non a merchandise, male Circumcision has late received a batch of attending as research has shown that the pattern can cut down the hazard of HIV transmittal. Although this method can non be used on its ain to forestall HIV transmittal, there are concerns in some quarters that miscommunication about the nexus between male Circumcision and HIV transmittal could potentially ensue in the pattern being used as a replacement for rubber usage.

Adapted from: Outlook, May 2006

Economic

Employment potency

Condom fabrication is both capital and labour intensifier. In peculiar, the sampling and testing of batches of rubbers, which is a critical constituent of the fabrication procedure, is facilitated by manus. In Thailand, which is one

of the universe ' s prima exporters of rubbers, it has been found that immature adult females are best suited to this work as it is insistent, precise and requires a high grade of velocity and sleight.

The incumbent local makers employ an norm of 100 people. A new rubber fabrication installation could therefore potentially provide employment for up to 100 semi-skilled immature women. The following inputs are required to put up a male rubber fabricating installation.

Legal

In South Africa there are no mandatory ordinances regulating the fabrication and testing of rubbers. The Department of Health, as the primary buyer of locally manufactured rubbers, acts as an indirect regulator of the industry by necessitating that all public sector male rubbers be designed and manufactured harmonizing to proficient specifications set by the World Health Organisation. These specifications include design, public presentation and packaging demands, every bit good as general demands that specify the safety of constitutional stuffs and other features, such as shelf life. In add-on populace sector rubbers, irrespective of whether they are made locally or imported from abroad, necessitate to be tested to the same quality criterions and approved by the South African Bureau of Standards (SABS) .

Outside of the populace sector, makers may use to the SABS for a “ standardization mark” to exemplify that their merchandise complies with the SABS demands. Conformity with the criterion is nevertheless voluntary and non compulsory.

Technological Political Competitor Review

The South African rubber fabrication industry is an oligopoly made up of four companies, whose chief client is the Department of Health. The fabrication installations operate at or below their entire production capacity, and farther capacity will be created by the terminal of 2007. This points to a saturated industry that would non welcome a new entrant. Table 5 below is a sum-up of the operations of the four makers.

Table 3: Local makers of male rubbers

Company

Rrt Medcon

Zalatex

Karex

Wupro

Date established

2001

1990

2001

1999

Location

Kwazulu-Natal

Gauteng

Mpumalanga

Kwazulu-Natal

Merchandises manufactured

Male rubber

Male rubber

Examination baseball mitts

Surgical baseball mitts

Male rubber

Male rubber

Linen rescuers

Diapers

Choice rubber (pieces per twelvemonth)

63, 750 000

38, 250 000

72, 250 000

38, 250 000

Own trade name rubber

(pieces per twelvemonth)

Viva

(“ small

Positions

African Skin

(“ very little quantities”)

Carex

(1, 200 000)

-

Socially marketed rubbers

(pieces per twelvemonth)

Lovers Plus

Trust

(10, 000 000)

-

Export

(pieces per twelvemonth)

Carex

(1, 000 000)

Ad hoc

Entire fabrication capacity (pieces per twelvemonth)

180, 000 000

72, 000 000

150, 000 000

40, 000 000

Employees

106

110

160

60

Competing merchandises:

There are presently no other merchandises that have been developed for work forces to protect against STIs, HIV and gestation. The male rubber remains the primary bar tool for work forces. Newer signifiers of male rubbers include man-made non-latex rubbers made from stuffs such as

polyurethane and styrene ethene butene cinnamene (SEBS) , which have a longer shelf life, can be used with oil-based lubricators, and can be used by work forces who have latex sensitivity/allergy. These merchandises are nevertheless non readily available in South Africa.

Foreign makers

In add-on to competition from other local makers, foreign makers of male rubbers are besides of import role-players in the South African market. A reappraisal of informations from the South African Bureau of Standards (SABS) of all the foreign manufactured rubbers available in South Africa shows that India, China and Malaysia are the cardinal viing states. Table 7 below illustrates the portion of the entire Rand value of imported rubbers for the cardinal viing states.

Table 5: Percentage portion of imports by state – 2006

State

Rand value of imports

% of entire imports

China

21, 045 189

35. 94

Malaya

13, 948 863

23. 82

India

5, 192 677

8. 87

Beginning: SA Customs & A ; Excise

The cardinal competency advantages of the foreign makers include:

* Proximity to raw stuff (natural rubber latex)

* Competitive labor costs

* Output typically greater than 450 million pieces per twelve month, so can profit from economic systems of graduated table.

Merchandise Monetary value

Expected borders:

A maker in the industry can anticipate to gain net income borders between 5 % and 20 % (General Manager, Karex) . Below is an illustration of the estimated gross for Karex.

Table 4: Case analyze – Karex

Condom type

Number of pieces sold

Selling monetary value

(R/piece)

Gross

Choice

72, 250 000

R0. 20

R14, 659 525

Lovers Plus + Trust

10, 000 000

R0. 50

R5, 000 000

Carex (export)

1, 000 000

R0. 90

R900 000

Carex (retail)

1, 200 000

R1, 00

R1, 200 000

Entire gross

R21, 759 525

Given that all male latex rubbers are basically similar in footings of their fabrication procedure, it stands to ground that volumes are a major determiner of the borders that a maker can gain. Therefore in the current market, a maker would necessitate to hold Government as a client in order for their operation to be feasible.

Table 2: Average monetary value charged per 3-pack of rubbers

Condom Brand

Average monetary value per 3-pack

Lovers Plus

R7. 20

Trust

R5. 33

Durex

R24. 99

Life style

R9. 95DistributionPromotionCompany Image /BrandSuppliersManagement
Skills and Resources

Larry Davin CEO – PHD in Nothing

Khuthele Bovu – Director – PHD in concern scientific discipline selling and
Finance

ECT ECT

Core CompetencesSWOT Analysis

The above analysis should enable us to find what variables will hold an
consequence on the success or failure of the concern. Potential Internal
strengths and failings have been looked at every bit good as external
chances and menaces.

Ansoff Market Matrix

Key Issues and New Opportunities.

5 Points to be determined from the Ansoff Matrix

Selling Aim

(Must be SMART)

PMS aims

Marketing aims

Aims from new chances and cardinal issues.

3.3.1 Male rubber fabrication

A new entrant into the male rubber fabricating industry in South Africa would confront a concentrated industry in which a smattering of companies operate.

Furthermore a new entrant would necessitate to vie with foreign makers who are able to accomplish cost-competitiveness through graduated table, cheaper labor and ready entree to raw stuff.

As authorities is the most important client in the market, failure to procure a contract with the DoH would endanger the viability of any operation.

In add-on, the demand for a maker to show existing capacity would intend putting up a installation at hazard, with no certainty of procuring the major client.

In the retail environment, the maker would necessitate to vie with good established trade names such as Durex and Lifestyle.

South Africa is a net importer of male and female rubbers. Imports from the three primary beginning states of latex rubbers are shown in the tabular array below. South Africa besides imports from other states such as the UK, Thailand, Germany and Korea.

Table 9: Imports to South Africa of gum elastic sheath preventives (Rand value)

Import beginning

2004

2005

2006

Entire imports

79, 023, 113

59, 044, 723

58, 556, 392

China

43, 002, 818

29, 602, 084

21, 045, 189

Malaya

16, 101, 512

12, 468, 383

13, 948, 863

India

2, 606, 106

6, 604, 586

5, 192, 677

Beginning: SA Customs & A ; Excise

The Rand value of exports of rubbers from South Africa is really little in comparing. Local makers export chiefly to other African states.

Table 10: South African exports of gum elastic sheath preventives (Rand value)

Export market

2004

2005

2006

Entire exports

1, 826, 715

2, 789, 604

3, 111, 135

Mocambique

1, 456, 616

1, 379, 926

1, 646, 028

Nyasaland

0

666

940, 000

Angola

12, 085

995, 291

360, 514

Zaire

0

104, 244

145, 826

Beginning: SA Customs & A ; Excise

It is of import to observe that these s do non merely reflect the value of South African manufactured rubber exports, but besides those foreign manufactured rubbers that are packaged in South Africa and so exported.

Possible grounds for the hapless export public presentation of South African makers are discussed earlier in this study. It remains to be seen whether local makers will go more competitory in the hereafter, or whether the proposed discriminatory procurance of local rubbers by the DoH and the

grade of protection that provides to local makers will farther endanger the success of local rubber merchandises in the planetary market.

Table 9: Input signals required – male rubber mill

Input signal required

Components

Infrastructure

Land

Construction and civil plants

Machinery

Automatic dipping line

High electromotive force dry electronic testing machine

Condom foil sealing machine

Automatic explosion examiner

Electrolyte H₂O trial machine

Tensile examiner

Length mensurating gage

Assorted rubber proving research lab equipment

Other equipment and accoutrements

Motor vehicles

Generator

Office equipment and accoutrements

Materials

Rubber latex

Lubricant

Boxing stuff

Human resources

Factory labor

Management squad: must hold fiscal, production and selling know-how.

Target Market Identification

South African Market for Condoms

In South Africa public sector rubbers constitute the majority of the rubbers available. In 2006 about 428 million male rubbers were distributed through public sector channels, against 36 million units sold in retail mercantile establishments.

Beginning: Society for Family Health, 2007

With a halt economic system coercing 1000000s of cash-strapped Americans to entertain themselves at place, it ' s non surprising that one peculiar

merchandise is seeing a gross revenues addition — rubbers. (Beginning: www.usatoday.com) .

While auto purchases plummeted and interior decorator apparels largely stayed on the racks, gross revenues of rubbers in the U. S. rose 5 % in the 4th one-fourth of 2008, and 6 % in January vs. the same clip periods the old twelvemonth. (Beginning: The Nielsen Co) .

South Africans could non be outdone by their American opposite numbers. Harmonizing to the research conducted by the IOL (www.iol.co.za) , it has besides been a roar clip for South Africa ' s prima rubber makers, with gross revenues up 55 per centum on last twelvemonth.

“ There has been a 50-percent addition in gross revenues, which is likely a combination of selling activities together with the Aids message eventually filtrating through to consumers, ” said Dave Glass, general director of Adcock, which distributes the Lifestyles and up-market Contempo trade name rubbers. Competitor Durex SA reported a 35-percent growing in its rubber gross revenues in the same period, harmonizing to its interpreter J Giles.

While a three-pack of Contempo rubbers will be anyplace from approximately R20 to R27, Glass said increased gross revenues in the lower-priced Lifestyles trade name (about R10 for 3) may hold been a mark that people were willing to pay for protection in the aftermath of last twelvemonth ' s callback of authorities rubbers.

Government, through the Department of Health, is the cardinal role-player in the populace sector. Private sector rubbers are those that are available at commercial monetary values from retail mercantile establishments every bit good as those sold at subsidised monetary values through societal selling programmes.

The laterality of the public sector market is likely to go on into the hereafter, given the precedence and resources that authorities has made available towards the battle against HIV/AIDS, and besides sing that the targeted end-user (mainly Black young person) by and large can non afford to pay retail monetary values for rubbers.

If a new maker is to come in the South African rubber market, five sections of the market will necessitate to be assessed to find which hold the greatest potency for future gross revenues. Positioning and scheme

Cardinal ingredients for success

The most critical ingredient for the success of a new rubber maker is procuring the Department of Health contract. Without this, none of the other possible market sections would be sufficient to render the operation feasible. invention is of import (freshness) , so that a good quality merchandise is developed which can be sold at a sensible monetary value. In add-on, bring forth demand for the merchandise is of import, so significant attempt will necessitate to be devoted to making and advancing the appropriate selling message for the merchandise.

Other factors that will lend to a successful operation are:

A undertaking direction squad to guarantee sound operations, selling and fiscal control.

Close co-operation with national and international administrations working in the country of generative wellness and HIV/AIDS bar.

Furthermore, a maker who is offering for a part of the authorities contract needs to demo existing production capacity. This will necessitate considerable set-up costs to be incurred, without the certainty of procuring the major client.

Placement Scheme

Government

HIV bar is the anchor of authorities ' s National HIV & A ; AIDS and STI Strategic Plan for South Africa 2007-2011. The primary purposes of the National Strategic Plan (NSP) are to:

Reduce the rate of new infections by 50 % by 2011.

Reduce the impact of HIV/AIDS by spread outing intervention, attention and support to 80 % of all HIV positive people and their households by 2011.

An of import intercession to cut down the rate of new infections is the distribution of male and female rubbers. The Department of Health (DoH) is responsible for the direction of quality control and related logistics for public sector rubbers. Male and female rubbers are distributed free of charge to assorted sites. The distribution of male rubbers includes infirmaries and clinics as primary distribution sites, with secondary distribution widening to non-governmental administrations, workplaces, and other locations. Female

rubbers are distributed to selected sites and necessitate one-on-one reding on their usage.

Government ' s male rubber distribution form and the jutting hereafter distribution are illustrated in the tabular array below.

The DoH procures condoms through a stamp procedure. The current two twelvemonth

contract, which started in October 2005, has been extended and will run out in February 2008. The Department presently procures male rubbers from all four of the local makers every bit good as from foreign makers.

Table 1: Government male rubber providers

Contractor

% allocated

Type

Unit monetary value per 200 pieces (R)

Maximum contract measures (' 000 p/a)

Karex

17 %

Local

40. 58

72 250

Wupro

9 %

Local

43. 03

38 250

rrtMedcon

15 %

Local

47. 31

63 750

Zalatex

9 %

Local

41. 01

38 250

Equity Distributor

17 %

Imported (China)

39. 58

72 250

Khusela

17 %

Imported (Malaysia)

39. 58

72 250

Supex International

16 %

Imported (China)

40. 00

68 000

Beginning: Department of Health, July 2007

In the current contract, all four local makers were allocated a part of the contract, despite a broad fluctuation between the lowest and highest monetary values, and despite the fact that all the locally manufactured

rubbers were more expensive than the imported merchandise. Discussions with National Treasury and the Department of Trade and Industry (DTI) give conflicting positions of how future stamps will be adjudicated. In Treasury ' s position, future stamps should be more strictly governed by cost-competitiveness, where the monetary value per unit is limited to a specified scope which is benchmarked against international monetary values. The DTI nevertheless believes that penchant should be given to local makers, in peculiar little and average sized companies (value of assets less than R200 million) . Discussions are on-going between the DoH, Treasury and the DTI. It is improbable, though, that an understanding will be finalised before the awarding of the authorities rubber stamp in the first one-fourth of 2008, and the current discriminatory intervention of South African makers will stay.

A new maker will necessitate to demonstrate fabrication capability, although there will be no minimal degree of capacity that be required.

The South African non-governmental administration (NGO) sector is not an important section in the rubber market, as many of the administrations active in the HIV/AIDS and generative wellness form portion of authorities ' s rubber distribution channel and do not themselves procure rubbers straight from providers. An of import exclusion to this regulation is the Society for Family Health (SFH) , the South African affiliate of the international NGO web, Population Services International (PSI) .

PSI was founded in 1970 in Washington DC, with the purpose to better generative wellness utilizing commercial selling schemes. With plans in malaria, generative wellness, kid endurance and HIV, PSI promotes

merchandises, services and healthy behavior that enable low-income and vulnerable people to take healthier lives. PSI has a presence in over 60 states around the universe.

In South Africa, PSI concentrates on issues related to HIV/AIDS. The administration, through SFH, uses societal selling to actuate behaviors alteration with regard to consistent rubber usage, HIV testing, and other safer behaviors. SFH promotes consistent rubber usage through its ain two male rubber trade names, Lovers Plus and Trust. The administration procures 24 million male rubbers per twelvemonth from local and foreign providers. In add-on, SFH obtains free female rubbers from the DoH, which are so marketed under the Care trade name and sold at retail mercantile establishments. SFH sells about 6000 female rubbers per month.

SFH besides assists the DoH with the distribution of its free rubbers. The administration distributes about 8 million public sector male rubbers per month in Gauteng, Kwazulu-Natal and the Western Cape.

Retail

The retail sector histories for 7. 8 % of the male rubber market in South Africa. Male rubbers are widely available for sale in retail mercantile establishments. The most widely available rubbers are the socially marketed trade names, Lovers Plus and Trust. A survey carried out by PSI in November 2006 looking at coverage of Lovers Plus and Trust rubbers in Cape Town, Durban and Johannesburg found that most countries of the three metropoliss met the minimal criterions for coverage, where coverage was defined as the figure of geographically defined countries where at least 30 % of mercantile

establishments stock Lovers Plus and Trust. These mercantile establishments included traditional mercantile establishments such as pharmaceuticss, top-end retail merchants and general traders, every bit good as non-traditional mercantile establishments such as garage forecourts, hair salons and shebeens.

Approximately 36 million male rubbers are sold in South Africa per twelvemonth, with about 70 % of those gross revenues being of Lovers Plus and Trust rubbers. (Senior Marketing Manager, SFH) . The balance of the gross revenues is made up by Durex, Lifestyle, Contempo, and assorted other locally manufactured and imported rubbers.

Corporate

The corporate sector in South Africa has woken up to the world of the HIV epidemic. Many companies have HIV consciousness and direction programmes for their employees. However, although corporate HIV programmes include condom distribution as a cardinal component, the bulk of companies distribute free authorities rubbers to their employees. A snap study of 10 corporate members of the South African Business Coalition on HIV/AIDS (SABCOHA) found that all but one company, Chevron South Africa, distribute free Government male rubbers to their employees. The companies indicated that they saw no demand to purchase rubbers straight from providers when free populace sector rubbers were easy available. The companies do non usually administer female rubbers. Some have bought female rubbers in the yesteryear for preparation intents.

Export

South Africa ' s export of male rubbers to day of the month has been fickle, and local makers have found it hard to happen a market for their merchandises. The planetary rubber market is dominated by low-priced makers from Thailand, Malaysia, India and China, who are located in close propinquity to natural gum elastic latex plantations. Local makers have non been able to vie. Although all four of the local makers have at some point exported their merchandise, peculiarly to Mozambique, Malawi, Angola and Congo Brazzaville, at present merely Karex exports rubbers, approximately 1 million pieces per twelvemonth, to Congo Brazzaville. Market Mix Strategy

Target Market Strategies

Global market for rubbers

The planetary rubber market is estimated to be deserving \$ 3 billion, (beginning: [www. marketresearch. com](http://www.marketresearch.com)) . The public sector is an of import market section globally, with between 6 and 9 billion male rubber units consumed by that section yearly

Though the bar of gestation is still an of import map of rubbers, the drive force for growing is the bar of STIs, in peculiar HIV/AIDS. Given the rapid spread of HIV in China, India and late South Africa (in the context of Sub-Saharan Africa) , and the big sizes of their several populations, it is expected that one-year public sector demand for rubbers, both male and female, will make 19 billion units by 2015. (Beginning: Female Health Company, 2007) .