

# Sustainable Drug Seller Initiatives Partners



# Addressing ADS profitability through product diversification

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# Problem

- The ADS capital base has not allowed rapid business growth
- The sales from the ADS are majorly pharmaceutical and sales vary depending on supply at public health facilities i.e. ADS experience low sales when public facilities are well stocked
- Over reliance on public health care facilities running out of stock may be a threat to long term financial security of the ADS
- This may threaten the long term existence of the ADS and the benefits to the communities may be lost



# Objectives

To improve on ADS profitability through the stocking of general retail commodities

- To identify commodities of interest to ADS
- Negotiate with distributors to extend services to ADS
- Prepare modalities of collaboration between ADS sellers and owners and distributors



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# Process (1)

- **Assessing the Feasibility of Stocking General Retail Commodities in ADS**
  - Developed a questionnaire with a list of potential products
  - Collected Data from 61 ADS shops to determine:
    - Current status of the products in the ADS
    - Interest and willingness to stock the products
    - Availability of storage space
    - Financing for additional products
    - Any problems ADS anticipated in stocking the products



# Process (2)

Results of feasibility assessment:

- Majority were aware that the commodities were legally acceptable.
- Mainly stocked diapers and sanitary pads.
- All were interested in increasing range with high interest in fortified foods, in addition to diapers and sanitary pads
- 80% had adequate storage space
- 43% were able to find the necessary financing
- Concerns about competition for clients with nearby shops and the low consumption of these products as compared to medicines.
- Poor quality of some brands of similar commodities on the market.



# Identifying Fortified Food Dealers

- Unilever (U) Ltd
- Maganjo Grain Millers Ltd
- East Africa Basic Foods Ltd
- Kiboko enterprises Ltd
- Mukwano Oil Industries Ltd
- BIDCO Uganda Ltd
- Unga 2000 Ltd
- Kendo Mills



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# Selection of Products

- Worked with EABF Ltd and Maganjo Grain Millers Ltd
- Selected six products and determined sellers' level of interest in stocking them
  - Sellers expressed interest in all six products selected

# Selected Products

East African Basic Foods Ltd	Maganjo Grain Millers Ltd
Baby Soya 500g	Baby Soya with Milk 500g
Health Booster 500g	Baby Soya with Enkejje 500g
High Protein Porridge 1kg	Baby Soya with Chocolate 500g
Instant Soya Porridge 500g	Toto Infant Cereal 500g
Soya Kawa 150g	Brain Booster 500g
Soya Kawa 500g	Super Meal 500g



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# Documenting Modalities for Collaboration

- MOU signed between EABF Ltd and Mityana sellers association, which detailed:
  - Products to be availed
  - Training of ADS shop sellers on how to sell nutritional products
  - Pricing
  - Distribution mechanisms from association to individual shops
  - Ordering process and payment terms



# Training and Placing Orders

- All sellers were trained to detail the products
  - Nutritional benefits
  - Target groups
  - Product niche
- At the end of the training sellers placed orders for commodities with administrative support of the association



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# Distribution of Commodities

- EABF uses public transport to deliver items to the ADS association offices
- The association contacts sellers who either physically collect their items or use public transport to deliver them



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# Results (1)

- Four bulk purchases made from EABF Ltd since May 21<sup>st</sup> 2014 to date
- Products highly demanded by the communities
- *“Once you have the relevant information related to the product it becomes very easy to sell them because these products are very relevant in our communities. They address a number of needs we experience.”* ADS seller Mugabi Drug Shop



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# Results (2)

- The most popular products were found to be Health Booster and Baby Soya.
- Baby Soya is mostly popular among diabetics, the elderly and mothers of under fives.
- Health Booster has gained popularity among the immune-compromised patients and those with sickle cell disease.

# Results (3)

- Once a client buys a product they always come for more



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# What does SDSI leave behind?

- A strengthened association that feels relevant to its members
- Established collaboration between the association (MMUDRUSA) and distributor (EABF Ltd)
  - SDSI was only engaged in the initial stages
- ADS sellers empowered to identify and recommend nutrition products for their clients
- Alternative sources of income for ADS to divert their attention from illegitimate sale of medicines



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# What gaps/challenges remain?

- Delays in payment for products taken by ADS sellers
- Commodities need extra care along the supply chain since they are particularly more prone to rodents
- Need to bring on board other alternative products as expressed by the ADS
- Some ADS are not participating because they do not have enough capital or are interested in other types of products



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# Lessons learned from implementation

- ADS are willing to broaden scope and include other commodities especially those that can be sold with a health message
- ADS association is key to successful implementation of the strategy
- Strong, committed, business minded leadership is critical in the process
- No major threat posed by the availability of the commodities on the open market



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# Conclusions/take home messages

- The introduction of non-medical retail products into ADS could contribute to ADS sustainability by increasing profitability of the ADS businesses
- The products could create additional benefits in the community e.g. address nutrition gaps in the communities