CASE STUDY

Phillips Healthcare Services: Providing micronutrients to children in Kenya

Business Model

Micronutrient deficiency usually begins developing at around six months of age, when children are weaned off their mother’s milk and begin receiving complementary semi-solid foods. At this point, infants’ intake of critical vitamins and minerals may be insufficient to meet their nutritional requirements, increasing their risk of anemia and other micronutrient deficiencies. Tragically, this often results in ill health or even loss of life.

Micronutrient deficiencies are prevalent among children in Kenya: iron deficiency anemia affects 69 percent of children under 5 and vitamin A deficiency affects 84 percent of these children.1 Nationwide, 35 percent of children under 5 are stunted (low height for age), 7 percent suffer from wasting (low weight for height) and 16 percent are underweight (low weight for age).2

To meet this need, PHSL has embarked on an initiative aimed at increasing access to MNP for low-income children in Kenya age 6–59 months. Since many donor-funded programmes offering MNP for free are unable to assure continuity, for this initiative, PHSL chose a business approach that was designed to enhance sustainability.

Initiative Description

Phillips Healthcare Services Ltd. (PHSL) joined the Business Call to Action in 2014 with a commitment to provide micronutrient powder (MNP) to children aged 6–59 months in Kenya. PHSL aims to provide 150,000 Kenyan children with MNP by 2018.

We are committed to expanding our micronutrient powder programme in Kenya to help nourish and thus positively impact the health outcomes of Kenyan children so they can grow to lead healthy and productive lives, and become productive citizens when they grow up.

Dr. Grace Waitho
Head of Operations
Phillips Healthcare Services Ltd.

To develop a market for home fortification with MNP, the initiative first aimed at increasing awareness among consumers. It then ensured the availability of MNP – even in remote locations – using its distribution and marketing channels. Finally, the company set affordable prices for government and private customers.

2 Kenya Demographic Health Survey, 2008/09
How it Works

PHSL, a subsidiary of the Kenya-based Phillips Pharmaceuticals Group, is leveraging its experience with supply chains to make MNP available to children at the base of the pyramid in Kenya.

Accessibility

The MNP is delivered in single-dose packets containing multiple vitamins and minerals that can be sprinkled onto any semi-solid food. The powder can be easily added to food, which makes it an easy-to-use means of providing children the fortification they need.

Awareness

To raise awareness of MNP in order to create demand, a team from PHSL received special training in home fortification. Team members are sent to potential markets to disseminate fliers outlining healthy infant and young-child feeding practices, and to give talks on health and the importance of home fortification.

Availability

Since accessibility is critical to the initiative’s success, the most important part of this business model is distribution. The MNP reaches the market through two channels. The first is institutions that serve vulnerable children age 6–23 months. In this case, the customer is usually the government, which provides MNP to the infants at no cost through a special tender. The second channel is the private market, which predominantly reaches older children with MNP. In the private market, the price has been set to ensure affordability for caretakers.

Affordability

To ensure affordability, the product’s cost has been drastically reduced. PHSL is aiming for high distribution volume to ensure economic viability. Distributors and retailers also receive a discount in order to allow them to make a profit as well.

Piloting and roll out

The initiative was piloted in Siaya County, where there was a focus on demonstrating the product’s effectiveness, and in Kajiado County, where the focus was on the distribution model. It was rolled out in phases afterwards, beginning with distribution to private healthcare institutions in Nairobi. Since then, PHSL has begun to serve Kenya’s other major towns, Mombasa and Kisumu, and is now working to provide MNP to all of Kenya’s counties. The next phase of the initiative will target retailers including supermarkets to make MNP even more accessible.

Partners

PHSL is working with the Global Alliance for Improved Nutrition (GAIN), which is spearheading the advocacy and policy work with government to create an enabling environment for the distribution of MNP, as well as coordinate the activities of several stakeholders working to curb malnutrition. PHSL also works with DSM Nutritional Products, which manufactures and avails the MNP at an affordable rate. PHSL’s role is to provide supply chain services as well as marketing and distribution channels.
So far, the initiative has reached approximately 22,500³ children aged 6–59 months through the sale of 39,770,750 units of MNP. The children’s parents and teachers have noted that they are ill less often and more alert in class.

“We have noticed that even though it has been the wet season, the children taking Mix Me 5x a week have not suffered from any flu or colds and have been more alert in class.”
— Educational Project Manager, Future Hope Montessori School.

Business Impact
To date, US$323,645 in revenue has been generated for PHSL as a result of this initiative.

More importantly however, the business has impacted the company’s reach and image. By distributing educational and promotional materials about MNP, the company is marketed alongside the nutritional information, making it visible to both current and potential customers. Through this increased visibility, especially amongst stakeholders involved in nutrition, including the government, PHSL is now considered a key private sector player in this field. As such, they have recently been invited to join the scaling-up nutrition (SUN) business network.

Development Impact
The initiative impacts children by improving their health and reducing the risk of malnutrition. This contributes to the goals outlined Millennium Development Goal 4, which aims to reduce infant mortality. The initiative also increases economic productivity by preventing childhood illnesses; this also reduces the time parents have to stay home from work.

In addition, the initiative aims to provide employment and training opportunities to more than 120 local staff who will be working to strengthen demand for MNP.

Key Success Factors

Leveraging existing expertise and experience
PHSL was established to provide products to donor-funded projects, including distribution of pharmaceutical and nutritional products to end users. Using its knowledge of distribution and marketing channels, PHSL was able to leverage its experience to address the challenge of getting MNP into the hands of consumers.

Intensive awareness campaigns
Low-income consumers have competing priorities for their limited funds. Since MNP is not medicine, many consumers may not consider it a priority.

To address this issue, PHSL launched intensive awareness campaigns to educate caregivers about the long-term impacts of poor childhood nutrition and the importance of home fortification. PHSL also provided special training on this topic to field workers who could deliver these messages to caregivers in remote areas.

Planning for financial viability from the start
From the beginning of the initiative, PHSL was careful to maintain a price for MNP that would be acceptable to consumers while allowing distributors to make a profit.

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³ 22,500 only accounts for the private market distribution. The numbers reached through the government distribution are not available and are therefore not captured here.
Establishment of a local packaging facility
PHSL anticipates that once demand has been created, a local packaging facility can be established to further reduce the price of MNP and cover future demand as the initiative is scaled up.

Replication and scale
PHSL is part of the Phillips Pharma Group, which is represented in several African countries. After reaching scale in Kenya, the next step will be to replicate the initiative in those markets.

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Next Steps and Spin Off Effects

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