

GLOBAL HEALTH

Innovation Insight Series



Photo courtesy of Cycle Technologies

CycleBeads, as packaged for the U.S. market

CYCLEBEADS II: Creating a Dual Market

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ESTABLISHED 2002

VICTORIA JENNINGS, INVENTOR

LESLIE HEYER, FOUNDER,
CYCLE TECHNOLOGIES

THE PROBLEM/SOLUTION SPACE

Unplanned pregnancy directly affects women of childbearing age and their families, but also results in significant costs to the countries where they live. Even with worldwide advancements and the availability of medical and surgical contraception, as well as user-directed methods, more than 80 million women in developing countries are affected by unplanned pregnancies each year, due to their non-use of contraceptives or their use of ineffective birth control methods. This leads to 30 million unplanned births, 40 million abortions, and 10 million miscarriages annually.¹ According to a report by the United Nations Population Fund and the Guttmacher Institute, providing safe access to modern family planning methods to all women with an unmet need would prevent 21 million

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unplanned births, 79,000 maternal deaths, and 1.1 million infant deaths per year in the developing world.²

Globally, the highest rates of unplanned pregnancies are in sub-Saharan Africa and parts of Asia. In these regions, it is culturally more common for women to marry young,³ and medical and surgical contraceptive solutions are not always accepted or readily available due to economic, political, and religious restrictions. Natural contraception alternatives exist, but they are often poorly understood or perceived as cumbersome and too complex. As a result, they are not always practiced correctly or consistently and their effectiveness is compromised.

ABOUT CYCLEBEADS AND THE STANDARD DAYS METHOD

To help address the issue of unplanned pregnancy and maternal mortality in the developing world, Victoria Jennings, a researcher at the University of Georgetown's Institute for Reproductive Health (IRH), recognized the need for an intuitive, natural contraception

method that could meet the needs of families that chose not to use medical or surgical alternatives. IRH developed the Standard Days Method (SDM), a simple natural family planning system that could be implemented in all countries and cultures across the globe. Researchers studied thousands of menstrual cycles and concluded that by abstaining from intercourse between the 8th and 19th days of their menstrual cycles, women could significantly reduce their likelihood of getting pregnant.⁴

Along with developing the SDM approach, Jennings wanted a way to make the practice easily understandable and accessible to women. As a result, she and her team created CycleBeads, a color-coded string of beads that represented a woman's menstrual cycle and allowed her to manage her fertility. In clinical

trials conducted by IRH, SDM used in conjunction with CycleBeads was shown to be 95 percent effective in preventing pregnancy when practiced correctly.⁵ "Though not quite as effective as hormone methods or IUD implants, it is equal to if not more effective than other user-directed methods, like condoms or diaphragms," said Leslie Heyer, founder of Cycle Technologies, who partnered with Jennings' team and licensed the rights to bring CycleBeads to market.⁶ Cycle Technologies was responsible for worldwide manufacturing, quality, sales, and distribution of the product, while IRH remained involved in helping pilot and roll out the technology in emerging markets.

ONE CHALLENGE: CREATING A DUAL MARKET

Cycle Technologies' goal for SDM and CycleBeads was to reach users in developing countries where medical and surgical contraception options were limited or unacceptable, as well as those in developed regions where women wanted effective, non-invasive



Photo courtesy of Cycle Technologies

CycleBeads is now available online and as a smartphone app for users who prefer a different interface

birth control and proactive family planning tools. The first reason for this dual objective was to help establish the credibility of the product. “If I’m living in Benin and I feel like I’m receiving this product because you think it’s culturally appropriate for me, but someone in the U.S. would never use it, then I’m going to feel like there’s some sort of credibility gap,” explained Heyer. The second reason was that Cycle Technologies hoped to leverage sales in U.S. and other western markets as a mechanism for creating a viable business.

IRH’s relationship with the U.S. Agency for International Development (USAID) spawned the first orders for CycleBeads. USAID was a long-time funder of IRH and had followed the development of SDM closely, promoting the method (and the product) to the many on-the-ground family planning programs it supported in developing countries. “We have been somewhat reliant on the Institute being the conduit for our early success because of their relationship with USAID,” said Heyer. “We entered into an agreement that we would produce a base amount for USAID and give them the lowest possible rate.” Program representatives from the USAID network who wanted to try SDM and CycleBeads in their facilities contacted Cycle Technologies and placed orders. This

arrangement guaranteed Cycle Technologies an early customer base and provided the company with enough business to get full-fledged manufacturing and distribution operations up and running. Although the agreement was not the most lucrative from a profitability perspective, the security it provided was invaluable.

The question facing Heyer was how to expand the CycleBeads customer base beyond the USAID network. In particular, she needed a plan to launch the product in the potentially more profitable U.S. market.

Heyer wanted Cycle Technologies to become self-

sustaining, and establishing a foothold in the domestic market would help her achieve this. Once the company was profitable, she intended to reinvest its proceeds back into the business each year to expand the number of women with access to CycleBeads in the U.S. and abroad.

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THE SOLUTION: TARGETING PROVIDERS AND CONSUMERS IN THE U.S.

Cycle Technologies defined a two-pronged approach for penetrating the U.S. market that involved (1) educating domestic healthcare providers and (2) making the technology readily available to mainstream U.S. consumers. To reach healthcare providers, said Heyer, “We spread the word at a variety of healthcare conferences.” Using the clinical data gathered by IRH, Cycle Technologies was able to convince the physicians and other healthcare providers it interacted with at these events that the method was reliable and effective. The exposure eventually allowed them to build a network of active users who were also willing to endorse the product.

In addition, IRH developed a toolkit for use by family planning programs, which outlined a holistic approach for understanding and offering CycleBeads as a family planning alternative.⁷ Resources such as this, as well as the ongoing guidance offered by IRH, helped Cycle Technologies work with Planned Parenthood branches, state and local health departments, Title X clinics, and private practitioners.⁸

To reach mainstream consumers, the first thing the company did was establish an online presence. “We put up a website from day one, which was critical to our success. CycleBeads needed to be recognizable as a product widely available and used in the U.S.,” noted Heyer. With the website launched, the company began promoting the product to individuals through social media, standard advertising, and press mentions in consumer publications such as *Self*, *the Wall Street Journal*, and *Newsweek*.

Cycle Technologies also sought to make the product available through retail channels. The company anticipated logistical issues in working with mainstream mass retailers, “So we didn’t even spend too much energy on them,” recalled Heyer. Instead, the team targeted natural product retailers such as Whole Foods and similar regional chains, which attracted health conscious consumers and were able and willing to offer them more education about their products. This helped to broaden CycleBeads’ visibility in key U.S. markets.

Initially, the company positioned CycleBeads to U.S. consumers primarily as a natural contraception alternative. However, through a market research study, Heyer and team discovered that 25 percent of customers purchasing CycleBeads online were either actively using the product to get pregnant or they intended to use it to help them get pregnant within the next year. “It’s not just a product to aid women who don’t want kids. It’s about having children when you want them. It can be used both ways,” Heyer said. This insight allowed Cycle Technologies to expand how both its customer base and the ways it marketed the product.

Product extensions, such as the web application iCycleBeads Online (launched April 2012) provided another mechanism for expanding the U.S. customer base. According to Heyer, “[It] gives more women access to this easy-to-use and effective family planning method. Women use the internet for everything, and it’s an exciting advancement that we can now [move family

planning online].”⁹ The online product calculated where the user was in her cycle each day, determined whether pregnancy was possible, and provided alerts of key information, such as an irregular cycle.

As planned, Cycle Technologies was able to command a higher price for its product in the U.S. market. A single set of CycleBeads ordered online or purchased in a retail store was priced at \$14 (the online app was offered for a yearly subscription of \$12). U.S. healthcare providers were given a price break for high-volume orders. Nongovernmental organizations (NGOs) and programs in developing countries continued to receive even deeper discounts, commensurate with the USAID pricing. With this tiered approach, the company had recently managed to achieve profitability. “We’re self-sustaining,” Heyer proudly reported.

As of 2012, approximately 10 percent of Cycle Technologies’ revenue came from the U.S., with the other 90 percent generated from international markets. However, the U.S.



The deluxe version of CycleBeads comes in three color options and can be purchased online

accounted for less than 5 percent of unit sales, which showed how this market was helping bolster the company's financial position. Cycle Technologies still had ample opportunity to expand its U.S. presence, but it was also using the proceeds from its sales to invest in international partnerships that would allow it to expand its reach beyond the USAID network. "We've created agreements where we're sublicensing to local entities to be the distributor and to develop the market," said Heyer. To date, the company had established such relationships in the Philippines, Kenya, and India. ♦

NOTES

- 1 "Adding It Up: Costs and Benefits of Contraceptive Services—Estimates for 2012," Guttmacher Institute and UNFPA, June 2012, <https://www.unfpa.org/webdav/site/global/shared/documents/publications/2012/AIU%20Paper%20-%20Estimates%20for%202012%20final.pdf> (August 14, 2012).
- 2 Ibid.
- 3 "Unplanned Pregnancy Statistics," eHow-Mom, http://www.ehow.com/about_4611925_unplanned-pregnancy-statistics.html (June 19, 2012).
- 4 "Natural Family Planning: The Standard Days Method," Natural-Family-Planning.Info, <http://www.natural-family-planning.info/standard-days-method.htm> (June 19, 2012).
- 5 Ibid.
- 6 All quotations are from interviews conducted by the authors unless otherwise cited.
- 7 "CycleBeads Integration Guide," Georgetown University, Institute for Reproductive Health, 2011, http://www.famplan.org/Docs/cyclebeads_integration_guide.pdf (June 28, 2012).
- 8 "Case Studies," Cycle Technologies, <http://www.cycletechnologies.com/id30.html> (June 28, 2012).
- 9 "CycleBeads.com Launches New Web Service for Natural Birth Control or Pregnancy Planning," BusinessWire, April 24, 2012, <http://www.businesswire.com/news/home/20120424005247/en/CycleBeads.com-Launches-Web%20Service-Natural-Birth-Control-Pregnancy> (June 28, 2012).