

Infant Milk Formula - China - 2021

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This report looks at the following areas:

- Retail market value and volumes of IMF, key drivers, barriers and future trends
- The competitive market landscape
- New product trends and innovative marketing activities
- IMF usage habits, brand preference and price sensitivity
- Parent's attitude towards premium product features
- Parents' attitude towards IMF, breast milk and breastfeeding

Infant milk formula (IMF) usage reaches its highest point (96%) when a baby reaches 12 months and stays high thereafter until the 36th month (82%) according to Mintel's research. Over 85% of surveyed parents believe that feeding babies with IMF can supplement the nutrients that are lacking in either breast milk and supplementary foods, suggesting besides "similar-to-breast milk" claims, IMF brands need to emphasise nutritional values that are harder-to-obtain from breast milk and everyday diets to appeal to the growing number of sophisticated parents who feed their babies with a mixture of breast milk, growing-up milk formula and supplementary foods.

COVID-19 has slowed down cross-border daigou sales and pushed many international brands to focus more on domestic ecommerce and baby stores as key sales channels or even localised production, as it may take years for international trade and travel to recover. On the other hand, the outbreak has also boosted Chinese consumers' national pride as a whole. Parents – skewing towards the young generation – are shifting their preferences towards domestic IMF brands.

The biggest threat to the IMF market is the declining birth rate which is strongly correlated with consumer demand. In order to offset the loss of retail volume, the market will have to rely on increasing average prices so as to maintain or grow its size in value. The good news is that parents will not simply stick to the same brand, and they have shown strong willingness to trade up for various



"Although the decline of new births is hard to reverse, IMF brands still have chances to secure revenue with premium product innovations in the growing-up milk formula sector in particular, with a focus on upgraded nutrition compositions targeting specific health functions such as gut-friendliness, body development and sleep benefits."

– Laurel Gu, Category Director

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premium product features and services, suggesting investment in premium product innovation (eg personalised nutrition) can help IMF brands gain traction as an individual while at the same time drive category growth.

For IMF brands, the other opportunity lies in expanding the product portfolio to cover mums' nutrition, targeting both post-natal mums and mums-to-be. When marketing such products to mums, the experienced mums (ie those with more than one child) and elder mums (ie those aged 30 and above) are a group that is particularly worth the brands' attention. It is important for brands to take into consideration not only their nutritional needs but also emotions for sympathetic relationship building.

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