

Infant Milk Formula – China – 2022

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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 market competition landscape
- New product trends and innovative marketing activities
- IMF brand usage and usage of special formulas (eg organic, A2 milk, plant-based milk)
- IMF purchase channels and information channels
- Parent's awareness and attitudes towards fortified nutrition
- Parents' evolved purchase behaviour and brand selection due to the impact of COVID

Thanks to growing confidence in China's quality regulation and the more competitive formulation innovation offered by local brands, more and more Chinese parents trust domestic IMF brands and prefer IMF products made in China. In 2022, Feihe has achieved the No. 1 position in the IMF market in value share and has become the most-bought brand, with a particularly strong presence in lower tier cities.

An important, influential factor in this change is COVID-19. The pandemic has disrupted supply chains globally, causing difficulties for international IMF companies to transport imported products to China. Due to the significant supply shortage of imported IMF products, Chinese parents have become more open to switching to local IMF brands. Once they try them, they tend to stay with them or even establish loyalty because of their quality and service.

As Chinese parents' understanding of food nutrition and fortified ingredients is becoming ever higher, IMF companies have invested more in speeding up NPD by combining more types of fortified ingredients into one product and pushing the industry standard to a higher bar, as in higher amounts. However, an ingredients war has seen IMF brands become more like hamsters on a wheel.



“Rising China pride, the impact of COVID-19 and the new China IMF standards are likely to further improve preference for premium products launched by domestic brands, so international players need to step up their game to meet Chinese babies' nutritional needs and develop resonance and rapport with moms.”

– Catherine Liu, Senior Analyst

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Compared to post-80s, Gen Z parents care less about fortified nutrition, meaning that formulation innovation may be necessary for premiumisation but might not be as appealing as before. To gain their trust and love, it is vital to recognise and support young parents emotionally, not just sell them IMF products. There has been a transformation in purchase triggers, from the attractiveness of ingredients to the power of brand value recognition.



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