

Baby Nutrition - China - December 2020

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This report looks at the following areas:

- Usage penetration of major baby food and drink categories as well as baby health supplements
- Understanding today's babies' health and feeding issues
- Understanding today's parents' interest in product functions of baby supplementary foods and knowledge about ingredients in infant milk formula (IMF)
- How brands, companies and manufacturers might react to market opportunities and threats after the COVID-19 outbreak.

Despite a continued shrinking number of newborns, the total baby nutrition market has still achieved positive growth. Wider usage of supplementary foods to offer health functional benefits (ie baby snacks), as well as baby health supplements due to increasing awareness of immunity and gut health management have helped to bolster growth in the market. Buoyed by COVID-19 resulting in a temporary decrease in the volume of imported infant milk formula (IMF) products, this has created favourable market condition for domestic IMF enterprises to increase brand awareness via strong quality assurance.

In the meantime, Chinese parents are looking for premiumised functional and natural baby nutrition solutions within the ecosystem of big health and wellbeing. Opportunities for IMF lie in actively investing in marketing education to build on knowledge gaps for special functioning ingredients (eg with special attention to A2 β -casein, human milk oligosaccharides (HMO) and milk fat globule membrane (MFGM)) as well as product innovations in special formulae (eg allergy easing). For baby supplementary foods, offering more types of supplementary food options that caters to babies' health management (eg combining immune-enhancing ingredients, offering sensory stimulations in product packaging to enhance intelligence) rather than ingredients that reactively ward off health threats are a viable option to stand out from the fragmented marketplace. As the baby health supplements segment now shares



"Although continuing to face a declining birth rate, the total baby nutrition market still maintains steady growth, mostly driven by premiumisation in IMF as well as increasing penetration of baby supplementary foods and baby health supplements."

– Catherine Liu, Research Analyst

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similar battlefields as baby supplementary snacks, there is room for supplement manufacturers to appeal to parents by developing snack-like formats (eg to collaborate with pre-existing snack companies) that help with children's growth and development.



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