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Pre-Chinese New Year 2015 Supply and Price Survey on Infant Formula Milk Products


Survey Background



Consumer Council has been concerning the supply and price situation of formula milk products in the market



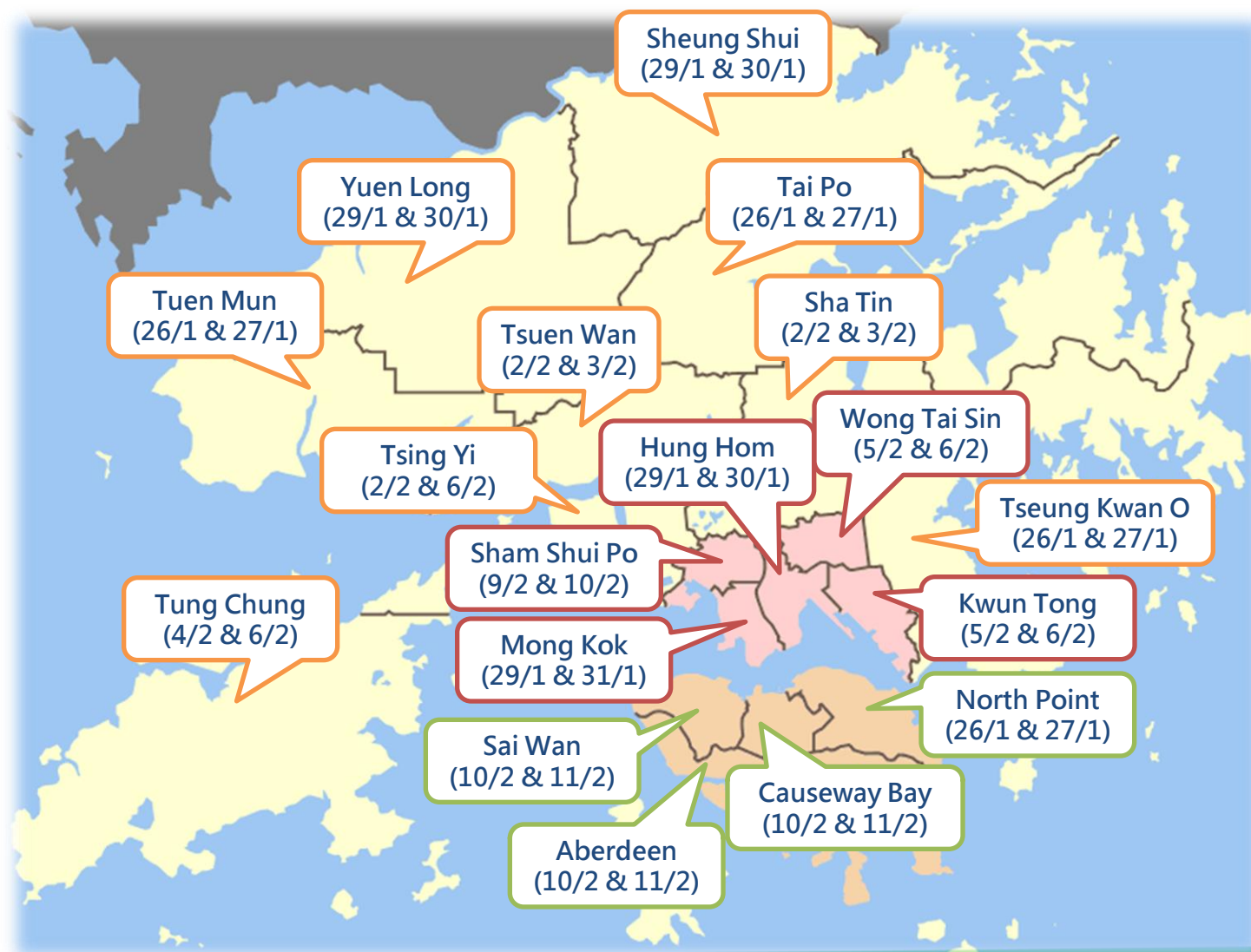
The shortage rate of one infant formula in Sheung Shui in pre-Chinese New Year 2014 was found to be 93.3% and price of one infant formula was 29.3% higher than the recommended retail price



Consumer Council conducts again the supply and price survey on infant formula products before Chinese New Year 2015

Survey Scope

In all 18 districts during 26 January and 11 February 2015



Survey Scope

Brands – Infant Formula

- 4 infant formula milk products with different degrees of shortage situation or have major market shares
 - Cow & Gate
 - Friso
 - Mead Johnson
 - Wyeth

Information

- Collect and compile product availability and price information of 315 retail shops (include 36 chained supermarkets, 36 chained health and beauty shops and 243 independent drug stores)

Period

- 26 January – 11 February 2015



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Survey Results



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Supply Situation

The Shortage Situation before Chinese New Year 2014

Period	District ⁽¹⁾	Infant Formula Shortage Rate			
		Cow & Gate	Friso	Mead Johnson	Wyeth
1 st Period (3 – 14 January 2014)	Tai Po	28.6%	26.7%	62.5%	0%
	Tseung Kwan O (Po Lam)	33.3%	10%	62.5%	10%
	North Point	6.3%	50%	77.8%	5.9%
	Tuen Mun	21.4%	42.9%	50%	14.3%
	Sheung Shui	42.9%	46.7%	93.3%	6.7%
	Mong Kok	27.3%	18.2%	72.7%	9.1%
	Yuen Long	36.4%	50%	63.6%	16.7%
	Hung Hom	9.1%	25%	83.3%	0%
	Sha Tin	7.7%	20%	28.6%	0%
	Tsuen Wan	16.7%	50%	41.7%	8.3%
2 nd Period (16 – 24 January 2014)	Tsing Yi	0%	40%	33.3%	10%
	Tung Chung	0%	45.5%	27.3%	0%
	Kwun Tong	7.1%	28.6%	21.4%	0%
	Wong Tai Sin	7.7%	46.7%	42.9%	0%
	Sham Shui Po	33.3%	21.4%	46.7%	0%
	Sai Wan	16.7%	8.3%	36.4%	0%
	Aberdeen	12.5%	44.4%	22.2%	33.3%
	Causeway Bay	28.6%	22.2%	33.3%	25%

- Severe shortage of some brands
- Lower shortage rates in 2nd period, which might be due to difference in survey periods, districts concerned and time of replenishment, but not due to improvement in supply

Districts with shortage rate 50% or more are marked in red

(1) According to the pre-Chinese New Year 2015 survey dates

The Shortage Situation before Chinese New Year 2015

Period	District	Infant Formula Shortage Rate			
		Cow & Gate	Friso	Mead Johnson	Wyeth
1 st Period (26 January to 3 February 2015)	Tai Po	43.8%	25%	0%	13.3%
	Tseung Kwan O (Po Lam)	30%	27.3%	20%	20%
	North Point	0%	21.1%	5.6%	0%
	Tuen Mun	31.3%	37.5%	12.5%	6.3%
	Sheung Shui	10%	15.2%	3%	12.5%
	Mong Kok	6.3%	17.6%	0%	0%
	Yuen Long	23.5%	35.3%	11.8%	12.1%
	Hung Hom	18.8%	29.4%	11.8%	0%
	Sha Tin	19%	10%	10%	9.5%
	Tsuen Wan	9.5%	23.8%	9.5%	4.8%
2 nd Period (4 – 11 February 2015)	Tsing Yi	0%	30%	10%	0%
	Tung Chung	18.2%	0%	9.1%	9.1%
	Kwun Tong	0%	23.1%	7.7%	7.7%
	Wong Tai Sin	7.7%	14.3%	0%	0%
	Sham Shui Po	20%	45.5%	9.1%	31.8%
	Sai Wan	0%	21.4%	7.1%	7.1%
	Aberdeen	37.5%	12.5%	25%	0%
	Causeway Bay	0%	18.8%	23.5%	6.3%

- Decrease in shortage rates, no district with shortage of 50% or above

- Shortage of **20% or above** in some districts, e.g. shortage in Tseung Kwan O and Sham Shui Po still on the high side; the shortage of Cow & Gate in Tai Po and Friso in Sham Shui Po are **43.8%** and **45.5%** respectively

- Shortage rates in 2nd period are similar to that of 1st period

Districts with shortage rate 20% or more are marked in **orange**

Comparison of Shortage Rates in 2014 and 2015

Period	District	As Compared with the Shortage Rates in 2014			
		Cow & Gate	Friso	Mead Johnson	Wyeth
1 st Period	Tai Po	+15.2%	-1.7%	-62.5%	+13.3%
	Tseung Kwan O (Po Lam)	-3.3%	+17.3%	-42.5%	+10%
	North Point	-6.3%	-28.9%	-72.2%	-5.9%
	Tuen Mun	+9.9%	-5.4%	-37.5%	-8%
	Sheung Shui	-32.9%	-31.5%	-90.3%	+5.8%
	Mong Kok	-21%	-0.6%	-72.7%	-9.1%
	Yuen Long	-12.9%	-14.7%	-51.8%	-4.6%
	Hung Hom	+9.7%	+4.4%	-71.5%	0%
	Sha Tin	+11.3%	-10%	-18.6%	+9.5%
	Tsuen Wan	-7.2%	-26.2%	-32.2%	-3.5%
2 nd Period	Tsing Yi	0%	-10%	-23.3%	-10%
	Tung Chung	+18.2%	-45.5%	-18.2%	+9.1%
	Kwun Tong	-7.1%	-5.5%	-13.7%	+7.7%
	Wong Tai Sin	0%	-32.4%	-42.9%	0%
	Sham Shui Po	-13.3%	+24.1%	-37.6%	+31.8%
	Sai Wan	-16.7%	+13.1%	-29.3%	+7.1%
	Aberdeen	+25%	-31.9%	+2.8%	-33.3%
	Causeway Bay	-28.6%	-3.4%	-9.8%	-18.7%

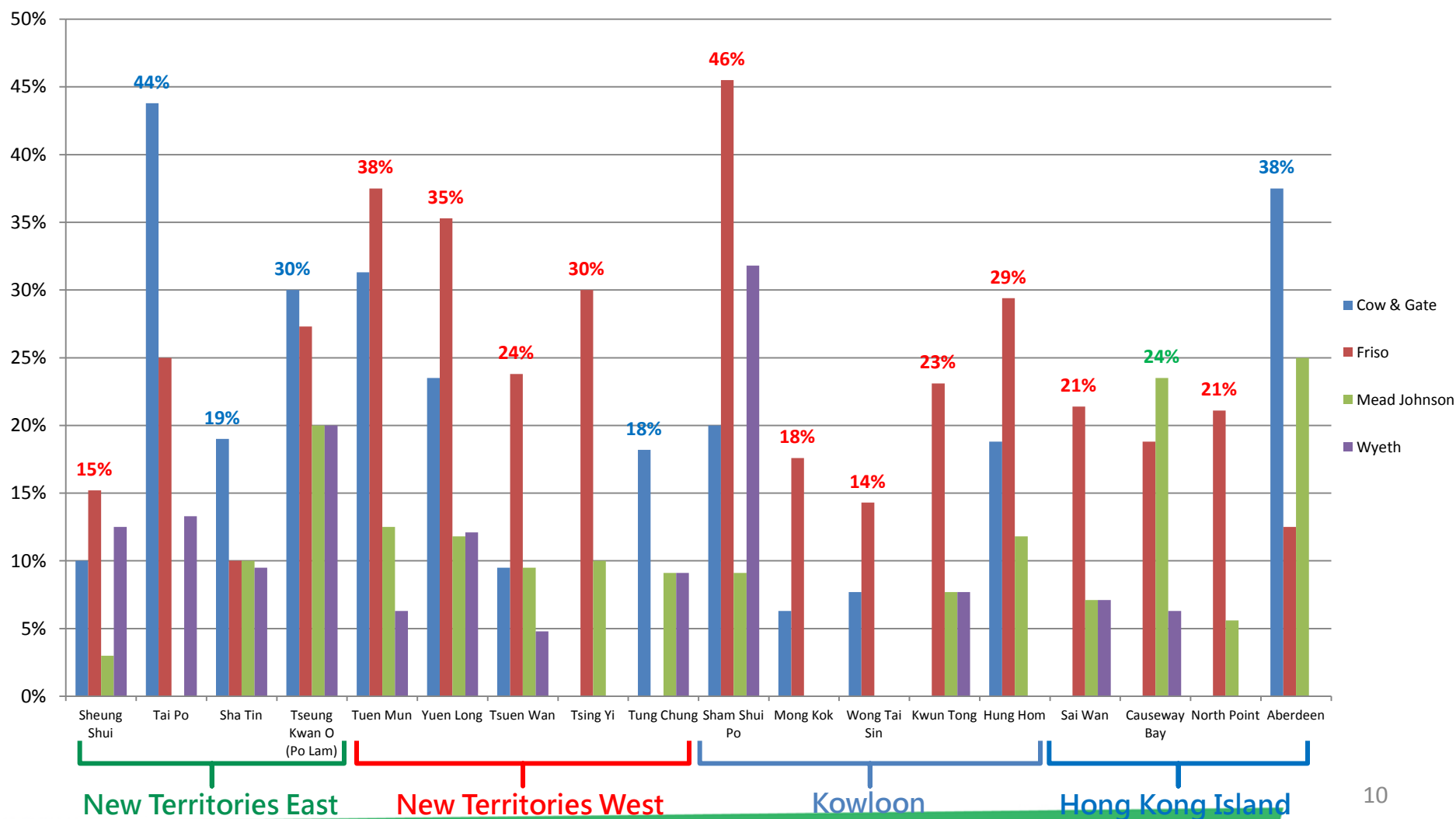
- A decrease in shortage rates in most districts
- An increase of **10% to 31.8%** shortage are recorded in some districts

- (1) "+" The shortage rate has increased from 2014 to 2015
- (2) "-" The shortage rate has decreased from 2014 to 2015
- (3) Districts with 10% or above increase in shortage rate are marked in **red**

The Shortage Rates of Individual Brands

- The shortage rates of certain infant formula brands are high in general.

Shortage Rate





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Price Situation

Increase in Recommended Retail Price, Chain Prices at Same Level

- The recommended retail prices of 2015 increased from **0% to 6.7%**, versus 2014
- Price at chained supermarkets and health and beauty shops are **at the same level**

Brand		Recommended Retail Price / Chain Price		Price Change
		Jan 2014	Jan 2015	
Cow & Gate	Happy Baby Infant Formula 900g	\$252	\$269	6.7%
Friso	Frisolac Gold 900g	\$283	\$293	3.5%
Mead Johnson	Enfamil A+ 900g	\$294	\$299	1.7%
Wyeth	S26 Gold 900g	\$297.9	\$297.9	0%

Prices at Drug Stores are Lower

% Price Difference between Drug Stores and Chains in the Same Districts

Period	District	Cow & Gate	Friso	Mead Johnson	Wyeth
1 st Period (26 January to 3 February 2015)	Tai Po	17.8%	11.7%	6.8%	21.5%
	Tseung Kwan O (Po Lam)	18.9%	14.1%	9.7%	24.2%
	North Point	18.2%	14.8%	4.9%	18.6%
	Tuen Mun	16.9%	10.8%	6.9%	23.6%
	Sheung Shui	18.2%	11.4%	7.2%	23.9%
	Mong Kok	15.9%	14.4%	6.5%	21.6%
	Yuen Long	17.9%	12.1%	6.2%	23.2%
	Hung Hom	18.3%	15.7%	6.7%	21.7%
	Sha Tin	18%	13.7%	7.2%	21%
2 nd Period (4 – 11 February 2015)	Tsuen Wan	18%	15.4%	6.8%	22.2%
	Tsing Yi	16.6%	13.1%	5.4%	16.8%
	Tung Chung	15.5%	12.8%	3.8%	16.4%
	Kwun Tong	17.5%	16.9%	5.5%	19.4%
	Wong Tai Sin	17.5%	15.8%	6.4%	20.8%
	Sham Shui Po	16.6%	16.5%	6.2%	22.1%
	Sai Wan	15.4%	14.3%	5.4%	18.1%
	Aberdeen	18.5%	16.4%	5.8%	17.7%
	Causeway Bay	10.6%	13.5%	2.3%	10.1%

- The average prices at drug stores are lower than that of chains by **2.3% to 24.2%**
- Differences are found between brands
- Although the average prices recorded in 2nd period are slightly higher than 1st period, the differences may be attributed to difference in districts surveyed and the supply-demand situation of the districts concerned

Price Differences between Drug Stores

- Drug store prices are relatively lower, but considerable price differences between drug stores are observed

Brand		Chain Price	Drug Store Price at Different Districts			Drug Store Price in Same District	
			Lowest	Highest	Difference	Min Difference	Max Difference
Cow & Gate	Happy Baby Infant Formula 900g	\$269	\$215 (Yuen Long)	\$259 (Yuen Long)	\$44 (20.5%)	\$230 - \$232 Differ\$2/(0.9%) (Tsing Yi) \$226 - \$228 Differ\$2/(0.9%) (Aberdeen)	\$215 - \$259 Differ\$44/(20.5%) (Yuen Long)
Friso	Frisolac Gold 900g	\$293	\$234 (Tai Po)	\$295 (Tuen Mun)	\$61 (26.1%)	\$245 - \$260 Differ\$15/(6.1%) (Kwun Tong, Wong Tai Sin, Aberdeen)	\$234 - \$278 Differ\$44/(18.8%) (Tai Po)
Mead Johnson	Enfamil A+ 900g	\$299	\$274 (Sheung Shui, Mong Kok)	\$305 (Causeway Bay)	\$31 (11.3%)	\$280 - \$285 Differ\$5/(1.8%) (Aberdeen)	\$280 - \$305 Differ\$25/(8.9%) (Causeway Bay)
Wyeth	S26 Gold 900g	\$297.9	\$228 (TKO)	\$288 (Causeway Bay)	\$60 (26.3%)	\$240 - \$250 Differ\$10/(4.2%) (Mong Kok)	\$250 - \$288 Differ\$38/(15.2%) (Causeway Bay)

No “Sky Price”

- At the 2014 survey, the highest recorded price was **\$380**, 29.3% higher than the recommended retail price (\$294)
- At this survey, the highest recorded price is **\$305**, 2% higher than the recommended retail price (\$299)

Brand		Recommended Price	Highest Price	% Difference
Mead Johnson	Enfamil A+ 900g	\$299	\$305	2% Higher



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Supplier Hotline Service

Supplier Hotlines

- Tested the hotline services between 26 January and 11 February 2015 for three times, results are satisfactory
- Some suppliers provide online and/or mobile apps order service

	Brand	Supplier	Hotline	Online Order?	Website
1	Abbott	Abbott Laboratories Limited	2806 4843	✓	https://www.abbottmama.com.hk
2	Cow&Gate	Danone Nutricia Early Life Nutrition (Hong Kong) Limited	3509 2000	✓	http://www.cowandgate.com.hk
3	Friso	FrieslandCampina (Hong Kong) Limited.	2859 3705	✓ (Online/Mobile Apps)	http://www.friso.com.hk
4	Mead Johnson	Mead Johnson Nutrition (Hong Kong) Ltd	2510 6321	✓	http://www.meadjohnson.com.hk
5	Nestle	Nestle Hong Kong Limited	2179 8333	✗	http://promo.nestle.com.hk
6	Snow Brand	Snow Brand Hong Kong Company Limited	2529 8931	✓	http://www.snowbrand.com.hk
7	Wyeth	Wyeth (Hong Kong) Holding Company Limited	2599 8870	✓	https://www.wyethmama.com.hk



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Consumer Complaints

Consumer Complaints on Formula Milk Products

	2012	2013	2014	2015年 (Up to 31 Jan)
Supply Shortage	15	87	11	0
Price Disputes	21	92	36	3
Others	69	131	178	4
Total	105	310*	225**	7

* In 2013, 161 complaint cases received before and 149 complaint cases received after the "export ban" on 1 March

** In 2014, among the 225 complaint cases received, 103 complaint cases are related to online purchase

Conclusion

- Supply situation
 - Compared with pre-CNY 2014, improvement observed in supply
 - Shortage rates of some brands in some districts are still relatively high
- Price situation
 - Increase in recommended retail prices versus 2014
 - No “sky price”
 - Drug store prices are relatively lower than that of chained stores, difference could be as high of 20% or above, considerable differences between drug stores



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Thank You!