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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



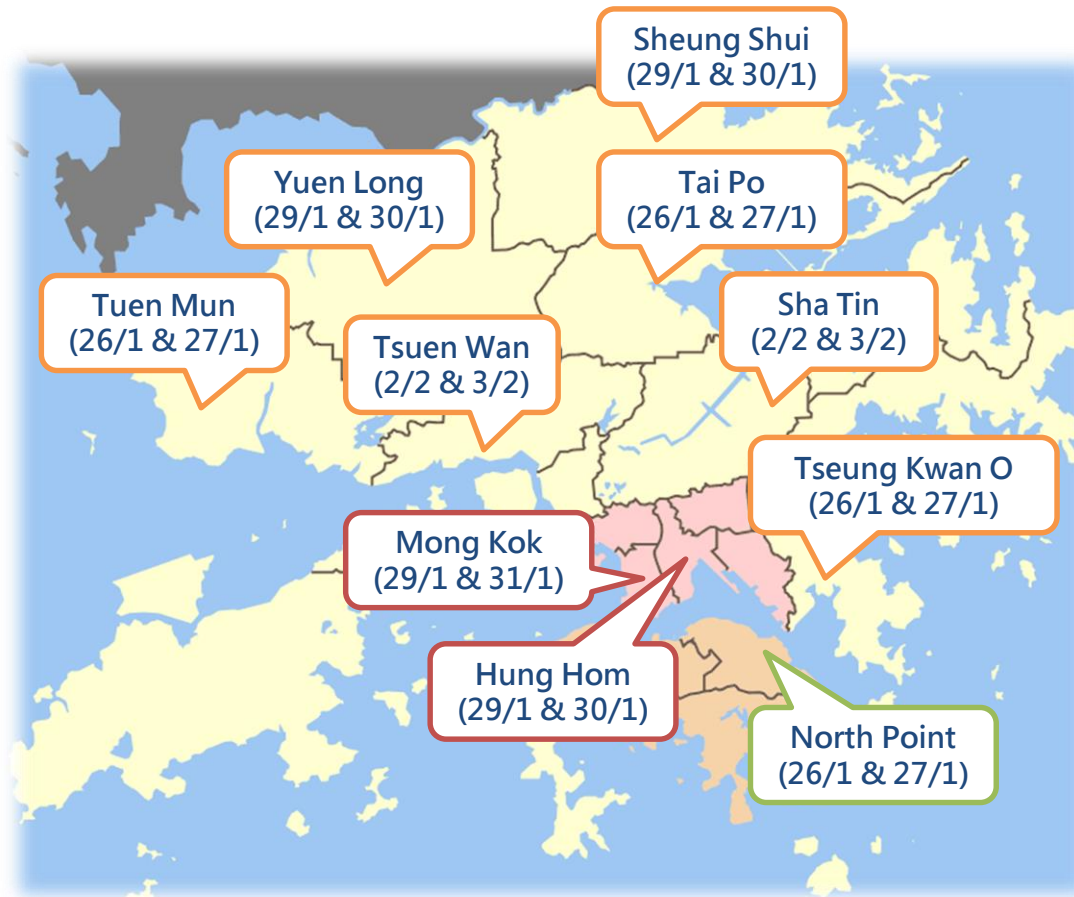
The shortage rate of one infant formula in Sheung Shui in pre-Chinese New Year 2014 was found to be 93.3% and price of one infant formula was 29.3% higher than the recommended retail price



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

Survey Scope

10 out of 18 districts, being the regions with the most severe shortage situation or along the East Rail line, had first been surveyed during the period 26 January – 3 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 206 retail shops (include 20 chained supermarkets, 20 chained health and beauty shops and 166 independent drug stores)

Period

- 26 January – 3 February 2015



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Survey Results



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Supply Situation

The Shortage Situation before Chinese New Year 2014

- Severe shortage of some brands

Period	District ⁽¹⁾	Infant Formula Shortage Rate			
		Cow & Gate	Friso	Mead Johnson	Wyeth
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%	50.0%	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%

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

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

The Shortage Situation before Chinese New Year 2015

- 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 still on the high side; the shortage of Cow & Gate in Tai Po and Friso in Tuen Mun are **43.8%** and **37.5%** respectively

Period	District	Infant Formula Shortage Rate			
		Cow & Gate	Friso	Mead Johnson	Wyeth
26 January – 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%
	Tsuen Wan	9.5%	23.8%	9.5%	4.8%

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

Comparison of Shortage Rates in 2014 and 2015

- An increase of **10% or above** shortage are recorded in some districts

District	As Compared with the Shortage Rates in 2014			
	Cow & Gate	Friso	Mead Johnson	Wyeth
Tai Po	+15.2%	-1.7%	-62.5%	+13.3%
Tseung Kwan O (Po Lam)	-3.3%	+17.3%	-42.5%	+10%
North	-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%

(1) "+" The shortage rate has increased from 2014 to 2015

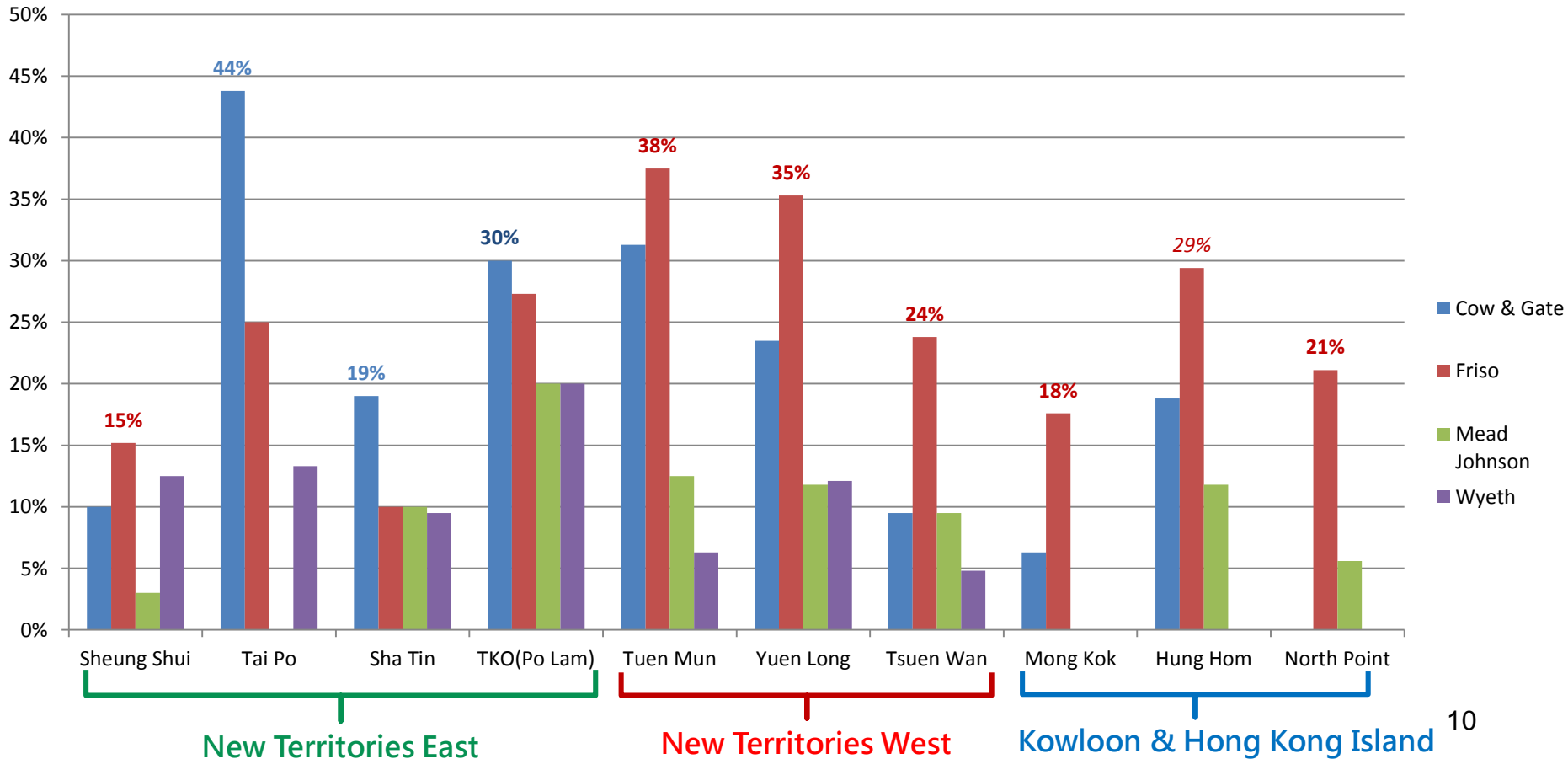
(2) "-" The shortage rate has decreased from 2014 to 2015

(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 the New Territories

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

- The average prices at drug stores are lower than that of chains by **4.9% to 24.2%**, but differences are found between brands

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

District	Cow & Gate	Friso	Mead Johnson	Wyeth
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%
Tsuen wan	18%	15.4%	6.8%	22.2%

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%)	\$226 - \$235 Differ\$9/(4%) (Tuen Mun)	\$215 - \$259 Differ\$44/(20.5%) (Yuen Long)
Friso	Frisolac Gold 900g	\$293	\$234 (Tai Po)	\$295 (Tuen Mun)	\$61 (26.1%)	\$250 - \$270 Differ\$20/(8%) (Sha Tin)	\$234 - \$278 Differ\$44/(18.8%) (Tai Po)
Mead Johnson	Enfamil A+ 900g	\$299	\$274 (Sheung Shui, Mong Kok)	\$295 (Yuen Long)	\$21 (7.7%)	\$275 - \$285 Differ\$10/(3.6%) (Tai Po, TKO) \$277 - \$287 Differ\$10/(3.6%) (Hung Hom)	\$276 - \$295 Differ\$19/(6.9%) (Yuen Long)
Wyeth	S26 Gold 900g	\$297.9	\$228 (TKO)	\$270 (Sha Tin)	\$42 (18.4%)	\$240 - \$250 Differ\$10/(4.2%) (Mong Kok)	\$238 - \$270 Differ\$32/(13.4%) (Sha Tin)

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 **\$295**, close to the recommended retail price

Brand		Recommended Price	Highest Price	% Difference
Friso	Frisolac Gold 900g	\$293	\$295	0.7% Higher
Mead Johnson	Enfamil A+ 900g	\$299	\$295	1.3% Lower

Survey Results on Other Districts

- The survey will be continued, results of remaining 8 districts will be published before the Chinese New Year





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Supplier Hotline Service

Supplier Hotlines

- Tested the hotline services in Jan-end and early Feb twice, 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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Preliminary Council's responses on "Proposed Regulatory Framework on Nutrition and Health Claims on Infant Formula, Follow-up Formula, and Prepackaged Foods for Infants and Young Children (IYC) under the Age of 36 months in Hong Kong"

Regulatory Framework on Nutrition and Health Claims on Formula and IYC Foods

1. Consumer Council supports the establishment of the proposed 5 principles

- Nutrition claims should be prohibited in infant formula
- Reduction of disease risk claims should be prohibited in formula products and IYC foods
- Nutrition claims and nutrient function claims should be permitted in IYC foods
- Permitted claims on nutrients or constituents should be of high importance to the health of infants and young children
- Nutrition and health claims should meet specific content conditions and health claims should be scientifically substantiated and undergone credible evaluation process

Regulatory Framework on Nutrition and Health Claims on Formula and IYC Foods

2. Regulatory options for the product-claim combinations :

- **Not allow** nutrition and health claims on infant formula
- **Not allow** other function claim on follow-up formula and IYC foods

3. In the situation that nutrient claims and nutrient function claim on follow-up formula are allowed, the prerequisite is such claims have undergone credible evaluation process

Regulatory Framework on Nutrition and Health Claims on Formula and IYC Foods

4. Consumer Council supports the development of a mechanism to establish and maintain a list of approved claims and details of the conditions under which each approved claim can be made, so that only claims that are factual, scientifically substantiated, non-misleading and useful to infant and young children development are allowed to be used

5. To prevent practices which would discourage breastfeeding and to ensure nutritional needs of infants and young children, Consumer Council opines that the Hong Kong Code of Marketing and Quality of Formula Milk and Related Products, and Food Products for Infants and Young Children ("the HK Code") should be implemented as soon as possible



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Thank You!



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References

New Born Babies and Imports of Formula Milk Products

	No of Babies	Yearly Change	Infant Formula	Yearly Change
	Births	%	Imports(Kg)	%
2008	78.8K	+11.1%	15.104M	+40%
2009	82.1K	+4.2%	17.743M	+17.5%
2010	88.6K	+7.9%	23.757M	+33.9%
2011	95.5K	+7.8%	33.096M	+39.3%
2012	91.6K	-4.1%	44.355M	+34%
2013	57.1K	-37.7%	48.861M	+10.2%
2014	-	-	56.164M	+14.9%

Source : Census and Statistics Department