Infant formula and follow-on formula market study: Feed comment

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Summary of the interests of our organisation:

Feed is an independent infant feeding charity that puts women and babies at the heart of infant feeding. We do not promote or prioritise one method of infant feeding over another, making us a unique charity to support mothers and infants in food insecurity with infant feeding. We have worked in this field for a number of years, and we were the first organisation to publish data on infant feeding and food insecurity in the UK in 2020[1], specifically focusing on the struggles faced by families in formula poverty. We have since published findings of a subsequent public inquiry[2], and have recently undertaken a follow up study[3] expanding the research to all methods of infant feeding and the impact of the cost-of-living crisis.

Do you agree with our proposed scope and themes for this market study, as set out in paragraphs 40 to 54. If not, what other areas should we focus on and why?

In general, we agree with the proposed areas and scope of the study however, we propose a number of additional areas of interest and amendments to the scope:

1. ***In-brand differentiation is confusing and unnecessary***

There is insufficient focus on the move to in-brand differentiation which has been one of the major changes within the market in the last decade. The two leading brands, [redacted] now offer a range of first infant formulas (not including comfort or hypoallergenic formulas) with higher price inferring superiority. [redacted]
The implied differentiation between first infant formula products within brand is clear to parents when they are looking at formulas on the supermarket shelf, and is further signalled with the increase in price of the 'pro'/'advanced' products; in [redacted]

2. ***Product choice is influenced by more than just advertising***

Regulation has focused on the supposition that advertising may discourage breastfeeding and persuade women of the benefits of formula feeding. However, evidence repeatedly illustrates there is a wide understanding of the benefits of breastfeeding[4,5,6] which is also manifest in the high intention to breastfeed, and high breastfeeding initiation rates[7]. Thus, ***the issue is less about parents being persuaded to switch to formula feeding in the first place, and more about the product choices that they make once a decision to formula feed has been made***. The context in which those choices are made is key to understanding the market.

Women decide to formula feed or move from exclusive breastfeeding for a number of reasons that include inability to breastfeed, breastfeeding difficulties, low milk supply, desire to share care and/or sleep deprivation. In the current UK context, in which there is wide understanding of the benefits of breastfeeding, where the NHS has widely opted in to the UNICEF UK Baby Friendly Initiative and where NICE guidance for healthcare workers prevents them from discussing infant formula unless asked by a mother[8], many women experience a sense of shame and regret that they are not breastfeeding[6]. Coupled with the lack of comprehensive antenatal education about formula feeding that leaves women and their families without sufficient knowledge about formula products, this creates a scenario whereby women feel they must opt for a 'superior' formula product to ameliorate the perceived risk created by moving to, or introducing, formula[9]. The knowledge vacuum created by poor antenatal education on formula feeding is filled by formula

companies via their parenting clubs, and through advertising of their follow-on milks that are also subject to in-brand product differentiation.

Together, this makes women and families much more inclined to choose more expensive products and explains the relatively low priority placed by families on low cost as a value; data shows women believe that higher price infers higher quality[10].

While women and families are indeed susceptible to advertising via linked products and parenting clubs, product choices are made within the wider context of limited knowledge about formula products, and shame and stigma around the act of formula feeding. It's also important to note that decision about what formula product to buy are most often made after leaving hospital – not during pregnancy or at birth - where the most accessible resource is google.

What, if any, are the key differences in the infant formula market in each of England, Scotland, Wales and Northern Ireland that should be reflected in our analysis? Please explain any such differences and how each may affect the analysis.

We have no data on the differences between the infant formula markets across the four UK nations. Our research suggests that families face similar struggles in accessing formula across the UK. However, via our engagement with food and baby banks across the country, it is likely that there is a disparity in access to formula between urban and rural areas. Where families have access to a wider variety of supermarkets, as in more urban areas, they have greater choice, and prices can be more competitive compared to rural communities. This is probably more pertinent to Scotland where the population is dispersed over a wider geographical area, and where some regions, such as the islands, are limited to just one chain of stores.

CONSUMER BEHAVIOUR

How do consumers choose which infant formula to use and what factors drive their decisions? What is the relative importance of these different factors?

It is our understanding that women choose an infant formula based on a number of factors that largely boil down to brand awareness and trust. It is difficult to say what the relative importance of individual factors are as evidence is limited. We are concerned however, that many women may be making formula choices at a vulnerable time and without comprehensive formula knowledge due to poor, biased or judgemental antenatal infant feeding education and support [6].

Families trust the NHS

The CMA report having sight of "evidence that around three quarters of consumers choose an infant formula product pre-birth or at birth (in hospital)"[11]. It is not clear whether the term 'consumers' refers to all expectant parents, or only parents who have already decided to formula feed but, either way, this appears to contradict data that shows most women leave hospital breastfeeding[12] and those who intend to formula feed are generally asked to bring their own supplies[13]. The proportion of women and families who obtain formula within an NHS setting is therefore likely to be low. Nevertheless, use within the NHS confers a perception of trustworthiness and quality on a brand, which families hesitate in moving away from, regardless of price. Thus, from a formula manufacturers perspective, inclusion in the NHS formulary is a marketing tool of sorts, and may influence brand loyalty.

The NHS is the largest end-point purchaser of infant formula in the UK, but procurement practices are not clear, and likely vary by health board or trust. It's unclear how NHS procurement influences the market in terms of its role as a buyer/consumer, but also in its role as a trusted source of formula for some families, as we have described.

Families seek information outwith the healthcare system

The current infant feeding initiative in the UK leaves families lacking in information about infant formula, and feeling patronised and stigmatised[5,6], and NICE guidelines[8] recommend healthcare providers do not offer information about formula to a new Mum unless specifically asked. As most women intend to, and indeed initiate breastfeeding [7,12], they seek information from friends and family, and online.

The question "which infant formula is best for babies?" typed into Google returns not just sponsored links to Aptaclub (promoting the Aptamil brand and the "50 years of research" behind its infant milk) Google also 'helpfully' highlights the answer to the question in the other links it displays, as can be seen in Figure 1.

In the absence of proactive information about equivalence between brands, decisions about which formula to use may also be made within the supermarket based on the arrangement and pricing of the product. Due to the addition onto the market of differentially positioned first infant formula products within brands (e.g. Aptamil 1 vs Aptamil 1 Advanced) parents must not only choose a brand, but also must decide what milk to choose within that brand to ensure best outcomes for their baby. Women who have not initially chosen to formula feed but end up doing so through need and circumstance are more likely to experience internalised stigma about their actions[14]. Thus, it is reasonable to assume that these women may be more susceptible to the long-established marketing technique that price infers quality, even more so given market restrictions that inhibit consumers' ability to establish the differences between both brands and the range of milk within brands for themselves[14].

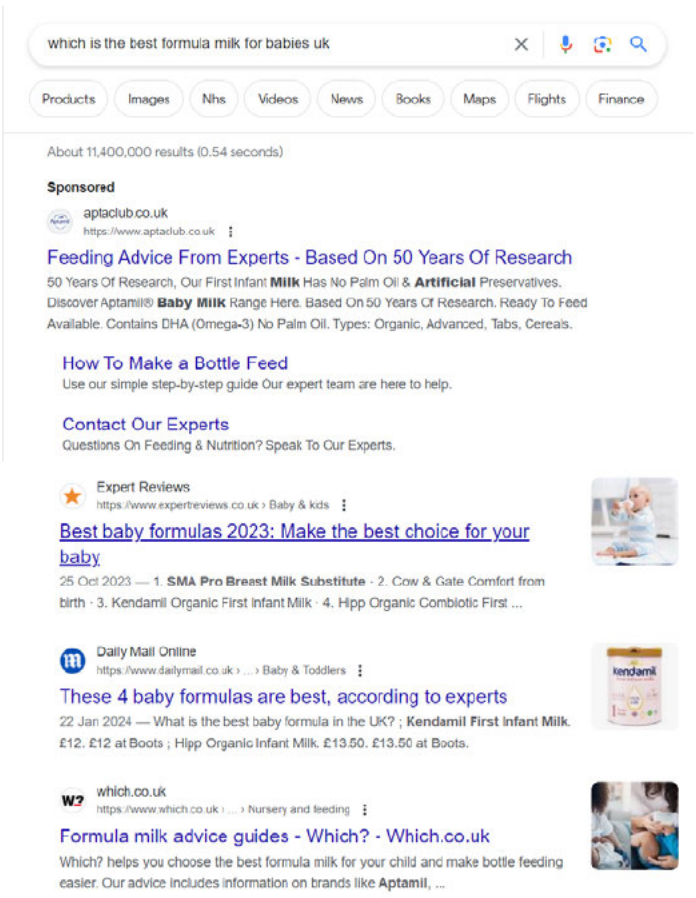

Figure 1. Screenshot of Google responses to the search question 'which infant formula is best for babies?'. March 2024.

In summary, current restrictions on providing information on formula pro-actively to women and their families are hampering the ability to make informed purchasing decisions. This means consumer choice is influenced in different ways to other product purchases, with even greater weight likely accorded to friends and families, parenting clubs, and price differentials signalling higher quality.

How does price influence which infant formula consumers choose?

For the reasons laid out above and the evidence the CMA has already gathered in the inquiry to date, women and their families are not routinely choosing the lowest cost formula products even when these are available, because this is not a normal "market" but one heavily influenced by understanding of formula already being an inferior option to the promoted norm of breastfeeding.

One food insecure, combi-feeding Mum who responded to our recent inquiry[3] told us:

"I don't know what I would have done if I didn't have enough for Kendamil, as I believe it's the most nutricial formula milk".

Where do consumers get information about infant formula from, and which of these sources are most influential and trusted?

It is important to clearly differentiate between information about formula feeding (safely making a bottle, responsive feeding, storage of milk, differences between powder and ready-to-feed etc), and information about the formula brands available. The former is available, even if it cannot be proactively provided antenatally; there are significantly fewer trusted sources about the latter.

NICE 2021 post-natal guidelines [8] state that formula milk should only be discussed if the mother initiates the conversations. The majority of women leaving hospital (80%) state they wish to breastfeed, but by their first health visitor check, the number of babies receiving formula milk is over 60%, and this increases closer to 70% for the 6 week check [7]. These are decisions made by parents, not when health care professionals are around, but out of necessity at a time of need. If they have not been informed about formula by trusted sources of information prior to birth, nor have access to evidence-based information at the point of purchase, they are reliant on friends and family, online sources, and information on the product packaging itself.

How do consumers evaluate the quality of different infant formulas? Are they able to accurately observe their quality and make meaningful comparisons?

There is a pressing and growing issue around in-brand differentiation, which means the same company produces different milks at different price points with the inference that the more expensive product is a superior one. There is for instance a 33% price differential between Aptamil 1 and Aptamil 1 Advanced (Tesco Aptamil 1 £13.50, Aptamil Advanced £18). There is no explanation on the packaging about the difference between the products, which may be both the result of regulation which limits what a manufacturer can say about its product, as well as the lack of evidence of benefit conferred by any additional ingredients.

The only way families can research differences between these products is via the professional facing website of the manufacturer. This requires a consumer to declare they are a healthcare professional by clicking a button before being able to enter the site. Here, the following information is provided:

"Aptamil Advanced contains our most advanced oligosaccharide combination of 9:1 GOS/FOS and 2-'FL. Aptamil contains our 9:1 GOS/FOS oligosaccharide blend."

There is no further explanation of any of these ingredients, or any of their purported benefits.

The same is true of the SMA range, which requires individuals to obtain information from FAQ on its healthcare professionals' facing site to answer their questions relating to differences between varieties of milk within the same brand.

The question: "*How does the LITTLE STEPS range compare to SMA PRO and SMA ADVANCED?*" is answered:

"We believe that it is important to ensure that parents have choices in the formula that they give to their baby. Which is why we have a variety of milks to suit the different needs of parents and babies."

This statement does not answer the question, which is only further illuminated by reference to an additional question in the FAQ, which also does does not explain the purported benefit. *"Why does LITTLE STEPS not contain Arachidonic acid?" is answered:*

"EU regulations (Commission Delegated Regulation (EU) 2016/127) specify mandatory ingredients of Infant and Follow-on formulae. It is now mandatory for all Infant and Follow-on formulae to contain Docosahexaenoic acid (DHA), however supplementation with arachidonic acid (AA) is not a necessity."

The SMA information on the consumer-facing site is vague [redacted] with explanations of its "most advanced" formula reading thus:

"SMA® ADVANCED First Infant Milk, is our most advanced infant milk. It's an easy to digest, nutritionally complete breast milk substitute, made with protein broken into smaller pieces. Unique recipe for formula and combination fed babies, including those born via C-section."*

This information is not only useless, [redacted] implying that some infant formulas are somehow unsuitable for babies born by Caesarean section.

In conclusion, it is almost impossible for consumers to evaluate the differences between infant formulas, and this is an area the CMA could influence. We believe this should be prioritised in any outcome from this study.

To what extent are consumers aware of the different infant formulas? What do consumers perceive to be the differences between them to be?

Consumer awareness of different formulas will be influenced by exposure to different products. As information on formula brands or types is sparse from healthcare sources, due to the restrictions imposed by the UNICEF UK Baby Friendly Initiative, the NICE Guidelines [8], and the law[15], awareness is determined by advertising of follow-on formula, social exposure and availability within local stores/online shopping sites. This is likely to mean that consumer awareness varies significantly.

Again, due to lack of comprehensive antenatal information about formula, and the difficulty consumers face in evaluating differences within and between brands, families are left with little but price as a marker of difference. It is unclear whether it is the law that is preventing rational explanation of the differences to consumers, a lack of evidence, or a combination of both. Whatever the case, it is clear that families are significantly hampered by this. Thus, we would urge the CMA to act by enforcing rules that mean formula companies must provide consumers with detailed information on which ingredients are in keeping with regulation, and which are additional ingredients for which there is no proven benefit.

Are consumers aware that all infant formulas provide all of the nutrients a healthy baby needs?

There is little to suggest that parents do not believe a formula contains all nutrients, and all formulas by law carry the label "nutritionally complete". However it may well be that consumers believe a more expensive product confers additional benefits, particularly if they feel a sense of shame or guilt about formula feeding.

Do consumers try more than one infant formula at the outset or consider switching later on? What factors drive their decisions and influence their choices?

We have some evidence that families tend to start on one formula and switch to other brands or formula types (e.g. anti reflux or comfort formula) later on, often in an effort to improve infant digestion. There is also evidence that to parents will try a variety of different bottles and teats if their infant appears unsettled during or after feeding. This is usually approached with a degree of hesitancy as the unfounded belief that switching formula may upset a babies stomach is widespread. This is also in part why families who have started on one product that their baby appears to be responding well to, can be wary of switching to a cheaper brand or alternative product.

This is another example of where the lack of offering families pro-active information on formula during the antenatal period has a detrimental impact and has influenced consumer choice.

To what extent is it possible to influence consumer decision-making either when the initial decision about which infant formula to use is made or later on? Does this vary for different consumers?

We believe better and more transparent information about formula feeding and formula products, offered during the antenatal period by trusted healthcare providers could positively influence consumer decision

making. In particular, information regarding the composition of formula and product equivalence would be very beneficial, and may afford parents the confidence to move to more affordable brands.

Are there any ways in which consumers could be provided with more or better information on infant formula and follow-on formula?

Yes. Formula product equivalence information needs to be provided antenatally, and pro-actively.

In addition, packaging is an important source of information for consumers, particularly in the documented absence of other sources of information. We would strongly endorse messaging on all packaging which very clearly emphasises the nutritional equivalence of all products, making transparent that all products contain the ingredients known to support a baby's health and development by law, and that there is no proven benefit of any additional ingredients added.

What other changes, if any, could help consumers to make more effective choices in respect of infant formula and follow-on formula?

We strongly endorse messaging on all packaging which very clearly emphasises the nutritional equivalence of all products. We should be very clear however, that we do not support plain packaging, which will only serve to further stigmatise a product that most families will use, and which provides safe sustenance to their babies. Equating infant formula with tobacco, as would inevitably be the comparison drawn, will only further exacerbate the issues that we have already highlighted above.

THE ROLE OF THE REGULATORY FRAMEWORK

Are the regulations around labelling and marketing of infant formula enforced effectively? If not, how could enforcement be improved?

Regulations around labelling are to ensure formula milk companies do not use false advertising to promote their products, specifically to prohibit them from being made to sound superior to breastfeeding. The Lancet breastfeeding series 2023[9] demonstrated that although we have a strict code of marketing on formula, the WHO code[16], and despite this being incorporated into UK law, the formula industry still use marketing strategies that are manipulative. For example, using words like optimum, or premium or using colours such as gold and silver to suggest a superior product. Again, it should be stressed that the use of these words likely has the strongest influence on those who have already made the decision to formula feed, and the point at which families are most vulnerable to manipulation is once that choice has been made there is little recourse to other sources of information. There is however little UK based research to look at the impact this has on independent choices families are making about formula milk,

It is important to note, as previously stated, that we need to separate the product of formula from the formula companies and this also applies within marketing. How the industry is controlled and how retailers are controlled need to be delineated as we have evidence of packaging influences but we do not have evidence of influences on product placement and offers. The result of the current regulations appear to make little impact on the formula companies, who are often not held accountable for their marketing strategies, but has over reach in the retail sector that is impacting on families ability to make affordable choices. Formula companies that are well established, as the ones that dominate the UK market are, are unlikely to face strong competition from new emerging products, as the new companies are unable to advertise their products. The regulations have essentially eliminated competition which is not impacting the large formula companies but is impacting parents at the till.

Stronger action could therefore be taken against companies who, through pricing and naming, imply superiority of a product where there is simply no evidence base to do so.

Do manufacturers indirectly promote infant formula, and/or cross-market it via other products? If yes, how do they achieve this and what is the impact on consumers?

The key issue here is that manufacturers know that despite intensive promotion of breastfeeding, the overwhelming majority of women and families will use formula milk in the first months of their baby's life. Thus, they are able to take advantage of the current UK situation, in which market restrictions, and restrictions within the healthcare setting prevent full and frank discussion of infant formula and formula feeding with women and their families.

Formula manufacturers can fill the information vacuum around formula products themselves, influencing consumers directly via the promotion of follow-on milks (which do not exist in countries in which advertising of first infant formula is permitted) and parent clubs, and indirectly by inferring product superiority through pricing signalling.

We need to clearly differentiate between the promotion of formula as an alternative to breastfeeding, and the promotion of a particular brand or type of infant formula to a woman who has already made the decision to formula feed. It is our assertion that formula manufacturers claim or imply some infant formulas are superior to others, despite a dearth or evidence to support these claims, in order to persuade parents to buy more expensive product, once their decision to formula feed has been made.

Does manufacturer engagement with the healthcare sector affect consumer outcomes? If yes, how does this occur and what is the impact on consumers?

There is not enough information from the healthcare sector about the nutritional equivalence of formulas at an earlier stage, because when women leave hospital they are usually breastfeeding and any information about formula feeding can only be provided if it is actively sought[8].

Could the regulatory framework be improved to deliver better outcomes for consumers? If so, what do you consider should be changed and why?

Yes, the regulatory framework could be improved in 2 ways:

Firstly it should compel manufacturers to explain very clearly on all packaging that products are not just 'nutritionally complete' but nutritionally equivalent, that all products must include all ingredients known to support a baby's health and development, and that there is no proven benefit of any of the additional ingredients that they have chosen to add. If there were, they would be compelled to add them by law.

Secondly, and equally importantly, restrictions on pricing promotion and discounting need to be removed because there is no evidence that pricing impacts upon consumer decisions to formula feed in the first place, given the widely understood benefits of breastfeeding - including the fact that it is in principle "free". However, removing the restrictions on promoting a lower cost product and enabling access to discounted products, allowing consumers to shop around in the same way they would for other products, would improve outcomes and choices for consumers who have already made the decision to formula feed.

It should be understood that without these changes the barriers to entry for new products, including store brand products, are very high. If a new entrant is not allowed to tell women and their families that it is the most affordable and that all first formulas are nutritionally equivalent, then enabling a lower cost, high quality product to enter the market is almost impossible.

SUPPLY-SIDE FEATURES OF THE MARKET

How strongly do infant formula manufacturers compete on price, and what could be done to strengthen price competition?

Currently, the actual costs of production are not widely understood and so the mark-up on even the cheapest product is very unclear. That said, more affordable products are available including Aldi's Mamia Milk and SMA Little Steps from Iceland. However, not all parents live near an Aldi or an Iceland which means the accessibility of these products is restricted. As discussed previously, the major brands have introduced substantial price differentiation between their own products with the stated aim of giving parents "more choice", but with the actual consequence of implying differing quality between cheaper and more expensive products. This only serves their own interests and not that of the consumer who has little if any understand way of differentiating between the 'different' milks.

Price competition could be strengthened through the regulatory changes outlined above: transparent information on nutritional equivalence of formulas and removing restrictions on price promotion.

Are there any ways in which the entry and expansion of brands or own-label products could be encouraged and supported? If so, what do you consider could be done and why?

As discussed, the current restrictions on how information about infant formula can be shared benefits no-one but the large established manufacturers, who rely on word of mouth between family and friends, parenting clubs and heritage.

It is very hard to see how a new entrant could establish itself in a market in which it is unable to tell parents it exists. In this way we can see again how restrictions introduced to protect breastfeeding from manufacturers have also benefited the major manufacturers by restricting competition, but without removing actual need for infant formula.

The US, which has significantly higher rates of exclusive breastfeeding at 6 months than the UK[17], does not restrict advertising and has also seen the entry of new brands into the market in recent years, including the UK's Kendamil but also the start-up brand "Bobbie", launched by a group of mothers. Although these have not yet challenged prices they claim to have increased parental choice by offering formulas which comply with European standards to US consumers. Bobbie has become the fastest ever growing brand of formula milk in the US in the last 5 decades[18].

While not necessarily endorsing the business model or aims of Bobbie, it is nevertheless very difficult to see a new entrant disrupting the UK market in the way Bobbie has been able to in the US, because the barriers to entry in the UK, namely the ability to factually describe its properties and pricing to parents, are restricted.

Why is there a lack of price differentiation for infant formula at a retail level? How far does manufacturer innovation lead to better infant formula products? Does the regulatory framework provide the right incentives and support for such innovation?

There is significant difference in price now between the cheapest and the most expensive, with a gap of around 125% between SMA's Little Steps at Iceland and Aptamil Advanced at most retail locations. But as discussed in this response, consumers have little to no way of genuinely understanding what the difference is between these products, the cheapest products are not always widely accessible, and consumers are left to rely on high price as a marker of quality and innovation.

As highlighted in previous section, what the innovation is that makes the more 'advanced' products innovative is very hard to unpick. For example, Aptamil talks about its "most advanced blend" of GOS/FOS, while SMA has removed this ingredient from all its products, including its "most advanced" milks.

It is therefore very difficult to understand the degree to which changes to the market would hamper manufacturer innovation, because the benefits of this innovation either cannot be explained by manufacturers because of regulation, or will not be explained because there is no evidence to support them.

Is there scope for further innovation in this market? If yes, where are the opportunities; what are there barriers to achieving this; and how might these be overcome?

Innovation in this market should be focused on enabling new entrants to disrupt the current duopoly, as outlined elsewhere in this response.

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