Appendix C: Shares of supply methodology and additional provisional findings

C.1 This appendix sets out:

(a) Our methodology for estimating shares of supply (as presented in Section 4 Market Outcomes in the main report); and

(b) Additional findings from our analysis: (i) manufacturers' shares of supply based on retail-level revenues; and (ii) NHS Supply Chain shares of supply.

Methodology

C.2 We requested from the five largest manufacturers (Danone, Kendal Nutricare, Nestle, HiPP, and a contract manufacturer [✂][1] data on their sales revenues for each product they supply in the UK within the following product categories: infant formula, follow-on formula, growing-up milk, and special milks (anti-reflux formula, comfort formula, and hungry baby formula).[2]

C.3 We have estimated manufacturers' shares of supply based on this revenue data; specifically, based on a metric defined as 'product-specific revenues' (ie revenues directly attributable to the exchange of a particular unit of product).[3]

C.4 The data was provided on a monthly basis for the period January 2019 through to July 2024.

C.5 We summed the monthly data for each calendar year to provide annual figures (2024 is year-to-date based on data provided up to July 2024). To estimate the annual shares of supply, these annual figures were aggregated by brand and then divided by the total annual revenue values across all products in a given product category, resulting in a percentage share for each brand, as well as a total for each manufacturer across its respective brands.

C.6 We have calculated shares of supply on a revenue basis rather than a volume basis due to the difference in the format and size/volume of the different formula products available. For example, powder products are measured in dry weight (grams), and vary in size from 400g to 1.2kg packs, and are also available in pre-measured tabs for certain brands. Ready-to-feed products are measured in liquid volume (ml) and vary in size from single 70ml bottles to single 1 litre bottles and are available also as varying sizes of multi-packs. Due to the many different

[1] [✂]

[2] Since Lidl did not introduce its formula products until August 2024, these are not included in our shares of supply analysis, which covers the period to July 2024.

[3] 'Product-specific revenue' means revenue entitled to be received in exchange for each unit of product (including any refunds, discounts, volume-based rebates, price concessions, credits, incentives or similar items, provided that they are directly attributable to the exchange of a particular unit of product).

combinations of format and pack size, converting all the different products into comparable units would be a complicated exercise, and we do not believe it would yield materially different results than for shares of supply based on revenues.

C.7 One limitation of using revenue data is that manufacturers/brands with more expensive products will be over-weighted and manufacturers/brands with cheaper products will be under-weighted. However, since sales volumes of the most expensive brands (eg Aptamil Advanced and SMA Advanced) and the cheapest brands (eg Little Steps and Mamia) are low, we do not consider this will have materially affected our conclusions on shares of supply.

Additional provisional findings

Retailer data

C.8 In addition to the shares of supply based on manufacturers' sales data presented in Section 4 Market Outcomes, we have also estimated shares of supply based on retailers' sales data. The purpose of this is to capture any additional manufacturers (outside the five largest from which we requested data) that may have a small presence in the UK retail channel.

C.9 We requested from thirteen of the largest retailers of formula milks data on their sales revenues for each product they supply in the UK within the following product categories: infant formula, follow-on formula, growing-up milk, and special milks (anti-reflux formula, comfort formula, and hungry baby formula).[4]

C.10 The data was provided on a monthly basis for the period January 2019 through to December 2023. As above, we summed monthly figures to provide annual totals.

C.11 Our share of supply estimates for infant formula are presented in Table C.1 and Figure C.1:

Table C.1: UK shares of supply for infant formula, based on retailers' sales revenues

Manufacturer	*Brand*	*2019*	*2020*	*2021*	*2022*	*2023*
Danone	Aptamil	✂ [40-50%]	✂ [40-50%]	✂ [40-50%]	✂ [40-50%]	✂ [30-40%]
	Cow & Gate	✂ [30-40%]	✂ [20-30%]	✂ [20-30%]	✂ [20-30%]	✂ [20-30%]
	Total	✂ ***[70-80%]***	✂ ***[70-80%]***	✂ ***[70-80%]***	✂ ***[60-70%]***	✂ ***[60-70%]***
Kendal Nutricare	Kendamil	✂ ***[0-5%]***	✂ ***[0-5%]***	✂ ***[0-5%]***	✂ ***[5-10%]***	✂ ***[10-20%]***
Nestle	SMA	✂ ***[10-20%]***	✂ ***[10-20%]***	✂ ***[10-20%]***	✂ ***[10-20%]***	✂ ***[10-20%]***

[4] We requested data from the following thirteen retailers: Aldi, Amazon, Asda, Boots, Coop, Iceland, Lidl, Morrisons, Ocado, Sainsburys, Superdrug, Tesco, Waitrose. This analysis does not include independent groceries and pharmacies, discounters and wholesalers (such as Costco), or direct-to-consumer sales by manufacturers. Note that, since Lidl's Lupilu formula range was launched in August 2024, it is not included in this shares of supply analysis, which covers the period to December 2023.

Manufacturer	***Brand***	***2019***	***2020***	***2021***	***2022***	***2023***
	Little Steps	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*
	Total	✂ *[10-20%]*	✂ *[10-20%]*	✂ *[10-20%]*	✂ *[10-20%]*	✂ *[10-20%]*
HiPP	HiPP Organic	✂ *[5-10%]*	✂ *[5-10%]*	✂ *[5-10%]*	✂ *[5-10%]*	✂ *[5-10%]*
Mamia contract manufacturer [✂]	Mamia (Aldi own-label)	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*
Nannycare	Nannycare	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*
Little Ones contract manufacturer [✂]	Little Ones (Sainsbury's own-label)	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	-
Others	Others	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*	✂ *[0-5%]*
	Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: CMA analysis based on retailers' sales revenue data.
The shares are based on data provided by the following retailers: Aldi, Amazon, Asda, Boots, Co-op, Iceland, Lidl, Morrisons, Ocado, Sainsbury's, Superdrug, Tesco, and Waitrose.
**'Others' include additional brands: DANALAC, Delamere, HOLLE Organic, Kabrita, Novalac, Nutriben, Piccolo, and Similac.*

Figure C.1: UK shares of supply for infant formula, based on retailers' sales revenues

[✂]

Source: CMA analysis based on retailers' sales revenue data.
The shares are based on data provided by the following retailers: Aldi, Amazon, Asda, Boots, Co-op, Iceland, Lidl, Morrisons, Ocado, Sainsbury's. Superdrug, Tesco, and Waitrose.
**'Others' include additional brands: DANALAC, Delamere, HOLLE Organic, Kabrita, Novalac, Nutriben, Piccolo, and Similac..*

C.12 These results based on retailers' revenues are similar to those based on manufacturers' revenues (see Table 4.1 in Section 4 Market Outcomes: Shares of supply). Danone's Aptamil was the largest brand, with a share of [30-40%] in 2023, down from [40-50%] in 2019. Danone's Cow & Gate was the second largest brand, with a share of [20-30%] in 2023, down from [30-40%] in 2019. Kendamil was the third largest brand with a share of [10-20%] in 2023, up substantially from [0-5%] in 2019. SMA and HiPP were the fourth and fifth largest brands, respectively accounting for [10-20%] and [5-10%] in 2023. Aldi's Mamia brand has consistently accounted for [0-5%] of the infant formula share of supply between 2019 to 2023.

C.13 These results confirm that the shares of manufacturers outside of the top five from which we requested data are very small.

C.14 They also indicate that Kendamil's share of supply at retail level is smaller than its share of supply at manufacturer level, [✂].

C.15 We also received sales revenue data for the first seven months of 2024 from the five largest UK retailers of infant formula (Asda, Boots, Morrisons, Sainsbury's, and Tesco), as well as three of the largest discount retailers (Aldi, Lidl, and

Iceland).[5] We estimate that this subset of retailers account for a combined [60-70%] of sales revenues of baby milks in the UK.[6]

C.16 In the first seven months of 2024, within this subset of retailers, Danone continued to be the largest manufacturer of infant formula in terms of revenue shares, accounting for a share of [50-60%]. The two largest brands are both Danone's, with Aptamil and Cow & Gate having [30-40%] and [20-30%] share of supply respectively in 2024. Kendamil was the third largest brand with a share of [20-30%] in the first seven months of 2024. Nestle and HiPP were the fourth and fifth largest brands with shares of [10-20%] and [0-5%] respectively in 2024. Aldi's Mamia brand accounted for [0-5%] of the infant formula share of supply in the first seven months of 2024. In this subset of retailers, the shares of manufacturers outside of the top five remained very small.

C.17 We have also calculated shares of supply based upon retailers' sales revenue data for follow-on formula, as seen in Table C.2 and Figure C.2. This has shown similar results to the retailers' infant formula sales revenue above as well as those based on manufacturers' revenues (see Table 4.2 in Section 4 Market Outcomes: Shares of supply).

Table C.2: UK shares of supply, based on revenues, for follow-on formula from retailer data

Manufacturer	*Brand*	*2019*	*2020*	*2021*	*2022*	*2023*
Danone	Aptamil	✂ [40-50%]	✂ [40-50%]	✂ [40-50%]	✂ [40-50%]	✂ [40-50%]
	Cow & Gate	✂ [30-40%]	✂ [20-30%]	✂ [20-30%]	✂ [20-30%]	✂ [20-30%]
	Total	✂ **[70-80%]**	✂ **[70-80%]**	✂ **[70-80%]**	✂ **[60-70%]**	✂ **[60-70%]**
Kendal Nutricare	Kendamil	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[5-10%]**	✂ **[10-20%]**
Nestle	SMA	✂ [5-10%]	✂ [10-20%]	✂ [10-20%]	✂ [10-20%]	✂ [10-20%]
	Little Steps	✂ [0-5%]	✂ [0-5%]	✂ [0-5%]	✂ [0-5%]	✂ [0-5%]
	Total	✂ **[10-20%]**	✂ **[10-20%]**	✂ **[10-20%]**	✂ **[10-20%]**	✂ **[10-20%]**
HiPP	HiPP Organic	✂ **[5-10%]**	✂ **[5-10%]**	✂ **[5-10%]**	✂ **[5-10%]**	✂ **[5-10%]**
Mamia contract manufacturer [✂]	Mamia (Aldi own-label)	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**
Nannycare	Nannycare	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**
Little Ones contract manufacturer [✂]	Little Ones (Sainsbury's own-label)	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**
Others	Others	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**	✂ **[0-5%]**
	Total	**100.0%**	**100%**	**100%**	**100%**	**100%**

Source: CMA analysis based on retailers' sales revenue data.

[5] This analysis does not include smaller retailers, independent groceries and pharmacies, discounters and wholesalers (such as Costco), or direct-to-consumer sales by manufacturers. Note that, since Lidl's Lupilu formula range was launched in August 2024, it is not included in this shares of supply analysis, which covers the period to July 2024.
[6] CMA analysis based on manufacturers' data on sales revenue channels.

The shares are based on data provided by the following retailers: Aldi, Amazon, Asda, Boots, Co-op, Iceland, Lidl, Morrisons, Ocado, Sainsbury's. Superdrug, Tesco, and Waitrose.
**'Others' include additional brands: DANALAC, Delamere, HOLLE Organic, Kabrita, Novalac, Nutriben, Piccolo, and Similac.*

Figure C.2: UK shares of supply, based on revenues, for follow-on formula from retailer data

[✄]

Source: CMA analysis based on retailers' sales revenue data.
The shares are based on data provided by the following retailers: Aldi, Amazon, Asda, Boots, Co-op, Iceland, Lidl, Morrisons, Ocado, Sainsbury's. Superdrug, Tesco, and Waitrose.
**'Others' include additional brands: DANALAC, Delamere, HOLLE Organic, Kabrita, Novalac, Nutriben, Piccolo, and Similac.*

C.18 The follow-on formula product category is also highly concentrated, with Danone being the largest manufacturer in terms of revenue shares, accounting for a share of [60-70%] in 2023. The two largest brands are both Danone's, with Aptamil and Cow & Gate having [40-50%] and [20-30%] share of supply respectively in 2023. Nestle was the third largest brand with a share of [10-20%] in 2023. Kendamil was the fourth largest brand with a share of [10-20%] in 2023, up substantially from [0-5%] in 2019. HiPP was the fifth largest brand, accounting for [5-10%] in 2023. Aldi's Mamia brand had consistently accounted for [0-5%] of the infant formula share of supply between 2019 to 2022, but was discontinued in 2022 due [✄].

C.19 In the first seven months of 2024, within the subset of retailers outlined in paragraph C.15, Danone continued to be the largest manufacturer of follow-on formula in terms of revenue shares, accounting for a share of [50-60%]. The two largest brands are both Danone's, with Aptamil and Cow & Gate having [30-40%] and [20-30%] share of supply respectively in 2024. Kendamil was the third largest brand with a share of [20-30%] in the first seven months of 2024. Nestle and HiPP were the fourth and fifth largest brands with shares of [10-20%] and [0-5%] respectively in 2024. In this subset of retailers, the shares of manufacturers outside of the top five remained very small in the first seven months of 2024.

C.20 These results based on retailers' revenues are similar to those based on manufacturers' revenues (see Table 4.1 and Table 4.2 in Section 4 Market Outcomes: Shares of supply).

NHS Supply Chain shares of supply

C.21 As discussed in Section 7 Competition in the market: Barriers to entry and expansion, we have estimated shares of supply to the NHS for the period April 2020 to March 2024.[7] Here we provide further detail on the results.

[7] This analysis focuses on non-special milk, ie stage 1 infant formula (ready-to-feed and powdered), excluding food for special medical purposes, purchased via NHS Supply Chain by individual NHS Trusts. Note that we have included only products purchased under the IFAA framework and only by NHS Trusts in England and Wales. Procurement of formula for NHS Trusts in Scotland and Northern Ireland takes place under different arrangements.

C.22 This analysis is based on spending data we requested from the NHS Supply Chain. It pertains only to spending by NHS Trusts in England & Wales.

C.23 In FY2022-23, NHS Trusts spent just over £1.3 million on infant formula (non-special and milks under medical supervision combined).[8] Comparatively, manufacturers' total infant formula revenue in the UK was well over £100 million in each of 2022 and 2023.[9] While the total spend by NHS Trusts across both non-special milks and milks under medical supervision has increased each year in the period FY2020-21 to FY2022-23, it remains a very small proportion of total spend on infant formula in the UK.[10]

C.24 Our share of supply estimates for infant formula are presented in Table C.3 and Figure C.3:

Table C.3: NHS Supply Chain shares of supply for infant formula

Manufacturer	*Brand*	*FY2020-21*	*FY2021-22*	*FY2022-23*	*FY2023-24*
	Cow & Gate	✂	✂	✂	✂
Danone	Aptamil	✂	✂	✂	✂
	Total	✂	✂	✂	✂
Nestle	SMA	✂	✂	✂	✂
Kendal Nutricare	Kendamil	✂	✂	✂	✂
HiPP	HiPP Organic	✂	✂	✂	✂
Total		100%	100%	100%	100%

Source: CMA analysis based on NHS Supply Chain data.
Periods refer to financial years (April-March) FY20-21 to FY23-24. As the CMA received this data on 08/03/24, we understand that data for the FY2023-24 is incomplete.
This analysis focused on non-special milk, ie stage 1 infant formula (ready-to-feed and powdered), excluding food for special medical purposes, purchased via the NHS Supply Chain by individual NHS Trusts. Non-special milks are products which can be purchased in retail stores, ie these are (i) not only available under prescription, and (ii) not for hospital use only. Note that we have included only products purchased under the IFAA framework and only by NHS Trusts in England and Wales.

Figure C.3: NHS Supply Chain shares of supply by brands for infant formula

[✂]

Source: CMA analysis based on NHS Supply Chain data
Periods refer to financial years (April-March) FY20-21 to FY23-24. As the CMA received this data on 08/03/24, we understand that data for the FY2023-24 is incomplete.

C.25 The supply of infant formula to NHS Trusts is highly concentrated. Danone is the largest supplier of non-special infant formula milk in FY2023-24. Nestle is the

[8] FY2022-23 is the most recent full year of data provided by the NHS Supply Chain. These products are sold at below cost which slightly underweights the magnitude of NHS spending compared to manufacturers' revenues. Non-special milks accounted for £666,000 and milks under medical supervision accounted for £651,000 in FY2022-23.
[9] CMA analysis based on manufacturers' sales revenue data.
[10] CMA analysis based on NHS Supply Chain data.

second largest supplier. Kendal and HIPP each had a very small share of supply to the NHS. However, Kendal’s NHS sales have grown over time.

C.26 At brand level, Cow & Gate was the most purchased brand by NHS Trusts of non-special milk in FY2023-24. SMA was the second largest brand, having overtaken Aptamil in FY2023-24. Aptamil was the third most purchased brand in FY2023-24. The vast majority of NHS spending on all three of these brands has consistently been for their respective 70ml ready-to-feed formula products, which are the most commonly used format of formula for newborn babies in hospitals.