

29th November 2024

Dear Sir / Madam

Subject: CONFIDENTIAL Response to the CMA Infant report – Public policy measure 8.103 – Interest in setting up a [REDACTED] based infant formula plant to supply NHS branded product

The infant formula market is amongst the most heavily concentrated in the world. With three (3) companies dominating globally and two being present in the UK, it is indeed little surprise that pricing has increased by 25% in the past two years.

This combined with the unique challenges and restrictions applied in the market including advertising to parents not being permitted and brand recall being driving forces, has led to a situation where failure of a new entrant is more likely than success.

Combined with its essential nature means that a dramatic solution is necessary.

We believe that the remedy offered in 8.103 being *We consider that the government(s) may be able to use an established brand name for its infant formula, such as ‘NHS’, or invest in establishing a new brand for infant formula* is a unique solution that will lead to lower prices and greater choice.

The solution we are offering

We can provide that solution and that we can do so at the pace and scale that this critical issue demands. We can

1. Have an equivalent product available within 6 months to meet local demand which will be initially imported from [REDACTED]
2. This will be at a 25% discount to the existing prices at least
3. Establish a R & D centre for product development in UK
4. Have NHS member on the board to ensure transparent pricing, product quality and continuing product development
5. commit to a donation of 10% of the total product purchased to be supplied to community groups to ensure vulnerable families have access to an essential product

[REDACTED]



Why are we well placed to tackle this?

- We can execute and we can do so at pace given our expertise and dairy experience
- We are willing to execute this project at a fixed and agreed profit margin, ensuring cost control for the government.
- We can put in a financing structure to underpin this investment

What are the barriers to adoption and how do we overcome them

Barriers to adoption	Why	How does our proposal overcome this
Brand	<ul style="list-style-type: none">• History of the companies ensure high brand recall• Many of the companies are household names since they are across sectors (yoghurt, confectionary), leading to enhanced brand value	<ul style="list-style-type: none">- Brand NHS to be used for launching this- It is a brand that instantly conveys care, quality and an unsurpassed level of trust
Price	<ul style="list-style-type: none">- In most grocery items (food and non-food, parents seek lower priced alternatives- This is often supported by own-label alternatives	<ul style="list-style-type: none">- An NHS branded infant formula essentially will take the place of an own-label alternative- It will provide a cost-effective product on the retail shelf
HCP support	<ul style="list-style-type: none">- HCPs are often provided marketing literature and support by the formula companies	<ul style="list-style-type: none">- A NHS supported brand permit and entail HCP support particularly if cost savings are available to individual trusts and CCGs



What are the benefits of our solution

- Currently 2 of the top 3 brands are manufactured overseas – our proposal shall bring the manufacturing operations into the UK
- Further we believe our expertise in exporting shall also lead to an ability for UK to build a global brand and presence with one of its most successful internal organisations – being the NHS

Our proposal aligns with the CMA's objectives of improving competition, reducing costs, and enhancing consumer choice. By addressing market concentration and delivering high-quality, affordable infant formula, we can instil fresh competition in this critical market while supporting underserved communities.

Thank you for considering our submission. We are eager to collaborate with the CMA and relevant stakeholders to implement this transformative solution.

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