



Press release

The infant milk market: new opportunities, innovations and diversification

Paris, April 20, 2017 – With a world production estimated at several million tons in 2015, the infant milk market is stagnating in Western countries. As a result, manufacturers have sought new opportunities in high-growth areas, and are also looking to reinvent themselves around new alternative offers.

Alcimed, a consulting company specializing in innovation and the development of new markets, looks into the developments in the infant milk market and innovation prospects for industrialists.

New geographical opportunities for infant milk: the example of China

Due to the stagnation of the historical European and North American markets, infant milk manufacturers have turned to new fast-growing economic areas. China has been a pillar of this strategy. Today, the infant milk market is largely dominated by China, with infant milk consumption volumes higher than those in Europe and the United States in 2015, and an average annual growth rate of more than 10% between 2010 and 2016. The increase in the birth rate since the abolition of the one-child policy initiated in 2013 and the increase in the purchasing power of the middle class have reinforced this trend.

European and North American manufacturers have been able to establish themselves in this growing market, particularly because of the successive national health crises since 2008, which have diverted Chinese consumers from domestic products.

However, this market holds risks. For instance, the demand could fall, due to the implementation, in recent years as in many other countries, of a breastfeeding incentive policy aimed at achieving a 50% breastfeeding rate by 2020 (compared to only 20% in 2008).

In addition, aware of the economic potential of this highly imported product, as of 2014, the Chinese government introduced new regulations to better control product quality, consolidating its domestic market by limiting imports of infant milk. Many mergers could thus take place, in order to restructure the Chinese industry and strengthen national brands such as Mengniu, with a particularly negative impact on European brands.

Alternatives to conventional infant milk are emerging

In addition to geographical growth opportunities, manufacturers are also exploring alternatives to traditional cow's milk in order to meet new consumer demands for naturalness and vegetarian or vegan products.

In this context, companies are developing organic infant milks. For now, they remain an emerging and niche market, with production dominated by Europe, particularly France and Germany. But this market segment is expected to grow as it responds to new consumer demands for products that are considered healthier and more environmentally friendly.

Alcimed

In addition, these new trends have also led to reflections on the development of other alternatives to cow's milk. Vegetable infant drinks, based on soy or almonds, could have health benefits (absence of allergens, good digestibility, etc.) while also responding to the vegetarian and vegan movements that are developing. However, these alternatives are raising questions about their nutritional value. As a result, a number of offers are moving towards mixed products, aimed at combining nutritional, health and environmental benefits.

While these alternatives are still niche markets today, they offer new opportunities for innovation for manufacturers in the infant milk sector, a market where consumer demands are particularly high.

ABOUT ALCIMED – www.alcimed.com

Founded in 1993, ALCIMED is an innovation and new business consulting firm specialized in life sciences (healthcare, biotech, agri-food), chemicals, energy as well as in aeronautics, space, defense and public policy. Today ALCIMED works with major industrial groups, ETIs and SMEs, investment funds and institutional players. ALCIMED relies on a team of 180 highly-skilled individuals to help its clients in the exploration and development of their uncharted territories: New Technologies, Market Innovation, High-Growth Geographies, and Strategic Foresight. ALCIMED is headquartered in Paris and has offices in Lyon and Toulouse in France, as well as in Germany, Belgium, Switzerland, the United-States and Singapore.

Alcimed is a member of CroissancePlus and the ACI (Association des Conseils en Innovation).

Press contacts:

Marie-Caroline Saro | mcsaro@comcorp.fr | +33 1 58 18 32 58 | +33 6 88 84 81 74

Sabrina Russo | russo@comcorp.fr | +33 1 58 18 32 48 | +33 6 82 92 94 45