

# Progress Update on Getting More Infant Formula on to Shelves

June 5, 2022

## Introduction:

This document provides an update on our work to get more infant formula on shelves and mitigate the impact of the voluntary recall and shutdown of an Abbott Nutrition plant. It includes the latest on-shelf availability and sales data that, together, can be helpful in understanding availability of formula for families.

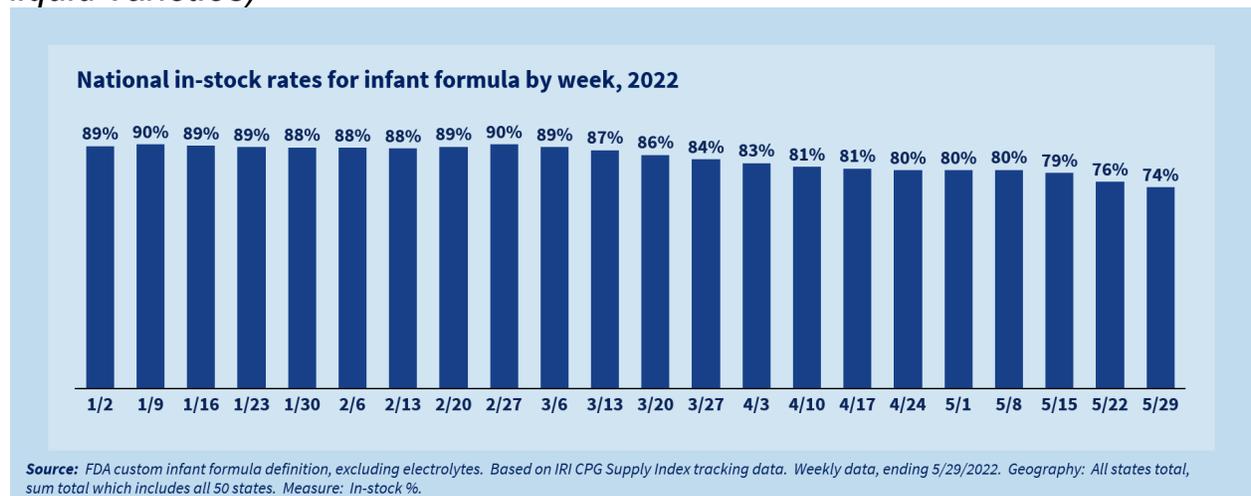
## On-shelf availability update:

In-stock rates measure the availability of a wide variety of product types and sizes on shelves, compared to what a store normally carries. National infant formula in-stock metrics from IRI show that in-stock rates have declined since the recall (also see Chart 1 below):

- Before the recall, in-stock rates were 88–90%.
- Over the past several weeks, in-stock rates were around 79–81%.
- The most recent data, for the week ending May 29, was 74%

In-stock rates declined after the recall, as expected, given Abbott's ~40% market share and its reliance on the Sturgis facility. In addition, declines in the in-stock rates also reflect the actions manufacturers continue to take to increase production efficiency by producing fewer product types (e.g., running only the 10-oz. can size rather than changing lines often to make 10-oz, 14-oz, and 30-oz. can varieties) in order to increase the overall volume of formula available to stores. Methodologies for calculating in-stock metrics vary greatly across sources. Where IRI uses actual sales data to calculate rates, other sources scrape in-stock availability from websites. In a period like today in which sales are higher than typical, tracking methods that rely on scraping inventory levels may observe especially low in-stock rates, even if sales data reflects availability based on high sales volumes (since sales cannot be high if there is no product available).

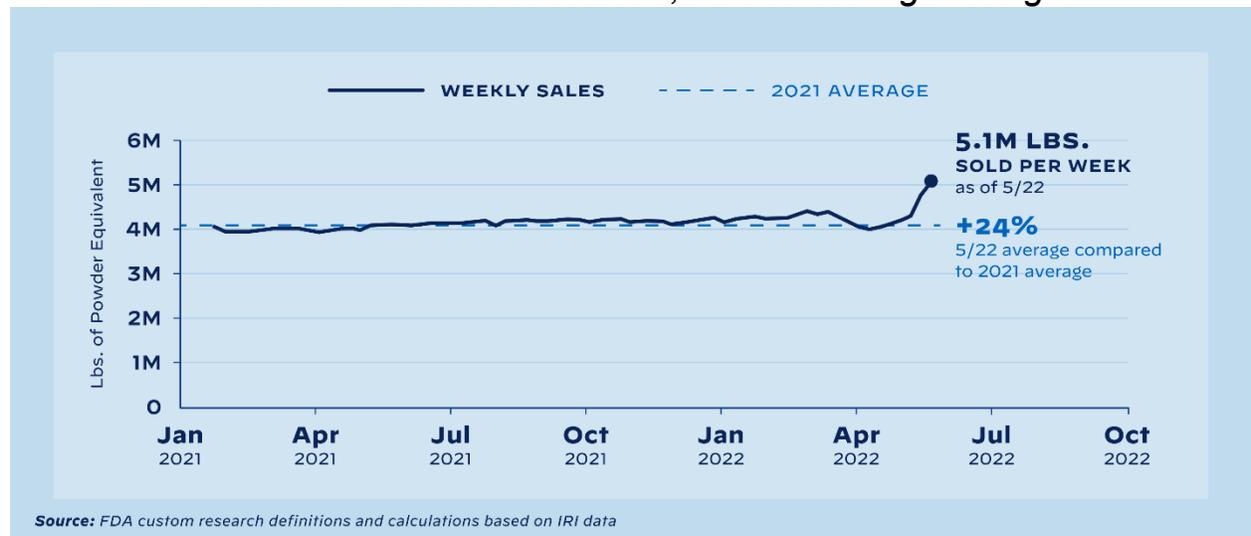
**Chart 1: National in-stock rates for infant formula (measuring powder and liquid varieties)**



**Sales update:**

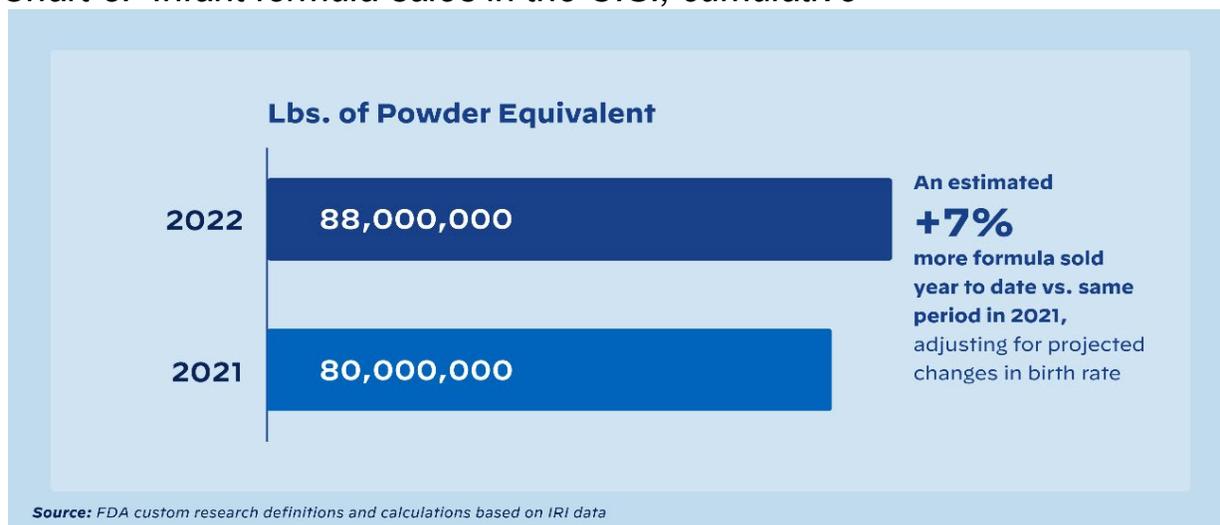
While in-stock rates are intended to measure variety and availability of the assortment of products on store shelves, sales data help us understand how much volume is actually being sold to parents and caregivers. Sales have been particularly high over the past several weeks. Chart 2 below shows that—from April 25 through May 22—weekly sales by volume were about 24% higher than what they were on average in 2021.

**Chart 2: Infant formula sales in the U.S., 4-week rolling average**



In fact, since the beginning of 2022, despite the recall, families have purchased more formula than they did last year. Chart 3 below shows that cumulative sales of infant formula by volume are about 7% higher this year compared to sales during this time last year, and that's adjusting for a higher projected birth rate in 2022.

*Chart 3: Infant formula sales in the U.S., cumulative*



### **What these metrics mean:**

What families are experiencing in stores remains very different than what they were used to prior to the Abbott recall. We recognize the hardships that parents and caregivers may be facing in obtaining their desired infant formula products for their babies, and the uncertainty they may have about current supply levels.

Higher sales by volume mean that many families are finding and buying formula. A lower in-stock rate means items may be missing from individual store shelves, and the degree to which this trend is occurring varies by state and region. It also reflects that variety remains lower in many stores, whether fewer size options, fewer brand options, or fewer sub-varieties made by some brands. Lower in-stock rates combined with higher sales volumes suggests products are quickly sold when available and that some stores have been able to match their inventory levels with expected sales, while others have struggled.

In the weeks ahead, shelves may also start to have new brands as we bring in new, safe formulas from the UK and Australia. The first flights will arrive the week of June 5. [HHS.gov/formula](https://www.hhs.gov/formula) has information for families on trying a new formula brand.

With sales much higher than typical levels, in the weeks ahead it is possible that sales could decrease back towards typical levels or even below typical levels, given that some families may now have higher amounts in their home inventories than they typically did. Higher-than-typical sales experienced in recent weeks may have also resulted in less variety of infant formula being available, and thus may have contributed to the recent fall of in-stock rates by ~5 percentage points compared to prior weeks, having stabilized at 80–81% from April to early May.

Overall, the Administration remains laser-focused on boosting the availability of the country's supply of infant formula and helping families access formula where they are used to buying it. Specialty formulas for infants and children with severe allergies remain a particular focus, given their unique supply chain marked by Abbott's dominant role in the market, and the higher use of medical distribution channels to reach families in need. That is why we have dedicated efforts underway to improve availability of these specialty formula types, including Operation Fly Formula as well as the special procedures FDA put in place in February to authorize the release of amino acid and metabolic product to families in need.