

APPENDIX 1

The Reference made by the Board of Trade

The Monopolies and Mergers Acts 1948 and 1965

Reference to the Monopolies Commission

Infant milk foods

Whereas it appears to the Board of Trade that it is or may be the fact that conditions to which the Monopolies and Restrictive Practices (Inquiry and Control) Act 1948 (hereinafter called 'the Act of 1948') as amended by the Restrictive Trade Practices Act 1956 and the Monopolies and Mergers Act 1965 applies prevail as respects the supply of infant milk foods.

2. Now therefore the Board of Trade in pursuance of Section 2(1) of the Act of 1948 as so amended hereby refer to the Monopolies Commission for investigation and report the supply of infant milk foods within the United Kingdom to persons who sell such foods to the general public by retail in the course of their businesses.

3. The Commission shall as respects such supply investigate and report on whether the conditions to which the Act of 1948 as amended as aforesaid applies in fact prevail.

4. The Commission shall, if they find such conditions prevail, also investigate and report whether the said conditions and any things which may be done by the parties concerned as a result of, or for the purposes of preserving, those conditions operate or may be expected to operate against the public interest.

5. The Commission shall in investigating whether the said conditions prevail for the purposes of the reference limit consideration to conditions which prevail or may prevail by virtue of arrangements or practices by which the supply of such foods to persons who sell or intend to sell to the general public by retail is restricted by reference to the character of the business carried on by those persons.

6. In this reference "infant milk foods" means any combination of nutrients (with or without additives) wholly or partially derived from cows' milk, in powder or liquid form, prepared specifically and primarily for use in the bottle feeding of infants from birth as complete or partial substitutes for natural human milk.

Dated this 8th day of February, 1966.

D. R. SERPELL,

A Second Secretary of the Board of Trade.

APPENDIX 2

Products coming within the definition of infant milk foods

Glaxo Group Ltd. :	Ostermilk No. 2 (full cream) Ostermilk No. 1
Cow & Gate Ltd. :	Full cream Half cream Humanised Special foods : Special HC Allergilac Beurlac Chocolate milk Daltose Frailac Hemolac Lacidac FC Lacidac HC Lacidac Sep. Low calcium MF Low lactose MF Modified lactose Nos. 1 & 2 Peptalac Prenatalac Prolac Sprulac Weylac
Trufood Ltd. :	Humanised Trufood Follow-on Trufood Trufood half cream Trufood full cream Edosol Locasol Prosol Minafen Galactomin Secway
Farley's Infant Food Ltd. :	Half cream Full cream
The Nestlé Co. Ltd. :	Lactogen Special foods : Arobon Nestargel Eledon Prodieton Pelargon
John Wyeth & Bro. Ltd. :	SMA (in powder and liquid form)
Ministry of Health :	National Dried Milk

APPENDIX 3

Glaxo and Cow & Gate Summary table of prices and margins

Glaxo

(Ostermilk 1 and 2 in 1 lb. cartons)

	Buy at per dozen	Sell at	Percentage margin on s.p.	Quantity conditions
Wholesalers	38s.	43s.	11·6	Minimum 12 dozen
Retailers buying from wholesalers ...	43s.	48s.	10·4	—
Retailers buying direct from Glaxo:				
(i) Self-distributors	38s.	48s.	20·8	Minimum 12 dozen
(ii) Direct account chemists	38s. 6d.	48s.	19·8	4 dozen
(iii) Chemists delivered direct	40s. 3d.	48s.	16·1	2 or 3 dozen
(see note 3)	38s. 6d.	48s.	19·8	Minimum 4 dozen

The prices received by Glaxo from its various customers and total distributive margins on the retail selling price of 48s. per dozen are given below:

Delivered to	Quantity delivered	Price received by Glaxo (s. per dozen)	Total distributive margin per cent.
Wholesalers (see note 4)	Minimum 12 dozen	38s. 0d. 36s. 1d. (parcels)	20·8 24·8
Retailers:			
(i) Self-distributors	Minimum 12 dozen	38s. 0d.	20·8
(ii) Direct account chemists	Minimum 4 dozen	38s. 6d.	19·8
(iii) Chemists delivered direct (see note 3) } Minimum 4 dozen	2 or 3 dozen	38s. 3d.	20·3
		36s. 7d.	23·8

Notes:

1. Local health authorities are supplied at 36s. per dozen cartons, usual order at least six dozen. They usually resell at 39s. per dozen or 3s. 3d. per carton.
2. Self-distributors purchasing large quantities buy at negotiated wholesale prices.
3. Supplies delivered direct to chemists other than direct account chemists (category (iii) above) are invoiced through wholesalers, the wholesaler retaining 5 per cent. commission.
4. A special discount of 10 per cent. is given off the trade price of 43s. per dozen on mixed orders of over £25. In the case of purchases from a wholesaler the company bears 5 per cent. and the wholesaler the other 5 per cent.

Cow & Gate

(full cream and half cream in 1 lb. cartons)

	Buy at per dozen	Sell at	Percentage margin on s.p.	Quantity conditions	Total distributive margin per cent.
Wholesalers... ..	36s. 6d.	41s. 6d.	12·0	Minimum 12 dozen	—
Retailers buying from wholesalers	41s. 6d.	48s. 0d.	13·5	—	23·7
Retailers buying direct from Cow & Gate	38s. 6d.	48s. 0d.	19·8	Minimum 4 dozen	19·8

Note: Local health authorities are supplied at 39s. per dozen cartons, minimum order two dozen. They usually resell at 42s. per dozen or 3s. 6d. per carton.

APPENDIX 4

Organisations consulted by the Consumer Council

Women's Group on Public Welfare
National Union of Townswomen's Guilds
Co-operative Women's Guild
National Association of Women's Clubs
National Council of Women of Great Britain
National Federation of Women's Institutes
National Women's Citizen's Association
National Federation of Consumer Groups
Consumers Association
Research Institute for Consumer Affairs
National Citizens' Advice Bureaux Council
Patients Association
Mothers' Union
Women's Advisory Committee of the British Standards Institution
Medical Women's Federation
Health Visitors' Association
Housewives Trust

INDEX

*References are to paragraph numbers unless otherwise indicated.
n = footnote.*

Advertising:

costs: Commission's view, 154; Professor Barna's view, 186; Glaxo's view, 114, 152(ii)

American Home Products Corporation, 47

Association of Municipal Corporations, 93

Availability:

rural area survey, 106, 147

BDH Group Limited, 19n

Birth rate, 10, 171

Board of Trade:

reference, *Appendix 1*; scope, 6-9

Breast feeding:

trends, 10

British Drug Houses Group Limited *see* BDH Group Limited

British Medical Association, 93

British Paediatric Association, 97

CCA *see* Company Chemists' Association

Chemists:

distribution, 11, 14, 19, 20, 28, 30, 38, 43, 44-46, 49, 73-74

evidence, 66-74

margins, 41, 69, 117, 135, 152(i), 153, 181, *Appendix 3*

number, 66, 103, 125

prices, 24, 25, 40, 41, 47, 50, *Appendix 3*

sales, 11

services, 66-69, 130n, 159; Commission's view, 158, 160; Professor Barna's view, 176; interested bodies views, 76, 83, 86-88, 94-97, 100, 107, 126-127, 157; survey, 108-109, 157

stock turn over, 69

(*See also* Retail outlets)

Child welfare centres *see* Welfare centres

Child welfare services *see* Welfare services

Colour film:

comparison with infant milk food distribution, 168-172

Company Chemists' Association, 66

Complaints:

consumers, 82, 130, 146, 173

individual grocers, 78-81, 146

Condensed milk products, 9

Confining of goods:

Commission's conclusion, 140-144, 165 (Note of dissent, 167-189); Commission's recommendation, 166; Commission's views, 146-151, 164, 165

chemists' views, 66-73

companies' submissions, 100-137

Cow & Gate/Trufood, 43-46, 119-122

Glaxo policy, 29-31, 100-101

interested bodies' views, 60-65, 76-77, 82-88, 91, 93-99

Wyeth, 48

Consumer Council:

evidence, 82-85, 146, 173; sources, *Appendix 4*

Consumers:

complaints, 82, 130, 146, 173

Containers *see* Packaging

Co-operative societies:

retail outlets: number, 75

Co-operative Union Ltd., Parliamentary Committee:

evidence, 75-77

Costs:

advertising: Commission's view, 154; Professor Barna's view, 186; Glaxo's view, 114, 152(ii)

Cow & Gate/Trufood products, 39

distribution: Commission's views, 152, 155-156; Professor Barna's view, 179-184; interested bodies' views, 64, 70, 112-113, 115-117, 133, 134, 151(iii)

Glaxo products, 23

National Dried Milk, 57

County Councils Association, 96

Cow & Gate (product), 32

price, 40, 57, *Appendix 3*

shelf life, 42

Cow & Gate Ltd.:

confining of goods, 43-46, 119-122

costs, 39

distribution, 38, 133; policy, 119-122, 124-129, 184; Commission's conclusion, 140-141, 144; Professor Barna's view, 180

history, 32-35

market position, 12

Motherhood Bureau: retail outlet survey, 130

price policy, 40

prices, 40, 57, *Appendix 3*

production, 36

products, 32, 36, *Appendix 2*; shelf life, 42

profits, 39

retail outlets, 43-44; submission, 120-137

sales, 129

share capital, 36

Day nurseries:

distribution, 11

Definition, 6-9

Demand, 10, 11, 171

grocers' evidence, 60-63

Distribution, 11

Commission's conclusion, 140-144, 165 (Note of dissent, 167-189); Commission's recommendation, 166; Commission's views, 146-151, 164, 165

chemists, 11, 14, 19, 20, 28, 30, 38, 43, 44-46, 49, 73-74

chemists' views, 66-74

companies' submissions, 100-137

Consumer Council's view, 82-85

costs, 64; Commission's views, 152, 155-156; Professor Barna's view, 179-184; chemists' views, 70; Cow & Gate/Trufood view, 134, 152(iii); Glaxo's view, 112-113, 115-117, 152(iii)

Cow & Gate/Trufood, 38, 119-122, 124-129, 133, 184

Cow & Gate organisation: Professor Barna's view, 180

Farley's, 50

Glaxo, 19-22, 115

Glaxo organisation: Professor Barna's view, 180, 181

Glaxo policy, 29-31, 100-101, 152(iv)

grocers, 11, 19, 21, 28-29, 30, 31, 38, 43, 44-46, 49

interested bodies' views, 60-65, 86-88, 91, 93-99

National Dried Milk, 54, 55

Nestlé, 51

rural area survey, 106

welfare clinics, 11, 14, 22, 38, 43, 54

Distributors:

evidence, 60-81

Edinburgh Pharmaceutical Industries Limited, 19n

Egremont and District Consumer Group, 82

Evans Medical Limited, 19n

Evaporated milk products, 9

Evidence:

chemists, 66-74

Consumer Council, 82-85

Co-operative Union Ltd., 75-77

distributors, 60-81

government departments, 86-92

grocers, 60-65

local government bodies, 93

medical bodies, 93-99

Farley's Infant Food Ltd., 12, 50, 142, *Appendix 2*

Feeding:

advice, 52, 53, 68, 94, 95, 96, 100, 107, 126, 157, 158, 160; Commission's view, 158
(Note of dissent, 176, 188)

Feeding trends, 10, 171

Follow-on Trufood, 37

shelf life, 42

Full cream milk, 6, 7, 17, 32, 36, 55, *Appendix 2*

(See also names of individual products)

Glaxo (product):

introduction, 13

price variation, 14

sales, 14

withdrawal, 14

Glaxo-Allenburys (Australia) Proprietary Limited, 18

Glaxo Group Ltd.:

history, 13-15

market position, 12

organisation, 16, 19

product range, 16

share capital, 16

Glaxo Laboratories Ltd., 13

confining of goods, 29-31, 100-101

costs, 23

distribution, 19-22; policy, 29-31, 100-101, 152(iv):

Commission's conclusion, 140-141, 144; Professor Barna's view, 180, 181;
submission, 100-118

prices, 24-26, 57, 115, *Appendix 3*; policy, 24, 115, 184

production, 18

products, 14, 17, *Appendix 2*; shelf life, 27; out-dated stocks, 27

profits, 23

quota system, 29, 31, 144(v)

retail chemists' survey, 108-109, 157

retail outlets, 28-31; submission, 100-106, 110-118

rural area survey, 106, 147

share capital, 17

Glaxo Laboratories (NZ) Limited, 18

Grocers:

complaints, 78-81, 146

demand for products, 60

distribution, 11, 19, 21, 28-29, 30, 31, 38, 43, 44-46, 49; interested bodies' views,
86, 88, 95-96

evidence, 60-65

margins, 64, 117, 135, 153, 181, *Appendix 3*

number, 103

prices, 24, 41

sales, 11

stock turn over, 62

(See also Retail outlets)

Half cream milk, 6, 7, 17, 32, 36, 55

(*See also* names of individual products)

Health visitors:

welfare service, 52, 53

Health Visitors' Association, 93, 96, 98

Home Counties Dairies Ltd., 33, 122

Hospitals:

distribution, 11, 22

Humanised products, 36

Humanised Trufood, 37

Infant feeding:

advice, 52, 53, 68, 94, 95, 100, 107, 126, 157, 158, 160; Commission's view, 158
(Note of dissent, 176, 188)

trends, 10, 171

Infant milk foods:

comparison with colour film distribution, 168-172

definition, 6-9

product list, *Appendix 2*

(*See also* Full cream milk; Half cream milk; names of individual products; Powdered milk products; Special products)

Instructions *see* Labelling

Labelling:

medical bodies' views, 89, 98

Lactogen, 51

Liquid milk products, 9

Local government bodies:

evidence, 93

Local health authorities:

distribution, 11, 22, 38

prices, 26, 41

sales, 11

Loss leaders:

infant milk foods, 69, 162

Manufacturing processes, 6

Margins, 64, 69, 117, 135, 152(i), 153, 181, *Appendix 3*

Market:

composition, 12

fortunes, 14, 15

increase, 11

Marplan Ltd., 106

Maternal welfare services *see* Welfare services

Maternity clinics *see* Welfare centres

Medical bodies:

evidence, 93-99

Medical Women's Federation, 96, 98, 99

Midland Counties Dairy, 35

Milk foods *see* Infant milk foods

Ministry of Health:

evidence, 86-90

products, *Appendix 2*

Ministry of Health and Social Services, N.I.:

evidence, 92

Mixed feeding:

trends, 10

Modified milk *see* Half cream milk

Monopolies Commission:

conclusions, 138-166

(*See also* under specific subject entries sub-divided by ' Commission's conclusions ')

- NDM *see* National Dried Milk
 NPU *see* National Pharmaceutical Union
 Nathan, Joseph, & Co. Ltd., 13
 National Association for Maternal and Child Welfare, 95
 National Association of Multiple Grocers, 60
 National Association of Pharmaceutical Distributors:
 evidence, 71-74
 National Dried Milk, 55
 cost, 57
 distribution, 54, 55
 introduction, 15, 59
 market position, 59
 price, 56, 57; subsidised, 58
 sales, 11, 15, 59
 National Grocers' Federation, 60, 61
 National Federation of Wholesale Grocers and Provision Merchants, 60
 National Health Service:
 prescribable products, 8, 36, 37
 National Health Service Act 1946, 52
 National Pharmaceutical Union, 66
 Nestlé Co. Ltd., 12, 51, 142, *Appendix 2*
 Note of dissent, 167-189
 Nurseries:
 distribution, 11
- Ostermilk:
 distribution, 14, 19-22, 29-30, 100, 103, 106, 115
 introduction, 14
 market position, 15
 non-advertising policy, 14
 out-dated stocks, 27
 price, 24, 25, 57, 115, *Appendix 3*
 production, 18
 sales, 14, 15
 shelf life, 27
 Ostermilk No. 1, 17
 Ostermilk No. 2, 17
 Out-dated stocks:
 Commission's view, 161; Professor Barna's view, 185
 Cow & Gate/Trufood, 42
 Glaxo policy, 27
 interested bodies' views, 65, 77, 84, 96, 111, 132, 152(v), 161
- Packaging:
 Medical Women's Federation view, 99
 Pharmaceutical Society of Great Britain, 66
 Pharmacies *see* Chemists
 Powdered milk products, 6-8
 (See also Full cream milk; Half cream milk; names of individual products; Special products)
- Prices:
 margins, 24, 25, 41, 64, 69, 117, 135, 152(i), 153, 181, *Appendix 3*
 products, 24-26, 40, 47, 50, 56-58, 115, 184, *Appendix 3*
 variation, 14
 wider distribution effects: Commission's views, 152, 155-156, 166 (Note of dissent, 177-188); interested bodies' views, 64, 70, 91, 112-118, 136, 152(iv), 153
 Production, 18, 36, 37
 Products, *Appendix 2*
 (See also names of individual products)
- Profits:
 Cow & Gate/Trufood, 39
 Glaxo, 23

Public demand *see* Demand

Public interest:

Commission's conclusions, 145-166 (Note of dissent, 167, 168, 188)

Quota system:

Glaxo, 29, 31, 144(v)

RPM *see* Resale price maintenance

Reference, *Appendix 1*

scope, 6-9

Resale price maintenance:

grocers' views, 153

manufacturers, 24, 40, 48, 50, 51

Retail chemists *see* Chemists

Retail grocers *see* Grocers

Retail outlets, 11, 28-31, 43-44, 49, 50, 51

Commission's conclusions, 140-144, 165; Commission's recommendation, 166

(Note of dissent, 167-189); Commission's view, 146-151, 164, 165

comparison between infant milk foods and strained foods, 69

interested bodies' views, 60-75, 82-88, 91, 93-106, 110-118, 120-137

margins, 14

number, 103; Commission's view, 156

special foods, 149

survey, 130

(*See also* Chemists; Grocers; Welfare clinics)

Retail prices *see* Prices

Roller process, 6

products, 18, 36, 55

Royal College of Midwives, 94

Royal College of Nursing, 93, 94

Rural areas:

distribution: Commission's conclusion, 165 (Note of dissent, 167-189); Com-

mission's recommendation, 166

survey, 106, 147

SMA, 47

retail outlets, 49, 142

sales, 162

SPD Ltd.:

distribution outlet, 38, 55, 133

Sales, 11, 139

major companies, 12

products, 11, 14, 15, 59, 129, 162

promotion, 69, 114, 152(ii), 162; grocers' views, 63; Professor Barna's view, 186

Scottish Grocers' Federation, 60

Scottish Home and Health Department:

evidence, 91

Shelf life:

products, 27, 42

Society of Medical Officers of Health, 95

Special foods, 8, 36, *Appendix 2*

British Paediatric Association view, 97

prices, 40

retail outlets, 149

shelf life, 42

Spray process, 6

products, 37

Stock turnover:

manufacturers' views, 110, 136

retail outlets, 62, 69

Suppliers:

major, 13-46; Commission's conclusion, 143-144

minor, 47-51

Surveys:

- retail chemists, 108-109, 157
- retail outlets, 130
- rural areas, 106, 147

Trufood Humanised:

- shelf life, 42

Trufood Ltd., 33

- costs, 39
- distribution, 38, 133; policy, 43-46, 119-122, 124-129; Commission's conclusion, 140-141, 144
- market position, 12
- price policy, 40
- production, 37
- products, *Appendix 2*; shelf life, 42
- profits, 39
- retail outlets, 43-44; submission, 120-137
- sales, 129
- share capital, 36

Unigate Creameries Ltd., 34, 35

Unigate Dairy Sales Ltd., 35, 122

Unigate Ltd., 12, 34, 121

- organisation, 35
- product range, 35
- share capital, 35

Unilever Ltd., 33, 38

United Dairies Ltd., 34, 35, 122

Vestric Ltd., 19

Vitamin fortification, 6-7

Welfare clinics:

- attendance, 163
- distribution, 11, 14, 22, 38, 43, 54
- establishment, 14
- numbers, 53, 103, 124
- prices, 57-58
- services, 53-56, 90, 158

Welfare services, 52-59

West Surrey Central Dairy Company, 32

Wholesale chemists *see* Chemists

Wholesale grocers *see* Grocers

Wholesale Grocers' Association of Scotland, 60

Wholesale prices *see* Prices

Wyeth, John, and Brother Ltd., 12

- confining of goods, 48
- distribution: policy, Commission's conclusion, 142
- prices, 47
- products, 47; *Appendix 2*
- sales promotion, 186

