

What are the different strategies to reduce price ?

Is it possible to forecast an important price reduction of these types of product ?

Institute for human nutrition

Columbia University

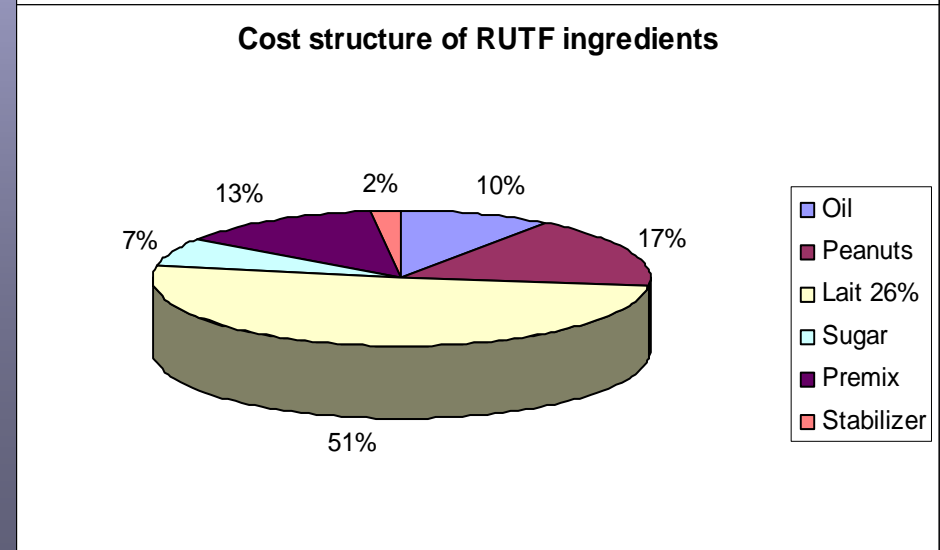
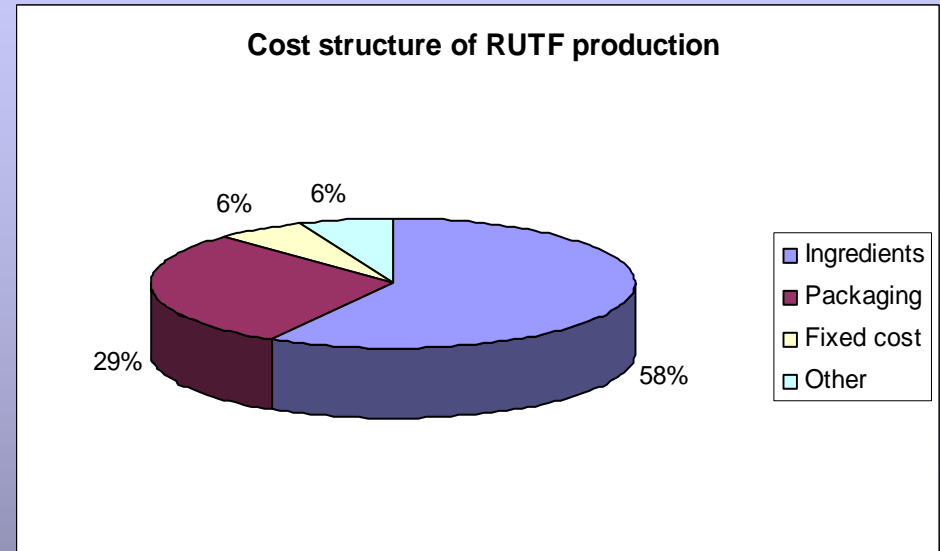
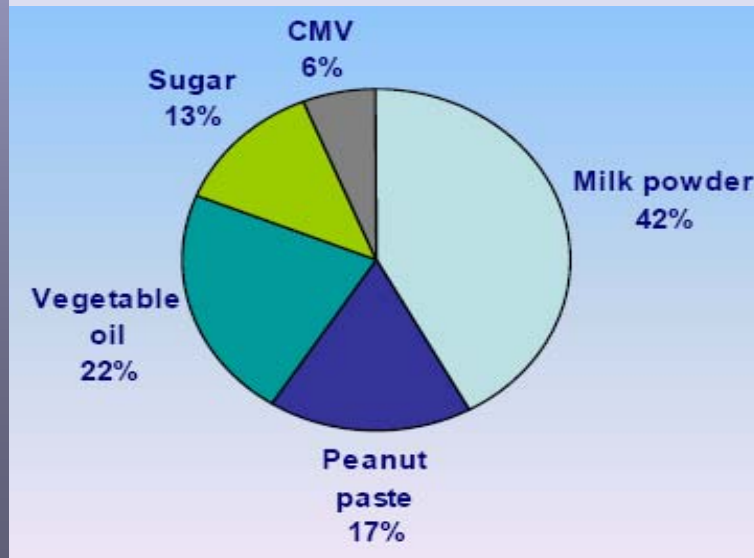
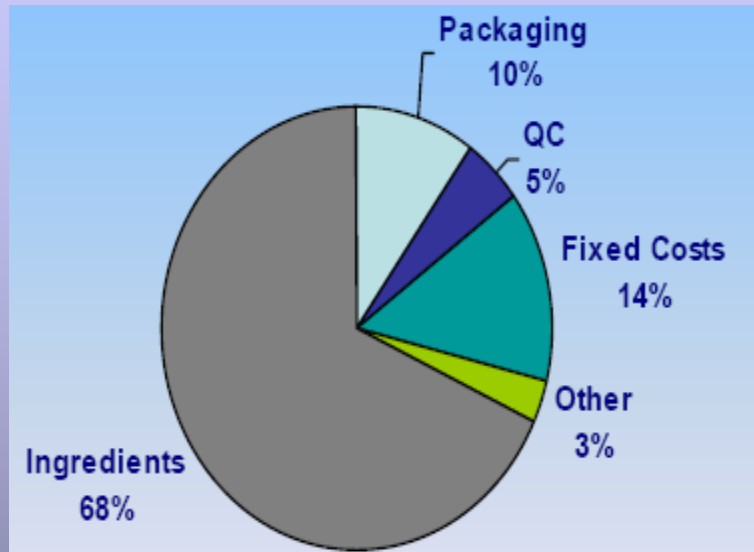
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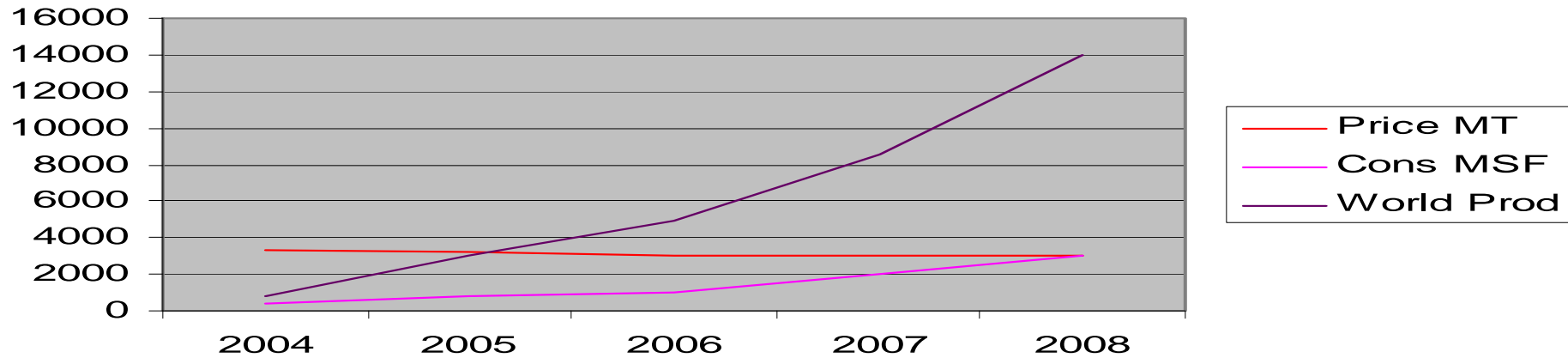
Cost structure of RUTF based on two analysis from Malawi (Valid, CHAI) and Niger (STA, MSF)



Cost analysis

- Ingredients account for over half of the price, milk powder (importated) for up to 20 to 25% of the sales price:
 - Milk (or all raw material) donation (e.g. PPB in Malawi sales RUTF at 50 % less than current price thanks to food donation from WFP) : how to ensure equitable access to all suppliers ?
 - New formula with other ingredients (another animal source protein than milk) : acceptance (taste and composition)
 - Up stream integration ? (but no milk powder production in Africa)
- Other economy on the production cost possible :
 - New packaging (local source ?)

Evolution of RUTF production (in Metric Tons) and price (€per Metric Tons) from 2004 to 2008



Increase production will reduce price?

- Demand for RUTF has been multiplied by 16 from 2004 to 2008;
- Effect of exponential growth of the demand has been reduced (less than 10% of price reduction between 2004 and 2007);
- Actual price increase of raw material lead to first ever registered price increase for RUTF in France in September 2007

Other strategies which could drive the price down

- **Tax exemption ?**

- In Ethiopia up to 35% tax on raw material importation, in Niger vat of 19,6 % on raw material purchase and exemption of tax on importation

- **More competition ?**

- Producing in India generic type of RUTF ?

- **New recipe ?**

- Animal source food other than milk (acceptance on taste and ingredients)



Thank you!