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Press Release

Diet Market Worth \$58.6 Billion in U.S. Last Year, But Growth Is Flat, Due To The Recession

Tampa FL, February 16, 2009: Marketdata Enterprises, Inc., a leading independent market research publisher of "off-the-shelf" studies about service industries since 1979, has released its biennial 392-page study: [The U.S. Weight Loss & Diet Control Market \(10th edition\)](#). This is a complete analysis and forecast of all nine major segments of the U.S. diet market.

"For the first time since 1997 and only the second time since 1989, the U.S. weight loss market did not grow. Diet soft drink sales fell, health club revenues were flat, and sales at the commercial chains fell, erasing gains in other market segments. Massive closures of LA Weight Loss Centers, plus an estimated 10% decline in NutriSystem's sales, showed that no company is immune to the substantial cutbacks in consumer spending.", according to Research Director, John LaRosa.

"America's estimated 72 million dieters—about 75% of whom try to lose weight by themselves, are fickle and shift from fad to fad. These shifts in dieter preferences spell boom or bust for diet companies. American dieters in 2009 are faced with an unprecedented number of options and are spending their weight loss dollars very carefully.", according to Research Director, John LaRosa.

Major Findings:

Market Value... Marketdata estimates that the total U.S. weight loss market basically posted zero growth in 2008. Revenues were \$58.6 billion in 2008, up marginally from \$58.5 billion in 2007.

Frugal Dieters... 2009 will be the **year of the "value diet"** and the frugal dieter. Dieters will shift toward greater use of free and low-cost do-it-yourself diet plans, (diet websites, OTC diet pills, meal replacements and diet books). Marketdata finds that the share of dieters that prefer a self-directed program was 75% during the 4th quarter of 2008—the highest ever. Typically, 70% of dieters use a self-directed plan, but this year will be even higher due to the economy.

Commercial weight loss chains... Sales of all commercial weight loss chains fell 11% due to the collapse of LA Weight Loss/Pure Weight Loss Centers with massive closures, plus a 10% decline in NutriSystem revenues. An estimated 6.9 million people use diet centers. A meager 1.6% gain in sales is forecast for 2009. However, small local chains are rushing to fill the void and are actually growing. Marketdata analysts project 3.1% growth for the top 8 commercial chains. Adding all other small local commercial weight loss centers, this segment is forecast to post 1.6% growth this year.

Diet Drugs... Glaxo's OTC diet drug Alli posted \$354 million in sales from 2007–2008, taking share away from competing diet companies, but sales are tapering off. No new Rx diet drugs will make it to market in 2009. There is still plenty of R&D taking place, but drug companies and the medical community are realizing that developing an effective diet drug with no significant side effects is more difficult than they thought.

Retail Diet Pills & Meal Replacements... The bad economy and tighter consumer weight loss budgets should help this "do-it-yourself" category. Dieters are attracted by the low price and easy availability. Marketdata estimates that the combined sales of diet pills and meal replacements was up about 3% to \$2.66 billion last year. To 2012, Marketdata forecasts 3% annual gains in sales of meal replacements, and 4.6%/year growth in diet pills sales. By 2012, the combined market should be worth \$3.18 billion.

Medical Programs... Of the 4,900 U.S. community hospitals, approximately 60% offer *some* form of weight loss program. However, medical clinic chains are where the recent growth has taken place. One of the biggest recent success stories in the medically supervised programs segment is The Center for Medical Weight Loss, which has grown from 60 centers in 2007 to more than 200 currently, increasing its coverage from 10 states to 36 states.

Dieter Trends... The typical American dieter now makes 4 weight loss attempts per year—the highest number in 15 years.

Competition... The total Weight Watchers brand of services and foods sold by H.J. Heinz is worth \$2.58 billion, making it the largest player in the business. However, Nestle, by virtue of acquisitions it made in recent years (Jenny Craig, Optifast (Novartis Nutrition), and Stouffers Lean Cuisine), is now #2 at \$1.63 billion. MLM company Herbalife does \$325 million and NutriSystem \$700 million.

According to Research Director, John LaRosa: "When Marketdata analysts projects flat growth this year for a particular weight loss company, that's not necessarily a bad thing. In a major recession such as this, one is concerned with SURVIVAL and maintaining the integrity of the brand name. The main thing is to be

profitable. Growth can resume after the recession is over. If a weight loss company can have its system stay intact, maintain revenues, and still make a profit, we consider that a success.”

Following are Marketdata’s estimates for the major segments of the U.S. weight loss market: (\$ billions)

	2004	2005	2006	2007	2008E
Diet soft drinks	\$17.08	\$18.00	\$19.28	\$19.80	\$19.53
Artificial sweeteners	2.06	2.17	2.29	2.36	2.36
Health clubs’ revenues	15.17	15.90	17.60	18.50	18.50
Commercial weight loss centers	2.00	2.58	3.33	3.89	3.46
Low cal/diet foods	2.21	2.63	2.66	2.76	2.92
Retail & multi-level meal replacements, diet pills	2.36	2.65	2.53	2.58	2.66
Bariatric surgery	3.50	4.27	4.44	5.12	5.50
Prescription diet drugs	.435	.413	.459	.486	.494
VLCD/LCD programs	.343	.379	.415	.473	.473
Bariatricians’ plans	.720	.720	.720	.720	.720
Hospital, clinic, MD plans	.682	.716	.753	.843	.850
All Medical Plans subtotal:	5.68	6.49	6.74	7.64	8.03
Diet books, cassettes, exercise videos	.714	.821	.920	1.01	1.12
TOTAL INDUSTRY:	\$47.27	\$51.24	\$55.35	58.54	58.59

Source: Marketdata estimates and forecasts

Editor’s Note: The U.S. Weight Loss & Diet Control Market, published in February 2009, is an independently researched “off-the-shelf” study. The study is 392 pages in length and contains 150 tables/charts and 31 in-depth competitor profiles. It costs \$2,195 and is also sold by individual chapters at lower cost. Available in digital or print format. A free table of contents is available by mail, email or fax. Contact: Marketdata Enterprises, Inc., Regents Park Drive, Suite 120, Tampa, FL 33647, (813) 907-9090. John LaRosa is available for interviews.

A 40 pp. Overview of major findings is available to the public for \$79, at:

www.marketdataenterprises.com.

Also See Our Major Weight Loss Analysis Site... BestDietForMe.com