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Press Release

Weight Loss Market Sheds Some Dollars in 2013

Momentum Shifts From Diet Products to Diet Services, Says Marketdata

Tampa, FL, February 4, 2014... Marketdata Enterprises is a 35-year old market research firm that has tracked the U.S. weight loss market and published in-depth studies about it and all its market segments since 1989. It has just released a new report: "The U.S. Weight Loss Market: 2014 Status Report & Forecast".

"The U.S. weight loss market in 2013 was estimated to contract by 1.8% to \$60.5 billion. Sales of diet soft drinks, artificial sweeteners and diet dinner entrees fell significantly and most other market segments were flat. This was due to the weak economy and poor job growth, coupled with a trend away from highly processed foods and non-natural ingredients. A lack of compelling new weight loss programs by the leaders didn't help either." according to Research Director, John LaRosa.

Major Findings:

- The U.S. weight loss market is now almost evenly split in dollar terms between weight loss products and services -- products account for an estimated 49.3% of the total in 2013 (\$29.8 billion), and services account for 50.7% (\$30.7 billion). The total market value fell 1.2% last year to \$60.5 billion and is expected to grow only 1.2% this year.
- 83.3% of dieting consumers favor "do-it-yourself" weight loss programs accessed from home (online or by phone) or the use of diet books or celebrity diet plans (fad diets). This is the highest historical share in 20+ years. This rate remained above 80% in 2013.

- Weight loss and fitness apps will lose momentum in 2014, as dieters recognize that these devices can do only so much to motivate them and keep them on track. Some market leaders have been blaming these apps for declining sales, but this is not the only reason. Poor execution, a lack of customized programs, and not serving untapped niche markets are just as important factors.
- Retail sales of non-prescription diet pills are down. Prescription obesity drug sales are flat, and have been for years now. The new entrants Qsymia and Belviq have not produced significant weight loss and sales have been paltry since their introduction in 2013.
- The one diet product exception seems to be meal replacements (shakes, bars), much of which is sold via MLM (multi-level marketing) channels. Herbalife and Visalus have achieved success here, along with Medifast.
- Medical weight loss programs of all kinds are growing, especially small to mid-sized local and regional chains. More physicians are adding weight loss to their practices, and they are being encouraged by the government to get more active in combating obesity.
- Herbalife is now the #2 weight loss company in the World, by sales, with estimated North American sales of weight loss products of \$591 million in 2013 (meal replacements), second only to Weight Watchers and larger than both Jenny Craig and NutriSystem.
- Sales of meal replacements grew about 6% to \$1.35 billion in 2013, largely on the strength of multi-level marketing distribution. Conversely, OTC diet pills sales fell 3.7% to \$1.45 billion.
- Revenues of commercial chains slid 4.5% last year, to \$3.34 billion. The best prospects for growth for the large commercial chains will be to make inroads in the worksite wellness market and underserved niches (overweight Blacks, Hispanics, teens, college students), and to cement new partnerships with large retailers and female-oriented companies such as Mary Kay, Tupperware, and AVON.
- The retail weight loss market will get more crowded this year. The CVS drugstore chain just added its own DASH Diet program to its 600+ mini-clinics. Can Walgreens, Rite Aid and others be far behind? NutriSystem already sells its jump start program via 3,700 Walmart stores. If Walmart decides to develop its own weight loss plan and offer it in-store via its own healthcare mini-clinics, this would represent a major new retail competitor.

- At-work weight loss programs is an \$859 million market segment, growing 13% per year. They should become more popular under the Affordable care Act.
- Dieters are heavier than ever, having put on significant weight during the recession. The combination of increased stress levels and a shift to more comfort food and cheaper fast food resulted in the weight gain. Marketdata's quarterly reports find that the most common weight class, for those starting a diet, is 150-174 lbs., followed closely by those weighing 175-199 lbs.

“Many weight loss companies don't yet realize that Obamacare can be a major boost to their revenues. There is a \$1,625 yearly preventive care benefit, where insurers must cover the cost of up to 14 counseling sessions, an MD exam and lab tests, by a 'qualified weight loss professional' (i.e. Nurse practitioner, MD, Physician's Assistant). Most consumers don't realize this either. This shifts the advantage to medically supervised programs. As well, most consumers don't know that they can take an IRS tax credit for weight loss programs, subject to certain conditions. As a result, programs become a lot more affordable.”, says John LaRosa.

ABOUT THE STUDY

The U.S. Weight Loss Market: 2014 Status Report & Forecast, published in Feb. 2014, is a 54-page analysis, an off-the-shelf study. The price is \$595. The report covers: 2013 market performance, recent competitor developments and top management turnover, new programs for the 2014 diet season, the coming paradigm shift from diet PRODUCTS to diet SERVICES, dieter demographics/trends, why the Affordable Care Act can be profitable for companies heavy on counseling, CVS drugstore chain enters market with mini-clinic program, threats posed by Walmart and weight loss & fitness apps, bestselling diet books, reasons why market growth is slow – why diet companies must execute better, customize their programs, and form new retail partnerships. Individual Status Reports for the 10 market segments (2013 dollar value, 2014 forecasts)... diet soft drinks, artificial sweeteners, health clubs, commercial weight loss chains, OTC meal replacements and diet pills, diet websites & apps, medical programs (weight loss surgery, MDs, hospitals/clinic programs, Rx diet drugs, bariatrician plans, VLCD programs), low-calorie dinner entrees, diet books, and exercise DVDs.

ABOUT MARKETDATA

Marketdata Enterprises, Inc., is an independent market research firm and 25-year analyst of the U.S. weight loss industry since 1989. Marketdata also publishes market studies about a wide variety of other service sectors and emerging markets. Marketdata's specialty for 25 years has been weight loss market research: Also available: custom research, consulting, teleconferences with the nation's leading weight loss market business analyst and consultant: John LaRosa, MBA. Marketdata also operates a leading, free diet review and news website:

www.DietBusinessWatch.com

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