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Press Release

Online Dieting Represents A \$910 Million Market Thousands Of Diet Websites, But Few Make Money

Tampa FL, January 6, 2011: Marketdata Enterprises, Inc., a leading independent market research publisher since 1979, has released a ground breaking new report, a 171-page report entitled: Diet Websites: A Market & Competitor Analysis. This is the ONLY publicly available study about this little researched topic . The study traces the market from 2005-2014, examining these topics: types of websites, market size, revenue models used, how they obtain traffic, what online dieters are looking for, valuing a diet website for sale, strategies, and detailed competitor profiles.

Literally thousands of diet websites exist, yet most don't make any money or profit. WeightWatchers.com and SparkPeople are the leaders, with the former taking in \$196 million last year via 1 million paid subscribers. A variety of revenue generating models are used, but the trend seems to be toward free, advertiser-supported sites, rather than paid subscriptions. More review/information websites have appeared, taking their place among product-oriented sites that actually sell a diet program or products.

According to Research Director, John LaRosa: "Weight loss websites are popular because they provide 24/7 convenience, confidentiality, and no embarrassing weigh-ins. During this recession, more dieters have chosen to do it themselves and save money by using internet-based programs. Many weight loss websites provide reviews, articles, blogs and forums free of charge but even those that charge \$20 a month are bargains when compared to commercial programs that can cost thousands."

Major Findings:

- **Market Value...** Marketdata analysts estimate that the online dieting market was worth a minimum of \$842 million in 2009 That's not all-inclusive, but we believe it accounts for the bulk of the weight loss websites' revenues, for those whose revenue streams are identifiable—probably 85% of the total.
- **Major Competitors...** Marketdata estimates the following 2009 revenues of just eight major diet websites: eDiets.com - \$19 million, NutriSystem - \$527 million, Weight Watchers.com - \$196 million, Medifast - \$47 million, Sparkpeople - \$7 million, The Biggest Loser Club - \$63 million, Jillian Michaels.com - \$23 million, Lindora Online- \$5-6 million.

- Marketdata thinks that for a weight loss website to grow to significant size in terms of traffic and registered users, it will have to adopt the free, advertiser-supported model, such as the one employed so well by SparkPeople.com.
- The most successful weight loss websites (and those most likely to be acquired) will be those that provide unique and high quality content, are user friendly, and can generate multiple income streams (from ad revenues, email newsletters, constantly growing databases of users and emails/leads, affiliate programs, research, etc.). These will be the ones that actually turn a profit, and are scalable for investors.
- Over the period 2005-2010, across the board, we saw that the share of online dieters that needed some level of psych support has risen -- reaching 5-year highs in 2010. Fully 74% of online dieters need emotional eating support (help with stress management and binge eating).
- The share of dieters that have used a weight loss website as a diet plan rose to 23.8% in 2010, the highest share in six years (vs. 17.5% in 2005), while the share reporting using a weight loss center fell from 47.4% to 40.6%. The share using non-prescription diet pills as a dieting method fell from 37.6% to 30.3% between 2005 and 2010.
- The preferred diet program location classified as “home/online/by phone” for online dieters rose from 59% in 2005 to 79% by 2010.
- **Website Valuations...** Weight loss websites can vary tremendously in value and not all of a site's features can be measured quantitatively. Key factors that affect a selling price include: revenue model used (paid subscriptions to a diet plan vs. free, ad-supported using ads such as Google AdSense or ad networks), whether the site has unique tools or features with lots of custom programming, longevity, traffic volume and where it comes from (organic vs. purchased), whether it operates email newsletters, reputation, the quality and quantity of its content, operating costs, and whether it is profitable.
- **Sparkpeople.com** – This site has quietly taken market share away from most of the major diet websites, mainly by virtue of the fact that the diet plan they offer comes free of charge. The founder also had a significant kitty to fund the site's development, and it has become a “viral” word-of-mouth diet website that probably gets a good amount of organic traffic. It does also run paid ads to generate traffic. With an Alexa rank of 973 as of early January, this site is estimated to get 5 million total visits per month and is one to be reckoned with.
- **WeightWatchers.com** – WeightWatchers.com, a paid subscription site, has grown to 1 million paid subscribers as of the 3rd quarter 2010, several hundred thousand more than just a few years ago. This number seems to have risen in direct proportion to the *decline* in eDiets paid subscribers. This is the fastest-growing division of the company, generating \$196 million in revenues for 2009.

Size of the Online Dieting Market

| | \$ Value (\$ millions) | Annual % change |
|---------------|------------------------|-----------------|
| 2005 | \$441 | |
| 2006 | 840 | 90.5 |
| 2007 | 1,067 | 27.1 |
| 2008 | 1,014 | -4.9 |
| 2009 | 842 | -16.9 |
| 2010 Est. | 910 | 8.1 |
| 2014 Forecast | \$1,194 | 7.8* |

*average annual rate

Source: Marketdata estimates and forecasts

Editor's Note: Diet Websites: A Market & Competitor Analysis, published in January 2011, is an independently researched "off-the-shelf" study. The study is 171 pages in length. It costs \$1,495 and is also sold by individual chapters at lower cost. 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. **A 23 pp. Overview of major findings is available to the public for \$79, at www.marketdataenterprises.com.** John LaRosa is available for interviews.

Also: See our weight loss review website BestDietForMe.com