

## **Commercial Diet Chains Rebound in 2016, See More Growth in 2017**

**Tampa FL, March 1, 2017:** Marketdata Enterprises, Inc., a leading independent market research publisher and analyst of the U.S. weight loss market since 1989, has examined commercial diet company performance last year and consumer trends this year and has developed several significant forecasts for 2017.

The commercial weight loss centers segment of the \$65 billion total U.S. weight loss market actually accounted for only \$2.77 billion, but it gets the attention due to the national advertising and use of celebrity spokespersons such as Oprah Winfrey, Marie Osmond and others. It consists of the operations of Weight Watchers, NutriSystem, Jenny Craig, and Medifast, plus a host of smaller local and regional companies with lesser-known names.

“What we have now in the diet market is a rising tide that’s lifting all ships. The 2017 “diet season” is off to a strong start. Oprah Winfrey is active in TV ads. Winter weather has not been severe. As a result, more dieters are able to attend meetings hosted by brick & mortar weight loss centers”, according to Research Director & Consultant, John LaRosa.

### **2015-2017 Results & Forecasts**

Following are the actual and estimated revenues of the leaders last year:  
(\$ millions)

	2015	2016 E	2017 F
Weight Watchers	\$1,164	\$1,164	\$1,250
Nutri/System	462	545	640
Jenny Craig	310	328	347
Medifast	273	276	292
Subtotal:	2,209	2,313	2,529
Add 20% for all others			
Total market:	\$2,650	\$2,775	\$3,035

Note: The revenues of Weight Watchers and Nutri/System are actual sales, reported for 2016, and 2017 forecasts are based on their guidance reported in recent conference calls. For Medifast, we used their guidance for 2016 based on 9-month actual sales, coupled with Marketdata's 2017 forecast. Jenny Craig is not a public company, and their figures are based on our estimates, using past years as a baseline.

## 2017 Forecasts

- Marketdata expects commercial weight loss centers as a group to post sales of \$3.03 billion this year – up 9.4% over 2016. This is based largely on strong growth from Nutri/System and moderate growth for Weight Watchers, Jenny Craig, Medifast and other firms.
- We think that the focus on free and low-cost diet and fitness apps as competition has been overblown, as research has demonstrated that these are not effective long-term. Interest among dieters has been waning since mid-2016. Most dieters need more personal hand-holding.
- There will be a continuation of the do-it-yourself dieting trend and the value-conscious dieter. Also, the consumer's desire to "eat clean" and avoid highly processed foods (including diet dinner entrees) will continue strongly this year.
- Marketdata estimates that that the "average" commercial weight loss center last year had annual revenues of \$453,000, but it's a high overhead, low profit model.
- High protein diets and ketogenic diets are the hot trends this year, and companies such as Ideal Protein Clinics are booming. This company operates a medical program with coaching, and has 3,000 clinics worldwide.
- New prescription obesity drugs in 2016 were not a big competitive threat, and we don't expect them to be so this year either. Existing drugs (Qsymia, Belviq, Contrave) all have side effects and produce very moderate weight loss. That's not what most dieters are looking for.
- Commercial diet companies, due to their larger size, have the funds to spend heavily on advertising, which drives demand. They also have the funds to acquire smaller competitors and technology firms that can supplement their offerings.

- Untapped market niches that are just now being tested: male dieters, seniors, overweight adolescents, and Hispanic and African-Americans. Seniors now represent a greater share of health club memberships and this should flow through the weight loss programs as well.

## **2016 Performance Highlights**

Factors affecting growth last year for the commercial diet chains include the following:

- Marketdata analysts estimate that commercial diet center revenues were up 4.4% in 2016, to \$2.77 billion. Weight Watchers' sales were flat but NutriSystem's sales rose by 18%.
- A lack of any compelling new programs by the major diet companies.
- Ongoing competition from weight loss products sold via multi-level firms such as Herbalife, and those sold online, as well as retail meal replacements (shakes, bars, diet pills).
- A greater number of Physicians, Dieticians, Nurses and Physicians Assistants are offering weight loss programs, taking advantage of the ACA coverage of obesity counseling. A variety of physicians will seek to add weight loss to make up for lost income (internists, gastroenterologists, OB/gyns, family doctors and general practitioners).

## **ABOUT MARKETDATA'S WEIGHT LOSS REPORTS**

Marketdata publishes market research reports on a wide variety of service sectors. It has specialized in the weight loss market, with 50+ in-depth studies covering: Commercial Diet Centers, Meal Replacements, Multi-level Market For Weight Loss Products, Weight Loss Surgery, Medical Weight Loss Programs, Worksite Weight Loss Programs, Diet Food Home Delivery Services, The Online Dieting Market., and a Guide on How To Run A Profitable Weight Loss Business.

## **ABOUT MARKETDATA**

Marketdata Enterprises, Inc., is an independent market research and consulting firm and 28-year analyst of the U.S. weight loss industry since 1989. The company publishes weight loss market studies covering ALL diet market segments, performs consulting and custom research projects, has teleseminars on You Tube, and hosts teleconferences, webinars and seminars. It also

operates a leading free weight loss news website: DietBusinessWatch.com. Mr. LaRosa is available for interviews.

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