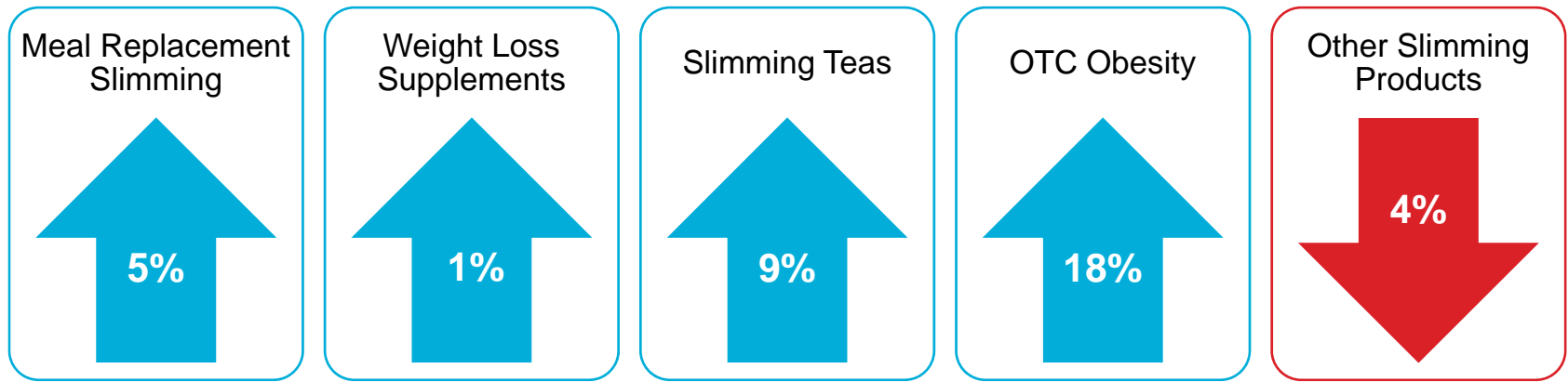


An overview of weight management results 2009-2010

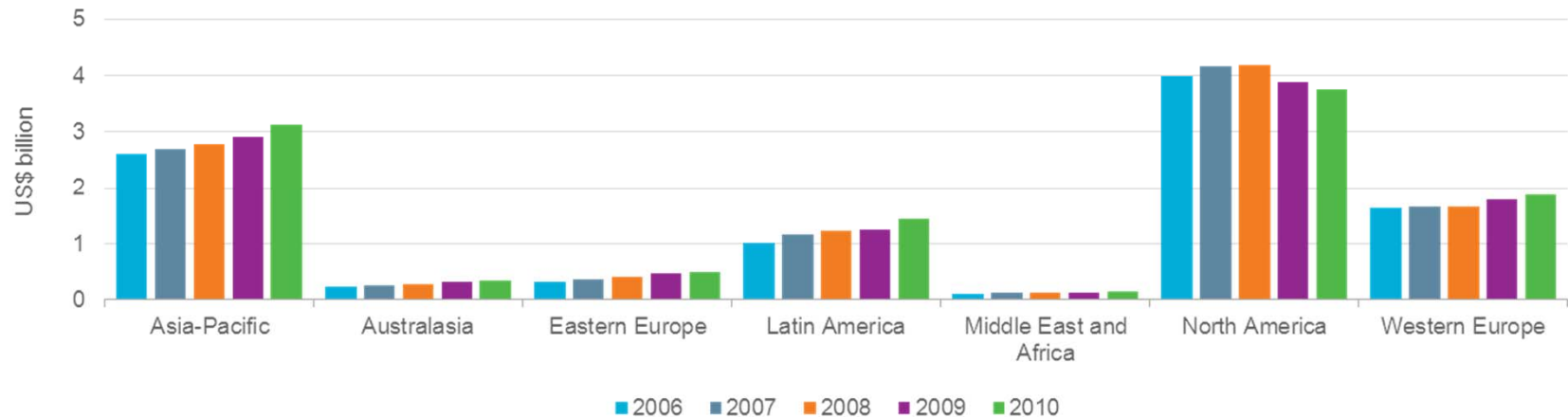
- Overall, sales of weight management products continue to perform well, as a rising number of consumers wish to lose weight and are responding to companies' promises to make this happen. Innovation in flavours and further launches in powders, soups and bars have contributed to healthy growth in retail value sales of meal replacement slimming products. Novel ingredient technology has improved the palatability and texture of these products to make them more appealing to consumers.
- Weight loss supplements and "other" slimming products now offer more options in powders and gels. However, the image of these products has been harmed by the fact that some have been found to be tainted with banned prescription (Rx) drugs or contaminated with toxic ingredients. Products in these two categories have seen increased innovation in terms of delivery formats in powders and gels.
- The relatively limited side effects of slimming teas and the perception of them as a "natural" weight loss alternative helped sales grow by 9% in 2010, with much of this dynamism deriving from Asia-Pacific.
- OTC obesity (orlistat) is the smallest category in weight management, but saw a dramatic increase in retail value sales as a result of the launch of alli (GSK) in Europe during the 2009-2010 period.



North America represents one third of weight management sales

- A combination of high overweight/obesity rates, affluence and the desire for a perfect body helped North America dominate retail value sales of weight management products in 2010. Many Americans are desperate to lose weight and seek products that promise the shedding of at least a few pounds. Meal replacement slimming (61%) and weight loss supplements (30%) posted the highest sales in the US, thanks to strong promotional efforts from direct sellers Amway and Herbalife.
- The Middle East's approach to combating high overweight/obesity rates relies more on medical intervention, public health campaigns, slimming teas, traditional remedies, healthy lifestyles and surgical procedures than the apparent "quick" fix options of supplements and pills.
- Latin America saw the fastest growth in weigh management in 2010, of 15%, prompted by an alarming increase in overweight/obesity rates. Manufacturers and distributors introduced clever marketing campaigns that promised quick weight loss. Consumers tend to prefer shakes, teas and pills.

World: Weight Management by Region Retail Value RSP 2006-2010



Innovation is key in the search for an obesity solution

- A mix of pharmaceutical, packaged food, beverage, ingredient and direct selling companies are pursuing sales of weight management products. At present, efforts focus on slimming solutions based on appetite suppressants, satiety blockers and thermogenics in the formats of powders, pills, snack bars and teas.

Merck & Co and Weight Watchers signed an agreement in October 2010 which came into effect in January 2011. Merck will distribute educational tools and promote the health benefits of following the Weight Watchers weight loss programme in the US, encouraging health practitioners to increase patient adherence to weight loss solutions. Merck & Co may possibly use this approach as a complementary marketing effort to promote its cardiovascular (statins) and diabetes prescription drugs.

The ingredients company DSM is moving aggressively into weight management through the brand SlimShots Appetite Controller, an innovative product consisting of drinks made of a blend of natural palm, oats and water under the ingredient trademark of Fabules. The product claims to promote satiety.

Canadian manufacturer Iovate Health Sciences heavily promoted Pro Clinical Hydroxycut in late 2010 and 2011, after a 2009 investigation prompted the product's reformulation in North America and Australia. The company has engaged in assertive marketing campaigns in retail outlets and in mass media through editorial and magazine advertising. It recently introduced instant drink concentrate sachets, highlighting their convenience over traditional caplets.

The direct seller Herbalife Ltd is integrating vertically through a botanical extraction facility established in partnership with Chinese company NatSource Chemicals in China. Herbalife launched an allergen-free variant of its popular Formula 1 product in 2011.

Communicating weight management options to consumers

- "Showing results" is a critical aspect of the communication platform used by companies to make a convincing statement about the benefits of a supplement, product or diet programme.
- However, word of mouth remains one of the most powerful ways to promote a weight management product., People are more likely to try a supplement, a product or a programme after seeing the weight loss results of a family member, a friend or a colleague. This is one of the reasons for the popularity of fad diets like South Beach Diet, Cabbage Soup, The Caveman Diet, The Zone, and even some that require faith intervention, such as the Hallelujah Diet.
- Companies use multiple mass media initiatives that include print, television and radio advertising, editorial content in magazines and newspapers, the internet, and mobile applications to grab the attention of consumers. The endorsement of products by celebrities claiming successful use is effective in many cases.

Brand Positioning (Tagline): Weight Management Options in the UK

Lighter Life Programme

- Life in balance: fast, simple weight loss

Slimming World

- Because you are amazing: the club of big heart

Tesco Diets

- Equals results for life: A diet that is tailored totally to your tastes and your life!

UK Diet Club

- Convenient weight loss solution to suit your lifestyle

Celebrity Slim

- Simple programme designed to help you lose weight and keep it off

The Lunch Box Diet

- Graze your way to your ideal weight and stay there

Technology helps spread the word on weight management

- Technology is increasingly captivating the attention of people wishing to lose weight. More than ever, information about obesity and weight management can be found via the internet and mobile media. In fact, the number of consumers with access to the internet is expected to almost double by 2020. Consequently, more companies are opting to allocate financial resources to this channel to promote their products.
- Many companies offer online tools and mobile applications (apps) so consumers can keep track of their weight loss progress. Unilever Group partnered with Wal-Mart Inc to introduce a new mobile app for the brand Slim Fast. Consumers in the US can download the application from SamsClub.com, enter their personal data and obtained a customised meal plan. The app also offers a store locator where consumers can purchase what they need to meet their weight goals.
- In 2010, GlaxoSmithKline Plc developed the myalli.com website and "myallivideos" – a dedicated YouTube channel providing information, tips and planners about weight loss.
- Companies are also engaging consumers via social media on Facebook and Twitter. Fuze Slenderize (The Coca-Cola Co) maintains an interactive page on Facebook that created a buzz among 50,000 fans in the summer of 2011.

