Nutrition Business Journal®
Strategic Information for the Nutrition Industry

Sports Nutrition & Weight Loss Report

2012

An analysis of markets, trends, competition and strategy
in the U.S. sports nutrition and weight loss market

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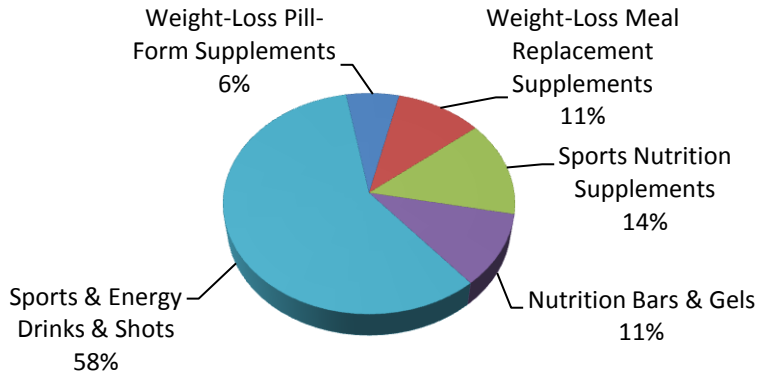
1. EXECUTIVE SUMMARY

Sports nutrition in 2011 was very much a tale of two cities—one growing through crossover appeal to mainstream consumers primarily through protein, and the other growing more rapidly but at smaller scale through fringe appeal to a class of rogue athletes looking for drug analogs and unproven stimulants. Any discussion of sports nutrition in 2011 must include careful thought and detailed analysis of the following: the energy beverage phenomenon; the acceptance of protein across major categories, from mass building to weight loss and aging; and the impact of DMAA on the entire category as the supplement industry and **FDA** jockey for power in light of that agency's New Dietary Ingredient guidance. All of these trends—and many more—live inside the pages to follow within this report.

Sales of sports nutrition & weight loss (SNWL) products continued their 2010 rebound in 2011 with growth approaching 12% on total sales of $26 billion. The only subcategory to not post double-digit growth in 2011 was pill-form weight-loss supplements, while sports & energy drinks (12% growth) and weight-loss meal replacements (14% growth) performed best. Caffeine and protein are clearly ingredients in high demand these days.

Despite burgeoning clouds on the horizon for increased regulatory scrutiny of energy beverages following the death of a teenage girl in Maryland linked to toxic over-caffeination, the energy market now dominated by **Red Bull** and **Living Essentials**' *5-Hour Energy* shows no signs of abatement. This category also remains ripe for a leading brand with a healthier, natural alternative to step forward and capture the mainstream imagination. "The player that is able to get enough verve behind it to break through the cloud deck with a healthy version of energy drinks can win the game long-term," says Jim Tonkin of **Healthy Brand Builders**.

Figure 1-1 U.S. Total SNWL Sales by Product in 2011



Source: Nutrition Business Journal estimates. ($mil., consumer sales).

Given the increasing popularity of protein across a wide spectrum of health benefits, and given the rising and fluctuating pricing of whey on the spot market, alternative sources of protein are seeing more interest from manufacturers and formulators looking to grow the category. Vegan and allergen-free sports products from brands like **Vega** are gaining share with protein blends of hemp, sprouted brown rice, pea and grasses. High quality formulators like **Dymatize** are also attracting attention—and investment dollars—for their ability to differentiate from lower caliber products that raise serious questions among industry experts about spiking and adulteration.

The DMAA debacle, reported at length in the pages of *Nutrition Business Journal*, continues to have the SNWL industry on high alert, as a wave of 10 warning letters to major manufacturers—including category leader *Jack3d* from **USPlabs**—put the legal status of the ingredient, supposedly derived from geranium extracts, in question. The preworkout category of sports nutrition is a force to be reckoned with, and should DMAA fall by the wayside, products such as **BSN**'s *N.O.-XPLODE*, **MusclePharm**'s *Assault* and **BPI**'s *1MR* sit poised to reap the benefit.

The weight loss market has reclaimed some vibrancy—and even tepid sales growth—in the long wake of its own scandals around ephedra and the *Hydroxycut* recall. Category leaders like **Weight Watchers International** and **Nutrisystem** have made a noticeable push toward male consumers, hiring such sports celebrities as Charles Barkley and Terry Bradshaw to endorse products. The flip-side of this gender-crossing—sports nutrition pushing for a more legitimate appeal to female consumers—has yet to take serious hold in the marketplace, although the endurance market presents better opportunity for that development in the years to come. "Has anyone ever created a performance or sports nutrition brand just for women?" asks Anthony Almada of **GENr8**. "Never. It's been an afterthought of a brand—a stepsister of one led by men and focused towards men. It's never been done."

NBJ's 2012 Sports Nutrition & Weight Loss report features in-depth analysis of the major product categories and sales channels shaping two of nutrition's most controversial and successful categories. This report focuses on two weight-loss categories—pill form and meal replacement supplements—and three sports nutrition categories—supplements, nutrition bars & gels, and sports & energy drinks & shots—with discussion of the key trends affecting each of these markets and the industry as a whole. It also capitalizes on 15 continuous years of data, including market size, growth, and revenue estimates for top companies in the industry. In addition, the report includes:

- 95 company profiles
- 57 SWOT analyses of market leaders
- Analysis of the recent uptick in M&A activity in the space
- Analysis of the SNWL value chain as it pertains to raw material & ingredient suppliers
- Historical timeline for perspective on the category and insights about its future

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