

## **The obesity industry**

Big business

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Fat profits in fat people?

THE latest accessory for waiters at some restaurants in America is a handheld computer. This is not, as you might expect, to transmit orders instantly via a wireless network to the kitchen for even faster food, but to calculate for customers the amount of fats and carbohydrates in their entrées. As people everywhere get bigger, all manner of businesses are addressing the threat, and opportunity, in what the World Health Organisation calls "globesity".

Fat is no longer just a problem in America, where nearly one-third of adults are thought to be obese. Millions more are overweight, though not (yet) heavy enough to qualify as obese. There are now an estimated 300m obese adults worldwide, up from 200m in 1995. In a decade or so, even countries not now associated with bulky populations, such as France and Japan, could have a big problem.

The Atkins economy

Aug 14th 2003

Big Food v Big Americans

Jul 3rd 2003

Health

May 9th 2003

Fast-food lawsuits

Aug 1st 2002

Obesity in the third world

Feb 21st 2002

Health

The World Health Organisation posts information on obesity. Kraft details its obesity initiatives. McSpotlight, which monitors McDonald's (here outlining its nutritional base), posts details of a Food Commission report which asserts that children are at risk from junk-food marketing. Programmes such as the Atkins and South Beach diets have attempted to cash in on obesity awareness.

The business implications are also enormous. American girls today shop for clothes that are roughly two sizes bigger than those worn by their mothers. Seats in public places such as sports arenas are being made bigger, as are those in aircraft. Drug firms are searching for miracle slimming drugs and the latest dieting fads become best-sellers. After claims that its advice on

healthy eating is obsolete, the Bush administration said on September 23rd that it will draw up new guidelines. Expect hard lobbying by food firms fearful that the government's panel of experts may advise against eating their products.

Some food firms have announced plans that could affect the health both of their customers and of their profits. On September 18th, Burger King launched its first product aimed at people watching their waistline: a low-fat chicken sandwich. It hopes to reverse a six-year slide in sales, in part due to competition from chains such as Subway that offer "healthier" alternatives to burgers and fries. McDonald's, having put salads on its menu as part of a global makeover, has signed up Bob Greene, an exercise guru best known as Oprah Winfrey's personal trainer. He will promote a new chicken-based meal called "Go Active" which comes with exercise tips and a clip-on pedometer to encourage customers to walk more. Next year, Kraft Foods, America's biggest food firm, will trim its portion sizes and provide more nutritional information.

How will consumers react? New research shows that most Americans are well aware of the risks of obesity. "But people are not prepared to give up taste as their solution to this problem," says Gary Epstein of Euro RSCG Tatham Partners, part of an international marketing group. One of the most striking findings of his new study on globesity is that some 90% of American consumers believe they are personally accountable for their weight. Only a few blame fast-food firms. This does not remove the threat of litigation. But it does suggest that most Americans think it was right for a federal court to dismiss a lawsuit from two teenagers who blamed McDonald's for making them fat.

The recent explosion in the popularity of low-carbohydrate slimming methods, such as the Atkins and South Beach diets, and the launch of a host of new low-carb food products, further illustrates that, if firms can come up with easy and tasty ways to lose weight, then people will rush to try them. The Atkins diet, for example, excludes carbohydrates, but allows dieters to stuff themselves with steaks and other fat-rich, protein-rich foods.

Although health officials worry about the long-term effects of such diets, they have had a seismic effect on the slimming business—worth \$40 billion in America alone. Attending a "carbo summit" held at the Flour Advisory Bureau in London this week were bakers, potato growers and pasta makers, whose sales have been hit by the popularity of the Atkins diet. Carbo summitters cheered a specially commissioned review of the scientific literature that concluded—surprise!—that the best way to lose weight is to exercise more, and to eat less fat and more carbohydrates.

"Americans have certainly woken up to the threat of obesity," adds Mr Epstein's report. Yet he believes that selling people more healthy lifestyles will be difficult. The study confirmed that, despite the very high level of consumer awareness about the problems of being overweight, people struggle to do something practical about it. Crucially, that was even true of so-called "prosumers", some 20% of his sample. These people tend to be better educated and are of particular interest to marketing experts because, savvy and adventurous, they set purchasing trends. "Consume less, consume better and exercise more isn't about to become a mass-market trend anytime soon," argues the report.

The obvious conclusion: a growing herd of fat people will provide lots of demand for firms supplying everything from bigger towels to bigger beds and, alas, bigger coffins. Demand for adult-sized electric tricycles may grow as some of the obese find it hard to walk. In health care, much will change. Some hospitals, for instance, are finding some obese people cannot be squeezed into MRI machines for scans.

Drugs firms are targeting fat. Shares in Alizyme, a British biotech firm, soared on September 19th after it said clinical trials showed its new anti-obesity drug to be as good as rival products, but with fewer side effects. Surgery, and eventually genetic manipulation, could become common forms of treatment. Liposuction is but a start. Firms are scrambling to develop additives to make

diet foods taste better, including by blocking bitter tastes. Expect the globesity business to grow fast, then, along with its expanding customers.

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