

## THE BUSINESS OF HEALTH CARE



*Cindy Jordan, a senior food technologist at Reliv International, measures out ingredients in the company lab in Chesterfield. Reliv recently introduced GlucAffect™, a supplement that targets metabolic syndrome.*

# Reliv International rides wave with product launch

## **Chris Birk** special to the Post-Dispatch

After a decade of steady growth, the booming vitamin and dietary supplement industry appears poised to weather recession.

In fact, companies like Chesterfield nutritional-supplement maker Reliv International Inc. might witness surprising success during a stark period for scores of other industries.

"Right now, the market is actually doing very well," said Roman Shuster, a research analyst at Euromonitor International, a consumer product research firm in Chicago. "It's proven to be not necessarily recession-proof, but almost."

Now a \$16 billion industry in the United States, the vitamin and supplement market has grown 30 percent over the past five years. It's expected to top \$18 billion in retail value by 2012, according to Euromonitor projections.

A burgeoning desire for alternative medicine among consumers is propelling that growth, as is an aging population. About one in four Americans regularly take a supplement, according to the Centers for Disease Control and Prevention.

But the industry has also proved resilient in the face of economic slowdown. Some consumers turn to supplements and vitamins to ward off illness and extraneous medical costs during tough economic times. Others simply refuse to abandon their daily regimen of proteins, supplements and pills.

Meanwhile, companies like Reliv often see their ranks of direct-selling distributors rise as people look to earn extra income.

"Historically there has been a lack of economic sensitivity to the nutritional supplement sector," said Scott Van Winkle, managing director of equity research at Canaccord Adams in Boston. "This is pretty remarkable what we've seen."

Casting into economic headwinds, Reliv launched its latest product last month. The 20-year-old company produces almost a dozen nutrition and wellness supplements targeting everything from heart health to skincare.

The newest offering, GlucAffect™, is a powder-based supplement that targets key factors in metabolic syndrome, a condition associated with obesity that increases the likelihood of diseases such as diabetes and stroke. Clinical trials indicate the supplement reduced blood glucose levels and helped users control weight, the company said.

So far, GlucAffect has spurred promising results and significant sales, said Carl Hastings, Reliv's vice chairman and chief scientific officer. "We're really excited about this product and what we think it can do to help our business and to help people," said Hastings, who has a doctorate in food science from the University of Illinois. "The

GlucAffect introduction has added a significant amount of business in this one month we've had it out there."

Reliv officials will not disclose specific revenue figures until the company's fourth-quarter earnings report, which is slated for release at the end of February. The company posted \$111 million in net sales last year. Company executives continue to tout the science behind the new product.

Led by Hastings, Reliv's team of nutritional scientists spent years combining ingredients in search of an effective formula. The product ultimately went through a random clinical study of 50 overweight people. The study was conducted by Natural Health Science, a company that produces pine bark extract, one of the ingredients in GlucAffect.

After eight weeks, those taking GlucAffect lowered their blood glucose levels by 30 percent on average while losing 16 pounds, the company said. "It gave us confidence the product would really help people,"

Hastings said. Scientific claims are vital to success in the increasingly crowded supplement and vitamin market.

Consumers often see little difference between brands of Vitamin D or other supplements, Euromonitor's Shuster said. But independent health experts often question the methodology and scientific findings presented by supplement makers, who are not required to independently document a product's efficacy or safety.

The Food and Drug Administration has limited oversight of the industry. "There are so many studies published in the literature; the difficulty is that many of the studies aren't designed well," said Dr. Nancy T. Nkansah, assistant professor of clinical pharmacy at University of California at San Francisco. "No one wants a study that's going to show that their product isn't beneficial, especially if they put in the research and development to produce the product. In the end, they're all just trying to sell a product."

## **Recent Struggles**

Despite the promising product launching, the past few years haven't been without challenges for Reliv. The company's last major supplement - a weight loss product called Slimplicity - struggled to take off. Rising ingredient and fuel costs have triggered sporadic price increases.

Meanwhile, Reliv lost 5 percent of its national distributor network and 2 percent of its global network during the last year. The company relies on 54,000 direct sellers scattered across the country. Reliv executives have since revamped training for distributors and implemented an incentive program that rewards productive sellers. The latest prize is a cruise. "We're doing things to try to get the momentum back," said Barry Murov, vice president of corporate communications. "The new product introduction is a big part of it."