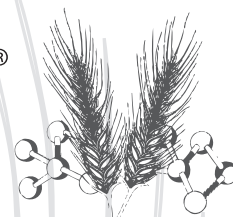


Nutrition Business Journal[®]

Strategic Information for the Nutrition Industry



Volume XV | No. 4 | April 2010 | MLM & Practitioner Sales in the Nutrition Industry | nutritionbusinessjournal.com | \$199

MLMs Use New Markets, Fresh Products to Offset

Slowing Domestic Sales

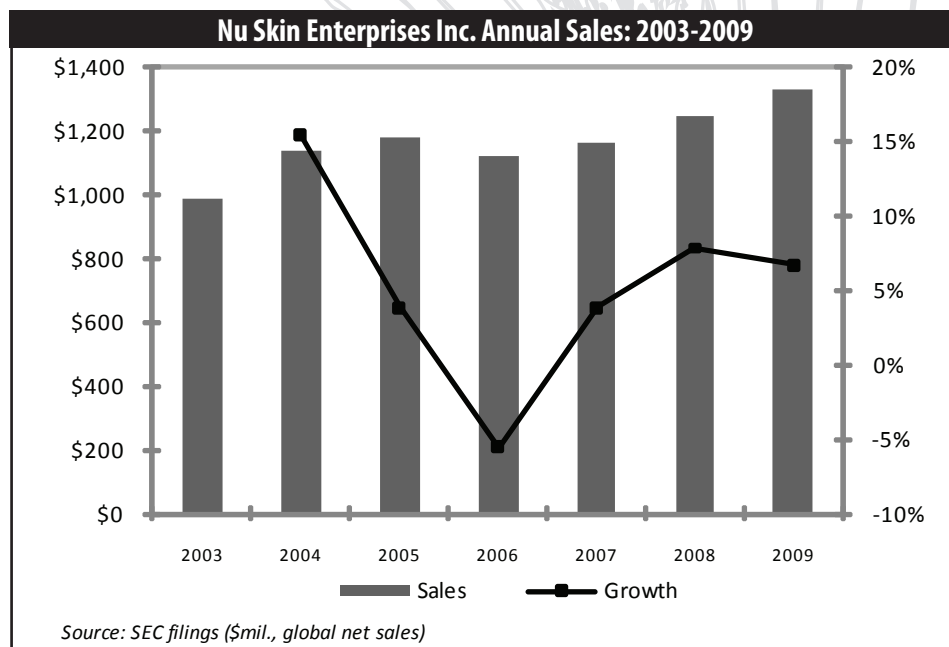
Total U.S. supplement sales via network marketers fell 3% in 2009, but some firms fared better than others

Sales growth was a fleeting concept for many U.S.-based multi-level marketing (MLM) companies in 2009, with the mantra “flat is the new up” providing solace for those who were lucky enough to maintain a foothold in their respective markets. Many nutrition-related network-marketing firms, however, were able to overcome the dour domestic economy by selling products geared toward health and wellness, launching into new global markets, and bringing more opportunity-seeking distributors into the mix.

Nu Skin’s Game Changer

If there was a nutrition industry MLM flying higher than **Nu Skin Enterprises** in 2009, *NBJ* has yet to find it. The global leader in the direct-selling personal care market posted an impressive \$1.3 billion in sales on almost 7% growth last year. While many of its competitors were implementing big global rollouts to help sustain sales, Nu Skin launched two small markets—Turkey and Colombia—that hardly classify as needle movers. Rather, growth in existing markets is where Nu Skin’s real story lies.

The company’s financial growth, led by its proprietary anti-aging product line branded as *ageLOC*, accelerated throughout the year, according to Nu Skin Chief Financial Officer Ritch Wood.



Nu Skin saw growth of 4% in Q1, and that expanded to 12% by year’s end. Almost every region grew for Nu Skin in 2009; the only country that experienced challenges was Japan, and that is showing signs of improvement. Southeast Asia and Europe both increased sales by almost 25% in 2009; Korea grew 15%; China was up between 5% and 10%; and North America was up between 8% and 10%. “We’ve experienced some very nice growth, and it’s been driven by several things, but primarily an innovative product launch—and that’s the healthiest type of growth,” Wood told *NBJ*.

When *NBJ* spoke with Nu Skin at the beginning of 2009, the company was excited about the launch of *ageLOC*, touting it as a “game-changing” product line that would reposition the company as a leader in the global anti-aging market. One year later, the company has not backed off that stance. “One of

the reasons we’re so excited is because *ageLOC* is a long-term product platform that spans nutrition and skincare in a meaningful way,” said Kevin Fuller, Nu Skin vice president of product marketing. “That’s what’s driving innovation into multiple delivery forms.”

Nu Skin formally launched *ageLOC* in October 2009 at its convention in Washington D.C., though it made certain products available throughout the year leading up to the launch. The company is encouraged by the product’s early returns.

“Generally, we’ll sell between \$3 million and \$4 million at a convention, but this year was around \$17 million,” Wood said. “We believe this will be the largest product launch in our history, well over \$100 million, so the numbers are backing up the hope that we thought this could be a game-changing product.”