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How the Ozempic effect is—and isn't—changing consumer behavior

Article

The trend: Brands and retailers are looking for ways to capitalize on the "Ozempic effect" as demand for the weight loss drug, as well as competitors like **Mounjaro** and **Wegovy**, continues to rise.

- Roughly 9% of the US population—or 30 million people—could be using GLP-1 drugs like Ozempic by 2030 for either diabetes treatment or weight loss purposes, per a report by J.P. Morgan Research.

Unpacking the Ozempic effect: Anecdotal evidence suggests that people on appetite-suppressant drugs like Wegovy not only eat less, but also have diminished desire to indulge in snacks, alcohol, coffee, and other foods and beverages.

- But so far, most food manufacturers, restaurants, and delivery services have gone on record to say that they have not yet seen any changes in consumers' consumption habits, nor are they particularly worried about the long-term impact on their businesses.
- While J.P. Morgan's report found that consumers on GLP-1 purchased 8% less food for at-home consumption in the past 12 months compared with the average shopper, a separate analysis by Circana found no change in the number of items in GLP-1 users' baskets, nor in the number of grocery trips made per month.
- Still, brands like **Nestlé** are betting that growing GLP-1 adoption will fuel demand for meal and nutrient replacements like protein shakes and bars, while many are developing smaller portion sizes to accommodate users' shrinking appetites.

Zoom out: The Ozempic effect could also have implications beyond the food industry, as analysts pinpoint growth and cost-saving opportunities for beauty brands, fashion retailers, and even airlines.

- Growing use of appetite suppressants is stimulating demand for beauty products and procedures that help address "Ozempic face." At the same time, social media searches for contouring are down 10.6% year-over-year, consumer trends platform Spate told Business of Fashion.
- Some analysts also see an upside for clothing and sportswear retailers, noting that rapid weight loss will lead shoppers to update their wardrobes and potentially foster healthier habits, such as increased exercise, which in turn could boost demand for performance wear.
- The benefits potentially extend even to the airline industry: A report by Jefferies Financial estimated that operators like **United Airlines** could save $80 million annually on fuel costs if the average passenger weight drops by 10 pounds.

The big takeaway: While speculation over the effects of widespread appetite suppressant use pummeled US food stocks over the past few months, investors' fears look increasingly overblown.

- Not only do most major food companies already have products in place to help them meet changing consumer preferences, but also the impact on consumption looks likely to be minimal. A report by Bernstein noted that even if GLP-1 adoption grows to 10% of the US adult population in the next five years, food sales volumes would fall by just 0.5% annually.
- And while consumers are eager to try out Wegovy and similar medications, nearly three-quarters (73%) of physicians surveyed by Sermo had patients stop taking the drugs due to severe side effects—raising questions about the longevity of the Ozempic effect.