

A PROPHET ARRIVES

The Bounce Back Story of Weight Watchers

It was 2014 and James Chambers, CEO of Weight Watchers International, knew his kingdom was in trouble. He told analysts, *"The biggest challenge we face in our business continues to be recruitment, as competitive forces continue to impact our current consumer offerings with mobile apps and activity monitors garnering a large amount of consumer and media attention and negatively impacting our consumer trial."*

The brand was ripe for repositioning, and it had to happen fast. He told Wall Street analysts that the company had to focus on strengthening *"the human connections that make a weight-loss journey more successful, connections between members, and between members and service providers."* Weight Watchers' in-person meetings were not the problem. It was the lack of human connection through digital channels. Their competition had seized on this opportunity and left Weight Watchers in the last decade.

Challenges continued throughout 2014, which was marked by upheaval for the fifty-year-old company. The Senior Vice President of Marketing left and was replaced by Lesya Lysyj, who served in the role on an interim basis while the company conducted a search for the new head of marketing. During her brief stint in the role, Lysyj cut ties with McCann Erickson, the marketing agency of record for the previous seven years. She replaced McCann Erickson with Wieden + Kennedy, yet did so without a formal review process. She instructed them to work on the winter 2015 campaigns, a significant assignment since traditionally Weight Watchers would pick up 40 percent of their new enrollees in during the winter, right after the holidays.

Just prior to the 2015 winter campaigns, and with Weight Watchers "on the brink of irrelevance," Maurice Herrera was named SVP Marketing.

Herrera's first six months were beyond tough. He later recounted that January of 2015 was one of the worst periods ever for the company. Signups were down 25 percent year-over-year, and the stock price was cut to nearly one-third while continuing to fall. Cost slashing measures were initiated which meant both his marketing budget and his team experienced deep cuts.

"I'm inspired by the mission and the transformational role that Weight Watchers plays in people's lives, and it's a privilege to become a part of it. I'm also motivated by the opportunity ahead of us to connect a whole new generation of consumers with the brand. It's a rich and complex category, and I look forward to exploring it in bold and unexpected ways."

~Maurice
Herrera
SVP Marketing, Weight Watchers

Chambers and Lysyj both knew they needed a different approach to the market, so they invested in Wieden + Kennedy's "If You're Happy" campaign, and for the first time ever aired commercials during the Super Bowl. It failed miserably. As a result of the reduced number of winter signups, the shareholders predicted doom and bailed on the stock.

The one bright spot in the campaign was that it marked the beginning of a new era for the company, as the ads put the attention on "dietary challenges as a matter of psychological and behavioral compulsion" while positioning Weight Watchers as a partner to help with the hard part of losing weight. They introduced OnlinePlus and Personal Coaching, available 24/7, marking their entrance into the industry's digital landscape.

Herrera mixed things up by changing how Weight Watchers looked at marketing. He established partnerships, conducted in-depth customer research, and targeted customer-centric innovation. Additionally, he enlisted the help of existing members to inspire others to join through their stories. He also turned the messaging toward hope and aspiration, while balancing it with relatability and a holistic approach to health and wellness. Dieting alone was not enough, and before the year was out, the word "diet" was eliminated from their messaging.

"People don't want dieting and deprivation," said Gary Foster, Chief Scientific Officer at Weight Watchers. "They want a more holistic and personalized solution, integrating healthier eating, fitness, and emotional wellbeing. They are also looking for success to be measured by more than just one number on the scale. And people tell us they want Weight Watchers to deliver more in this new, holistic world."

In March 2015, Wieden + Kennedy was ousted, and an extensive search began for a new marketing agency. Weight Watchers also ended their long-term relationship with celebrity spokespeople including Jessica Simpson and Jennifer Hudson. This opened the door for

DiMassimo Goldstein, an advertising agency focused on inspiring action, to run the spring campaigns. They were the perfect match for the new direction Herrera was taking.

It wasn't long before Lysyj, then the North American president, left the company. Before leaving she confirmed that the company wanted to create a more positive message because, *"We looked like every other offering out there, so we really had to change how we are communicating to customers."*

Herrera, now with his smaller team, engaged creative agency DiMassimo Goldstein to create a truly member-centric approach. *"We needed to create a brand identity that felt accessible and relatable as well as aspirational,"* said Herrera. That's when, with the help of talent agent, Ari Emanuel, he connected with Oprah Winfrey. After talking with Winfrey, Herrera said, *"She loved where we were going, and for her personally, she felt like this was something that she really wanted to be a part of."* Within months, Winfrey was actively involved with the marketing, even appearing in ads.

"Through our conversations, it became clear that there is tremendous alignment between Oprah's intention and our mission. We believe that her remarkable ability to connect and inspire people to realize their full potential is uniquely complementary to our powerful community."

~James Chambers
CEO, Weight Watchers

The work Herrera put in to transforming the brand led to the opportunity to create the strategic partnership with Winfrey. She went on to invest \$43 million in exchange for a 10 percent stake in the company and a seat on the board. The stock soared almost immediately, up 300 percent, upon news that Winfrey invested.

"Last year [2015], we formed a strategic partnership with Oprah Winfrey, who became an investor, board member, adviser, and member of Weight Watchers," said Herrera, *"That partnership has helped us to accelerate the business and brand transformation path we've been on since 2013."*

But the honeymoon bliss wouldn't last for the shareholders. A year later, nearly all of the market value created by the "Oprah Effect" had been wiped out due to the continued exodus of members and the resulting decline in revenue.

At the end of his first year with Weight Watchers, Herrera announced that in addition to their work with DiMassimo Goldstein, they had also *"engaged Havas Worldwide in the U.S. to develop work for a winter 2016 advertising campaign aimed at driving member recruitment and*

bringing to life our new program innovation." But that relationship didn't last long and DiMassimo Goldstein took the lead for the next few years.

Herrera's work as a prophet who listened to the customers reached Chambers. He told the press that Weight Watchers was, *"meeting members where they are today, inspiring and guiding healthier choices not only to lose weight but to realize benefits that go beyond just the number on the scale."*

The new program took a radical departure from the previous calorie-counting approach. They focused on healthy eating and fitness. Their app, FitBreak, provided 70 options to get movement credits. It made healthy living easier by gamifying it, triggering positive emotions and rewarding engagement. Winfrey even reported losing 40 pounds on the new system.

But by the end of 2015, the company had suffered 11 consecutive quarters of revenue declines. Membership was down 38 percent from 2013. The digital competition took a serious piece of the pie and they were not backing down.

Herrera, Winfrey and DiMassimo Goldstein redoubled their efforts and partnered more closely in 2016. They launched the "Better Together" campaign in May. But, that did not seem to be enough to create positive results for the second quarter and by the end of September, Chambers resigned as CEO. The stock fell to levels near where it had been prior to when Winfrey became an investor, with earnings for the first half of 2016 even lower than the poor results for the same period in 2015.

On the outside, it appeared the "Oprah Effect" was a bubble and that she had lost. It looked like Herrera had bet wrong and could not reposition the brand. Analysts had little hope for the company.

That's when everything changed.

Like bamboo that grows underground for years before it peeks through the surface, brand transformations take time, persistence and grit. They are not easy because the leadership in the company must transform, too. The people working on the front lines of the company must transform. The transformation needs a prophet, in this case Herrera, and a CEO who can hear the unfiltered voice of the customer, as Chambers did before he departed.

Before the door closed behind him, Chambers led the company to its first quarter of growth in years. Subscribers were up in the third quarter of 2016 by 10.1 percent compared with the prior year. It took nearly two years of disciplined effort and prophesying by Herrera, but what seemed impossible finally transpired.

Winfrey and Herrera entered the winter of 2017 working together with DiMassimo Goldstein on the "Live Fully" campaign, in which Weight Watchers promised to help members *"live the life*

they want, full of the great foods, people and experiences they love, and the energy that comes with good health," It built upon the "Beyond the Scale" program from the prior year. Winfrey appeared in at least three ads in the campaign where she revealed her own story of losing over 40 pounds, and then connected with real members who shared their stories. *"This is more than what we had done last year [2016] as far as really having Oprah as a part of the campaign,"* Herrera said.

Three years after Herrera came on board, DiMassimo Goldstein recognized their joint success in a blog post: *"Together, with Herrera and his team, we've taken one of the country's most historic brands and brought them back into the national spotlight, leading to seven consecutive seasons of brand growth."* The impact was notable and measurable. In the second quarter of 2017, Weight Watchers posted earnings of \$0.67 per share and revenue of \$342 million, beating analyst predictions.

Herrera continued to prophesy the future while speaking at the Association of National Advertisers (ANA) conference in 2017. He shared new initiatives that were happening including Weight Watchers cruises, bridal and mom-focused conferences, a line of cookware and portion-controlled meal delivery.

The recipe for the Weight Watchers comeback includes long-term strategic vision, unfiltered listening to the customers, executive commitment, collaboration, and a deep understanding of the human experience.

Preview the book at www.TonyBodoh.com and contact us for autographed copies.