



THE NEXT TRILLION

WHY NETWORK
MARKETING IS POISED
TO DRIVE THE NEXT
MAJOR ECONOMIC
POWERHOUSE - AN
INTERVIEW WITH PAUL
ZANE PILZER
By
JOHN MILTON FOGG

An earthquake is coming. In fact, its preliminary tremors have already begun. The economic foundations are perceptibly trembling; hairline cracks are spidering out along the plaster walls of our domestic spending habits; neatly framed pictures of current fiscal reality are starting to tumble off those walls. Looks like it's gonna be a good 8.0 on the economic Richterscale — or higher — and only one man seems to have ears keen enough to hear it coming.

Every generation, among the thousands of brilliant and merely-bright social commentators, the human race produces one or two visionaries whose stunning insights burst the bounds of their own specialist's expertise and cut across all disciplines. We have our Benjamin Franklins, our Buckminster Fullers--and Paul Zane Pilzer, the man who sizes up seismic shifts in our economy.

Pilzer is quick to assert that he has no crystal ball: it's all in the data. But the three-times New York Times best-selling author and economic advisor to two presidential administrations has an uncanny knack for assembling masses of facts and figures and seeing the forests those reams of trees represent. His penetrating insights have attracted the attention of network marketers for over a decade.

Now he's back, with a new message: We are witnessing the explosive birth of a new trillion-dollar industry, and network marketers everywhere are poised to be the vanguard of that explosion.

After two centuries of economic opportunity for the pioneers of manufacturing, we have entered the age of distribution. Today, the greatest opportunity for wealth awaits those who can deliver what Pilzer calls "intellectual distribution."

He is describing network marketing. He is, as the saying goes, singing our song.

NML: Paul, you were the first well-known economist to have anything kind to say about network marketing. What got your attention about the business in the first place?

I think it would be more accurate to say that the business found me. It started with my 1990 book, *Unlimited Wealth*, which analyzed different sectors of our economy and projected some interesting changes by the year 2000.

In the 70s and 80s, we were told, "What's wrong with America is that we don't make things." So, the bright young people of that era started to make things--and they did it so much better, converting all the expensive raw materials and labor into plastics and flexible automated manufacturing processes, that they completely restructured the economics of retail.

Take a typical \$300 item; it could be anything--say, a television, camera, or dress. In the 1960s, the manufacturing costs of this item would be \$150. About 50 percent of the item's cost was in manufacturing, with the other 50 percent in distribution.

By the 90s, the same item still sold for \$300, but it was a far superior product with a great many

more features--yet its manufacturing cost had fallen from \$150 to \$15 or \$20! Now 80 to 85 percent of the product's costs was in distribution; only 15 to 20 percent was in manufacturing.

By 1990, I explained in *Unlimited Wealth*, the greatest opportunities for wealth were no longer in manufacturing but in distribution. The book projected that this would continue for the next decade at least. That's why the richest people in the world in 1990 were people who found better ways of distributing things, versus better ways of making things.

NML: Can you give us some examples of those "richest people" who made their fortunes in distribution?

Back in 1961, Sam Walton started a company that was committed to never make its own brand, that would sell only other name brand goods. By 1990, not only was Walmart the largest retailer in the world, Sam Walton was also the richest person in the world--a man who made his living distributing things that other people made. (Sam Walton, by the way, thought very highly of *Unlimited Wealth* and emphatically endorsed the book.)

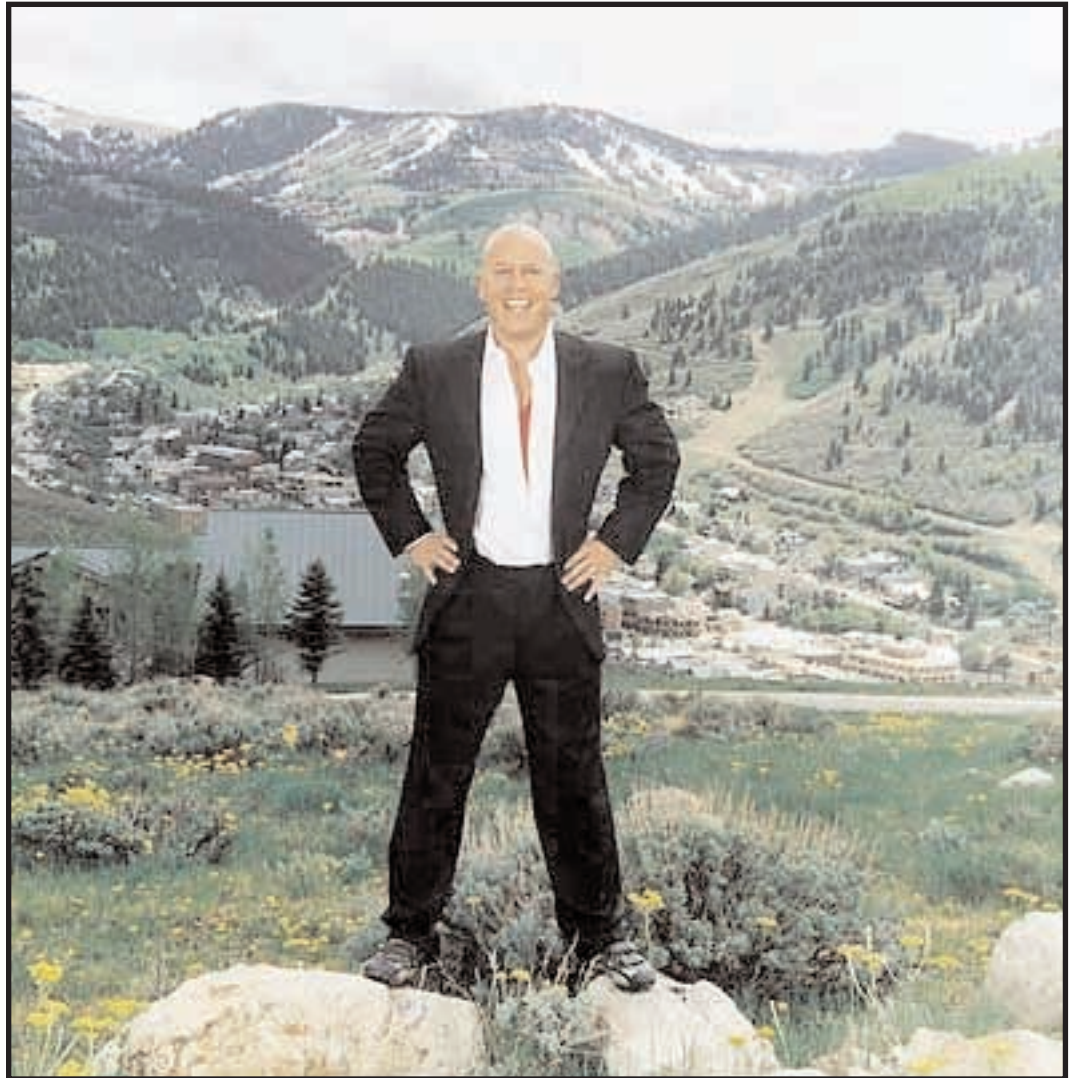
In 1990, Fred Smith was the most successful airline entrepreneur of the day. Back in 1976 he had started an airline with its own fleet of planes and pilots--yet it didn't fly people! The only purpose of Federal Express was to move packages: distribution--an unheard-of thought in 1976.

Ross Perot was one of the wealthiest people in the world in 1990. Perot built a \$3.5 billion com-

puter company that made neither software nor hardware. What did EDS do? It distributed other people's hardware and software.

NML: How did your observations about wealth and distribution get network marketers' attention?

I did three shows on "Larry King Live" that year. I



was explaining the book on one of those shows; a man named Donald Held happened to be watching. Don, a Senior Executive Diamond with Amway, brought the show to Dexter Yager's attention. Dexter and a number of his people read the book and said, "Hey, here's an economic analysis of why our business works. This guy has no idea what network marketing is--but he knows why it works!"

I had no idea what Amway was. I didn't even know what network marketing was.

I wasn't trying to promote anything; perhaps that's one reason my research rang true. I was just using empirical data, analyzing distribution in America and the world.

Dexter's people decided to book me as a speaker and have me explain to their people what I'd said on "Larry King Live." That's how it all started.

NML: That was over a decade ago, and you've since become a household word to thinking network marketers everywhere. Obviously, your thinking hasn't stood still; what has happened in the ten years since?

I've changed my focus a good deal. Back in 1990, the opportunities still lay in physically distributing products; since 1990 we've seen a dramatic shift. In my new book, *The Next Trillion*, I break distribution into two functions: physical and intellectual.

Physical distribution means getting the product to the consumer--products that the consumer already knows he wants. That's Walmart: You know exactly what you want when you walk into Walmart; you go in, pick it up, and get out of the store. You don't learn about anything new there.

Intellectual distribution is where you learn about a new product or service that you didn't know existed before.



Up through 1990, the great opportunities to earn fortunes in distribution, the opportunities for the Fred Smiths, Ross Perots, and Sam Waltons were in physical distribution. Today, the great opportunities are in intellectual distribution.

NML: For example...?

In 1999, a business person made Time magazine's man of the year--especially meaningful because it's quite rare for a business person to earn that distinction. Who was it? Jeff Bezos, who revolutionized the distribution of books with amazon.com.

Now, look closer: Jeff Bezos is really in the intellectual distribution business. You don't sign on to amazon.com just to physically get the book; you sign on to learn about the book. You read the various reviews, look at other books in the category, you may even log on to find out if there even is a book on the particular topic you want.

The truth is, the great part of the physical distribution boom that I described in *Unlimited Wealth* has already come and gone; the fortunes to be made there are largely already made. The fortunes that will be made in the new millennium--at least in the first decade of the new millennium--will be more in intellectual distribution: educating consumers about products and services that will improve their lives, products, and services that they didn't already know existed.

NML: Why is that where the real opportunities are today?

Because that is precisely where the biggest bottleneck is today. There was a time when the two aspects of distribution--physical and intellectual--were commonly combined under the same roof. No longer.

If you're as old as I am, you might remember the first few times you went into a store and said to yourself, "Hey, I know more about this product than the clerk selling it!" Twenty-five years ago, that was a shock: who would think of opening a store where the clerk didn't know anything about the product?

Today, it's universally accepted. Today, you the consumer are expected to know about the product. There are a few specialty retailers left, such as Nordstrom's. But in general, the retailers have completely abandoned the traditional function of teaching people about products. Instead, they have focused on the function of efficiently and inexpensively delivering the product.

Go into a showroom and talk to a car salesman: does that salesperson actually own the car you're talking about? Not likely. Go into an electronics outlet: how often will you meet a salesperson who actually owns the particular product you're considering--or who can even afford to? Seldom. These people are in the business of showing you where to find it on the shelf; they're not there to teach you what it is.

NML: So, where do we learn today?

That's the problem. The pace of technological change is rapidly accelerating today, no matter what the industry. By the time you learn about a product and are ready to buy it--guess what? There's a better one! Where do you learn about that one? Nowhere--that's what is missing, that's the bottleneck in our economy. Talk to any manufacturer and he'll tell you, "We're selling models A, B, C and D; the new model, F, is seven times better, it's even better priced--but nobody's buying it yet!" Why aren't they? Because they haven't learned about it yet. They call this "backlog."

I saw this with some educational software we developed in the early 90s: here was a product that could totally change a child's life--but telling people about it was far more expensive than producing it. Until we found the Amway Corporation in the mid-90s, we were pretty much dead in the water: we had great new products, but no way of telling the consumer that they existed.

NML: How does network marketing's way of doing that contrast with more conventional ways of marketing--through advertising and other mass channels?

Network marketing today is almost wholly intellectual distribution. When you as a network mar-

keter discuss a product with a consumer, you don't actually hand over the product. You rely on UPS or some other delivery service to have the product shipped to your consumer.

Even more fascinating is that network marketing today is typically done person-to-person by someone who is also a user of the product. Unlike the car salesman, electronics salesman, or clothing salesperson, the network marketer is an educated, enthusiastic, experienced user of the product you're asking about.

Those companies that prosper in network marketing will focus almost entirely on intellectual distribution, teaching people about new products and services that will improve their lives. Those that really flourish will have some sort of unique or proprietary technology. And not just unique, but efficacious--better than anything else out there.

NML: So you've seen the weight of opportunity shift from manufacturing, to physical distribution, and now to intellectual distribution. How else has your own thinking changed? What is the focus of The Next Trillion?

I started to focus on the great needs of America--which led me in some surprising directions. People think of their needs in a very mundane way--"I need a new dress that doesn't make me look overweight," or "I need a car that gets better mileage." I looked at it on a more macro level: we have more fundamental needs, such as eating, sleeping, being healthy, being educated. As I carefully studied current conditions, I found that the greatest need in America today is wellness.

NML: Can you define "wellness" for us?

This is such a new need that the word itself, in the context we're using it, is an entirely new term. I had to come up with entirely new definitions. First, I had to realize that what we call the "health care" business is really the sickness business. Our medical industry today has very little, if anything, to do with health. The \$1.4 trillion we spend on medical care, which is one seventh of the U.S. economy, is concerned with being sick and treating the symptoms of sickness.

It has very little to do with preventing illness, with being stronger or healthier. When you go to people in the medical industry today and say, "I have arthritis, I don't see as well, I don't hear as well." They say, "It's because of age--age, age, age, age." But these things are really just symptoms of poor nutrition.

I define "wellness" as money spent to make you feel healthier, even when you're not "sick" by any standard medical terms. To make you stronger, to make you see better, to make you hear better, to fight what we might call the symptoms of aging.

Walk into any average home in any average neighborhood, talk to them, see what they need. If we were doing this 20 years ago, we'd find that most of them were worried about making a living, about their new job, about what professions their children should go into. The primary need for Americans in our first 200 years was economic. That's no longer true.

Today we are in the eleventh or twelfth year of an unbelievable economic expansion. Here's what you find today as you walk into each home: They have enough to eat, they overwhelmingly know where their economic opportunities are, they know what they could be doing to make more money, and if they're not, it's often by positive choice--for example, because they want to spend more time with their families. The overall primary need today is not their wealth--it's their health.

In the past, we've associated poverty and economic depression with ill health. When I was young, we often equated "poor" with thin, starving. "Thin rich man" was an oxymoron. Today, "poor" and "fat" have become synonymous. The tables have turned: "rich fat man" has become an oxymoron!

Today, the lower the income, the more we see obesity. Obesity is a symptom of poor nutrition. Typically someone who is obese is also vitamin-deficient, suffers from fatigue and arthritis or other ailments that all stem from poor nutrition.

Since 1980, we have more than doubled the percentage of overweight and obese people in our

country. In 1980, 15 percent of the population was obese; by the year 2000 that number had jumped to 27 percent--that's 77 million clinically obese people! Those numbers have increased ten percent in just the past four years and are still growing at beyond epidemic rates.

Because of people being overweight or obese, we've also tripled the propensity to get diabetes in this country, with similar increases in so many other diseases. Today, at a time of unprecedented economic prosperity, we're seeing a huge part of our population falling off the edge. For me, here is the most amazing number: 61 percent of the United States population is overweight. That number, too, has doubled since 1980.

Now, how did we win the Cold War and become so prosperous--only to end up in a world where 61 percent of the population is as oppressed as if the Russians had won the Cold War?

NML: Is there a ray of sunshine here?

More than a ray; in fact, as grisly as this situation is, it has also given rise to an entirely new economic sector, a very positive sector--which is where I got the title *The Next Trillion*.

NML: Why do you call this the "next" trillion?

Today, the food industry represents about one trillion dollars annually; the "sickness business" is another trillion (actually, about \$1.4 trillion).

These two industries feed one another in a fairly insidious way because such a huge part of sickness today is caused by the poor nutrition supplied by the food industry. These two trillion-dollar industries work together to support that horrifying 61 percent overweight number.

Looking at those numbers, you might think that one day soon, everyone will be overweight or obese. That's actually not the case, though. The 39 percent of the U.S. population who are not overweight comprise 10 to 15 million Americans who are aging; as they age, they are getting more healthy, more fit, more strong--actually younger, by any standard medical definition.

These people represent that new economic sector. They are primarily wealthy people; the first thing they do as they start to have money is to figure out how they can be healthier--and they're doing it outside the medical establishment. They are going to fitness clubs, watching their food, taking the proper amounts of vitamins and minerals, and investigating supplements and other products that support their wellness.

When I began to see this trend clearly, I started wondering, is there is a business here? The answer stunned me.

In the year 2000, wellness in America was already a \$200 billion industry; about half of that is composed of the \$24 billion spent on fitness clubs plus the \$70 billion spent on vitamins and minerals. This \$200 billion was hardly a blip ten years ago.

NML: Who is spending this money?

Mostly Baby Boomers: prosperous people from the ages of 35 to 55. The Baby Boomers are a powerful economic force; all marketers know that. Baby Boomers represent only 28 percent of our population--yet that group represents 50 percent of our economy.

Baby Boomers are the first generation we know of in recorded history who refuse to accept the aging process. This is fascinating, from a marketing standpoint. Look at the cars they buy: they're retro, designed to make them look like they're in high school. Look at the clothes they buy: they're retro, too--they look like the clothes they wanted but couldn't afford to buy in high school.

Up until now, the Baby Boomer marketing mind has been all about how to make them feel younger, how to help them remember what it was like to be young. Now it's gone a step further. Today, Boomers are starting to buy things that actually make them younger! This has only just begun. Most people don't even know there are such products. As the rest of this 50 percent buying-power group learn about wellness, this sector will explode. It has already gone from virtually zero in 1990 to \$200 billion

today. It's easy to see that this \$200 billion will become one trillion--or more--by the year 2010.

NML: Do you get reactions, people saying, "What--a trillion dollars?!"

Oh, all the time. But put it in perspective. The first IBM PC came out in 1981--and by 1990, PC sales exceeded automobile sales. Nobody knew what the Internet was in 1990; consumers were allowed to get on the Internet with their own accounts and private email addresses only in 1995. By 2000, the overwhelming amount of new wealth and new millionaires in this country were being created by the Internet. Given how fast these new industries grow, one trillion in wellness by the year 2010 starts to look like a conservative projection.

NML: Does that same challenge of the bottleneck, the need for intellectual distribution, apply to the wellness industry, too?

Absolutely. By definition, all of wellness is new technology. There is virtually no place to go learn about it. If you go to a conventional weight loss clinic, they are focused on marketing their processed food products to you--they don't give you lessons in wellness. The information just isn't out there; all the research in the medical business is on sickness. Where does the consumer turn? The only way to learn about wellness is through someone close to you who has had a wellness experience. You see your college roommate and go, "My God, John, you look great! You look so healthy--what did you do?" You bump into a wellness experience and start to find out that there is a whole wellness industry out there, with all sorts of new products and services.

I went every year to an orthopedic surgeon about my knee. Each year he'd tell me, "It's worse than last year, you've gotta have the operation, Paul." At some point, I started taking glucosamine. Within two months, the pain was gone. I went back to check up with my orthopedist; he couldn't believe it. When he found out that all I'd done was take glucosamine, he said--jokingly, but also truthfully--"Don't spread this around, Paul ... I'll be out of business."

Now, how could it be that a product like glucosamine, a natural substance which has been around for 50 years (primarily as a veterinary product for horses), a product that rebuilds my cartilage and makes me feel so good ... how could it be that nobody knows about it? That's the classic introduction to wellness: typically, you have one experience like that, then you say, "What else might there be that my doctor never told me about?"

This experience set me on the path of learning about supplements, vitamins, and minerals. In my research for writing this book, I was amazed at how much basic biology and nutrition had escaped my education. Here I am, a college professor for 20 years, three times New York Times best-selling author--and I had been frankly oblivious about food, nutrition, vitamins, minerals, and natural supplements. That set me on this path of inquiry.

You couldn't really have gone into wellness 10 or 15 years ago because there was no wellness industry. Most of these products and services are just now coming out of the laboratory. And when you look into those laboratories and see what's coming, you realize that this business is really going to take off. Of anything I've ever been involved with, the wellness industry looks the most exciting right now.

NML: What connection do you see between network marketing and this wellness revolution?

It's all about the difference between what I call "active learning" versus "passive learning." Conventional advertising media are not effective at delivering what they call "intellectually challenging" information--which is a euphemism for "new ideas."

Think for a minute about how you watch TV. You're sitting back, you're relaxed, on your couch; the last thing you want is to be challenged with new information. In fact, when you do see something that challenges you, something that disagrees with what you already know or think is true, what do you do?

NML: You change the channel.

Right! Television is a very passive medium for learning, so we can't really use it to teach new ideas. It's the same with newspapers. I used to write op-eds regularly for various newspapers such as The New York Times. I'd be at a cocktail party, excited about a piece I'd written, and ask a friend, "So, what'd you think about my piece on such and such?" He'd say, "Paul, I don't read your stuff. I'm a Democrat!" We don't read the op-ed pieces that challenge us. We read the ones that reinforce what we already think.

Most of our information sources today have become passive media. You don't spend time with them to be challenged; when you do encounter something that challenges you, you change the station or read the other column.

The only time you learn actively, meaning that you actually start taking in and considering new information, is when you start talking with someone in a real-life dialogue. First, the person says something you don't agree with. You think, "Oh, that couldn't be true." Perhaps you don't say anything, because you're being polite--but your face gives away the fact that you don't agree. This starts a dialogue: they come back with a little more, you start to respond ... gradually, bit by bit, the dialogue changes your mind.

Correct information about diet, nutrition, vitamins, minerals, and supplements is almost all contrary to what we've heard from our medical community; for many, it runs counter to how we were brought up. There's so much inaccurate information out there; people are conditioned for it. When they first hear new, good information, naturally they're going to be skeptical. The only way they will actually change their paradigm or start to learn new information is person to person--because they're actively engaged in a conversation.

This doesn't happen overnight. It may take three, four, five, or six conversations with different people before you actually change your mind. That's why wellness, which is so clearly paradigm-changing information for so many people, really works best in a one-to-one interactive environment--like network marketing.

NML: What do you see for the decade ahead, Paul?

I see a one trillion dollar wellness industry by the year 2010.

I see great opportunities for network marketing and network marketers.

I see certain network marketing companies, because they're the fastest way to get the new information out there, leading that industry.

I see great opportunities coming for the network marketing industry because network marketing is clearly the best vehicle we have today, in the United States and around the world, to educate people about new products and services. There's a great window of opportunity for network marketing companies to educate consumers about wellness products and services.

I also see great challenges ahead for successful network marketing companies, particularly those involved in wellness, as the technology continues to evolve. Network marketing companies need to remain flexible so they can stay ahead of new technology. The best wellness products and services of yesterday may not be the best products and services tomorrow.

The personal computer industry is an apt analogy; entire companies have come and gone because they made, say, the best fax software--until someone came up with a better fax software, or because they made the best high-end monitor card--until every computer started coming with a high-end monitor card already built in.

Many of today's network marketing products will go to retail fairly quickly. You're already seeing that with glucosamine and a number of the other supplements: they're starting to get into the conventional retail channels. To stay competitive, network marketers are going to have to stay ahead of the new technology.

I see consolidation in the industry. Many of the smaller network marketing companies will not have enough money for the R&D they need to

compete with the new technologies. I see merging of companies, as well as companies enlarging their product offerings. Companies who can serve more of their customers' needs will be the most successful.

I see real clinical trials. The products of the wellness business are moving toward an era of greater quality control. Today, a third to a half of the bottles in retail stores do not have in them what is on the labels because it's not a regulated business. The company whose sole business is wellness has a lot more to lose if they make a mistake: they often have better quality control. Ultimately, none of the successful wellness companies can afford to have a bad quality product out there.

NML: As a part-time rabbi and someone who has been vegetarian (as you say in your book, for spiritual reasons), you've become pretty passionate about wellness, haven't you?

It has become something of a mission for me, and I think it is for network marketers as well.

As much as we focus on the financial and lifestyle benefits of the business, the real benefit is what you can do to change a life--and the lives of all the people who are touched by that life. If you can add five, ten, fifteen years to someone's life, think of his children, think of his spouse. We're wonderfully interrelated in the world today, and when you can give someone the gift of wellness, improving the quality of that life every day and increasing the length of that life, it's a truly wonderful thing.

Make no mistake: there is a crisis, a trend of epidemic proportions going in the other direction in the rest of America. Right now, network marketing is the only force I see on the horizon that has the potential to make this kind of huge change.

**NeTWORK
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LIFESTYLES

Exclusive Interview with Paul Zane Pilzer

STI Presents Paul Zane Pilzer

**"The Next Trillion -
Why The Wellness Industry Is The Next Trillion Dollar Opportunity"**

Exclusive Interview with Paul Zane Pilzer, Economist & Best-Selling Author
By Radio & Television Personality Kim Yancy

Q: Who Is Paul Zane Pilzer?

- § World-renowned economist.
- § Is a multi-millionaire software entrepreneur.
- § Adjunct Professor at New York University.
- § Is the author of three internationally best selling books.
- § Pilzer completed college in 3 years.
- § Received his MBA from Wharton at age 22.
- § At age 24 appointed Adjunct Professor at New York University.
- § While employed as Citibank's youngest Vice President Pilzer started several entrepreneur businesses and earned his first million before age 26.
- § He earned his first 10 million before age 30.
- § Was appointed Economic Advisor in 2 Presidential Administrations.
- § In the 1980's was credited with exposing the Savings and Loan crisis in his best selling book "Other People's Money".
- § In the 1990's Pilzer's next book "Unlimited Wealth" forecasted the Internet based "dot com" economy that we have today.
- § And most recently his New York Times best seller "God Wants You To Be Rich - The Theology of Economics" has been published in 18 languages and featured on "60 Minutes" and on the front page of "The Wall Street Journal".
- § Today, Professor Pilzer is recognized as one of the top researchers, trend forecasters, and new economy experts in the world.
- § He has been a commentary on National Public Radio, CNN, and appeared 3 times on the "Larry King Live" television program as well as on the cover of several national magazines.
- § Now, for the first time, in this exclusive interview, Pilzer exposes the Food and Medical Industry explaining why 55% of the U.S. population is overweight or obese.

§ But more importantly, Pilzer explains why the Wellness Industry, still in its infancy, will soon exceed both the Internet and the existing health care business as the next trillion-dollar opportunity.

The Interview - Paul Zane Pilzer & Kim Yancey

Q: Paul, where does the opportunity lie?

A: The greatest economic opportunity today lies in the business that almost doesn't exist but will be a trillion dollar business by the year 2010. This is the emerging Wellness Industry.

Q: What are you characterizing as the wellness industry?

A: The Wellness Industry to me is products and services you purchase when you're not technically sick. We have to first define the existing health care business. The existing health care industry is really the sickness industry. You get a symptom or a disease and if you want to cure yourself you run to a doctor to just get that symptom or disease "away". But the wellness business in contrast says: "I'm medically fine. I'm perfect for my age in terms of my hearing, weight, ability, and my strength but I want to be better. I want to feel the way I did ten years or twenty years ago. I want to look a little better or I want to just be stronger". So in the wellness industry you see right away that the consumer has an unlimited propensity to consume wellness products because no matter how great he feels, in fact the better he feels the first thing we notice when someone goes to a fitness club or loses weight is that they want to feel even better. Once they see these products work for them they keep on consuming wellness products and services.

Q: What kinds of things are you seeing taking place right now in the market place?

A: I was amazed when I started to look at this industry. I thought it would be a big business ten years from now. I was wrong! I have identified 200 billion dollars in this industry from fitness clubs, nutritional supplements, vitamins and minerals through products that people voluntarily consume in order to feel better. I was amazed to find it was already up to 200 billion dollars when most of those products and services didn't exist ten years ago. When I look forward to the year 2010 I see a clear one trillion dollar business just in the growth of the existing products and services in the wellness industry and that doesn't include new products and services that are currently in the laboratory and coming down the pike.

Q: That's great news! The wellness industry is moving in the right direction. What are some of the causing factors that are driving us in that direction?

A: What's driving this is that the "baby boomers" population is aging. As we age we remember how it was when we were younger. At first we want to listen to our old rock songs but more importantly we want to feel the way we did twenty, thirty or forty years ago. So as the "baby boomers" population ages they become potential customers for products that will make them feel as strong and as healthy as they remembered they were twenty, thirty or forty years ago. We're all

aging and people keep telling us we're going to be a little less better looking in the future and a little weaker in the future and some people say its just because you're aging. The "baby boomers" are "wrong"! "I want to consume products and services that will counter act the effects of this aging".

Q: Is there a sense of competition or even discrimination associated with not looking as good as you can?

A: Well, here is where you find a whole different area when you enter the world of discrimination. Because, we used to discriminate, in this country, based on race, religion or country of origin. Today the overwhelming number one discrimination is against people who are overweight. People who are overweight are greatly discriminated against. They are made to feel the entire problem is caused by their behavior and they're effectively ostracized from higher positions in society and this is happening at such an alarming rate. What amazed me about my research is that I knew, I had this feeling, that people we're getting overweight but when I got down to the numbers they truly disgusted me. Today, 55% of the U.S. population is overweight. But more significantly, obesity is now 25% of the population. Our medical definition of obese is "so overweight you have trouble functioning". Now, this appears to be 25% of the U.S. population, which is up 64% in just the last thirty years.

Q: Paul, how did you come to these conclusions?

A: I remember back about five years ago when I was giving a speech before about 45,000 people. As I watched my audience file into the stadium I started to notice that these people really needed information about food and health. Yet as I looked around the society at my beach house, at Pacific Palisades in California, everyone looked fit and buff even as they aged. As they aged they were actually getting better looking in terms of better shape. This led me to open up the research and try to see what was happening in America. What I found was not pleasant! Today, our upper classes are educated people and are getting thinner and healthier every moment. And the poor and middle classes, who are the bulk of America, are slipping off the edge when it comes to food and health. When I was born you wanted to be a rich fat man! Today, rich fat man is an oxymoron! When I was born poor and thin sort of went together because you thought of people somewhere starving. Today, poor and fat are synonyms! So I started examining how this is happening? How could we be reaching an area where we are so wealthy economically? We not only lead the world but also are at a ten-year economic expansion where all you hear about is this great economy. Yet, more than half of the US population is overweight and trapped in effect, in their own prison and not able to enjoy the benefits of this great economy. As I looked around I realized it was not so much a medical problem but instead an economic problem. The reason it was an economic problem is that most of us today consume food that is prepared by others. We have a one trillion dollar agriculture business of packaged fast food. We no longer grow our own food on the farm and consume it. The packaged food industry is very effective at marketing their products. They follow a process, in the packaged food industry, what those of us in the business understand and

call, "potato chip marketing equations". A "potato chip marketing equation" means that 90% or more of the product is sold to 10% or less of their customers. And when you think about how often people who enjoy Wendy's or McDonalds or buy potato chips verses the people that use the product every day or every other day its easy to quickly realize that less than 10% of their consumers consume more than 90% of their products. So, they study those 10% like you would study laboratory rats! They know everything about these people's marketing likes and dislikes, their target market - the high consumer customers of their products. They found what everyone knows in package goods marketing that it's much easier to sell more of your product to an existing customer base than it is to attract a new customer base. What this has created in the U.S. is a hugh problem where 55% of the US population is overweight because they just keep buying and consuming a particular product or fast food or patronizing a particular restaurant that knows so much about them and have done such a wonderful job at improving the product in the sense that the consumer will buy more and more of it. And so I believe the fact that we, as a country, are 55% overweight is more an economic issue today than actually a health issue.

Q: Are the people overweight because of what's going on in the advertising, a great amount of money is being spent on advertising, or is the marketing objective to confuse the audience and keep them uninformed?

A: Pretty much so! It's amazing to me, since I became aware of this, to watch the disingenuous attitude on the part of the marketing companies. In the 1970's when you heard about weight gain it was always because of calories and that's really the problem. We consume more calories then we burn and it makes us fat! Then all of a sudden they discover that fat is bad for you whether it be that it clogs your arteries or helps you put on too much weight because fat contains so many calories. So they came out with fat-free. Well the first thing they did, which I believe was terrible, is that they took all these products that never had fat in them like certain kinds of candy and sugars and started labeling them as fat free as if to tell the consumer they were now healthy to eat. Then they came out with fat free products where they reviewed the fat and began to triple or quadrupled the amount of sugar in these products and called it fat free without telling the consumer it actually had more calories than it did before they took the fat out of it. So the consumers got the impression they could start eating fat free. In effect, what we see is that the marketing, advertising, where most of us get our information, and the fast food companies end up sponsoring the research being done at our universities. They even partnership with our government such that we're continually getting information that says this food is good for you when it's really very bad for us and the results speak for themselves.

Q: So the people who are consuming these new wellness products are self-educating themselves because surely they are not getting the information from the media?

A: Absolutely! When you live in certain areas such as West Los Angeles or in most upper class areas of the country today you find that the very rich live in almost a different world then the rest of us when it comes to the food they eat and the types of fitness and health advice they get. And

the reason is that we have a couple of businesses out there that are much larger than the Wellness Industry that is giving them information. First, we have a one trillion dollar food industry that comes up with labels like fat free on a product that has so much more sugar in it than before because they took the fat out of it and it actually makes you fatter. Then we have the medical business, which is 1.3 trillion dollar or 1/7th of the US economy treating the symptoms of our ill health. The more overweight or obese you are the more medical problems you will have. That goes without saying! But no one ever dreamed that the majority of health care costs in this country under age 65 are entirely due to being overweight or obese and the medical business reaps 1.3 trillion dollars a year treating the symptoms of our bad food habits. They are not interested in giving you information that is going to eliminate you as a customer. Here's an example: Suppose you have a deficiency of a certain vitamin or mineral and you decide to see a physician. Is that physician going to say OK, take this drug which you'll take every day or is the physician going to spend hours with you analyzing what you eat and what your lifestyle is to find out you're not getting a certain vitamin and that's what is causing the disease. He will give you the quick fix, which is the medical fix. Our physicians are educated in medical schools. They get their information from the research being done by drug companies. So what is happening is that the entire medical business in effect deals with the after effect of our poor eating habits.

Q: So how will the wellness community, from your view, be able to connect with the consumer? What opportunities are there, in this new economy, to connect with those people who are reaching for wellness products?

A: The amazing thing is what the consumer does once he gets one wellness product or suggestion that work for him or her. If somebody suggests to you something that will improve your health, from a change in your diet to a nutritional supplement or vitamin, and you instantly feel better as a result of that suggestion you now have a special relationship with that person. You will go back for more and more information in order to get better and feel healthier specifically as certain things happen as you age. You want to counteract the effects of that aging. And what we are starting to see is an emergence of a wellness distribution business. A business of people educating people about products and services that will improve their health. They develop customer relationships that cause the customer to go back to the distributor of that product for more and more information on food and health.

Q: Paul, people are looking and reading as they consider their future. They're looking and reading about technology and the Internet and the Stock Market and the Wellness Industry. Do you see these industries moving at the same speed and at the same rate of growth or do you see the wellness business exceeding this speed and rate of growth?

A: The Wellness Industry should exceed almost anything we can see on the horizon. Because, we're aging we never reach a point where we say we have enough wellness products or we feel strong enough. We're always looking for something more and more! Virtually every other industry has some saturation point. When you buy a brand new computer you don't want another

brand new computer. When you buy a great car and it's really exciting you're not ready to buy immediately another car. But if you buy some product that will improve your health or make you feel great you will talk about it and you'll jump to buy another product that will improve your health even more. But the Wellness Industry is a brand new industry. It's at its very early stage. On one side you could say there's 200 billion dollars of wellness products from fitness clubs to nutritional supplements. Or you could say the nutritional supplement and vitamin businesses reached 70 billion dollars last year. Now that's a big number. But let's put that in perspective. We spend 70 billion dollars totally on vitamins and nutritional supplements last year but we spent 1.3 trillion 1,300 billion just on the sickness business which works on the effects of not getting the right nutrition or right vitamins. We spent 8 trillion, which is 800 billion on all the other things in our economy. So when we look around at the wellness business and we see a very new business that only in the last decade is starting to offer consumers products. Only in the last few months is it starting to reach knowledgeable people who realize that these products work. And more significantly, when we look at the growth and end of that business relative to the total size of the economy we can clearly see a one trillion dollar Wellness Industry by the year 2010 with no limits in sight as to how far it will grow beyond that point.

Q: Paul we're all growing older and we want to feel younger. What can we do about this?

A: We first have to come around to a definition of age. We, as a society, accept arthritis and accept eyesight problems and not being a strong and all types of medical problems as symptoms of aging. That is wrong! Most of the medical problems we experience today are resulting from a vitamin and mineral deficiency in our diets. We go to a doctor to say I have a headache or I have dizziness or I have some symptom that is bothering me. The doctor quickly comes out with a drug treating that symptom. The doctor doesn't focus on your overall diet or what's missing from your diet. All food is made up of one of six nutrient categories: (1) water (2) carbohydrates (3) lipids or fats (4) proteins (5) vitamins or (5) minerals. Virtually all disease is directly resulting from a deficiency in one of those nutrient categories. More than anything else my research is concluding that all medical problems, that we often chalk off to aging or lack of strength all the way to cancer and Alzheimer's, is a direct result of a deficiency in one of the six nutrient categories that compose our food. A deficiency in any one of those six nutrient categories leads to what doctors call disease. But it is really a symptom of some nutrient category missing in our diet.

Q: Paul, I wasn't ready for you when you predicted the great boon in the technology, computer and Internet businesses. But, I'm ready now! Where is the greatest opportunity within this wellness business?

A: The greatest opportunity in all products of new technology traditionally and in the future is in the distribution of those products. Ross Perot who made 3.5 billion dollars from EDS never wrote a line of software code or made any hardware. He distributed, through EDS, other peoples hardware and other peoples software. Sam Walton, who became the richest man in the world in 1990, never made a Wall-Mart brand of toothpaste or any product. He distributed other people's

products and services more efficiently. And with the new technology the press always focuses on the invention but the real money is made by the people who carry that invention from the laboratory to the consumer and make an impact on that consumer's life. Those people are the distributors of wellness products and services.

Q: So, just as the Internet and Stock Market is on the top of people's minds today the big, big news, from what we're hearing from you today, is that we're going to hear the same big news in the years ahead in the wellness industry?

A: Oh, absolutely! And bear in mind that wellness products and services are end use products. The Internet business today is really just about reducing costs. We see this great growth in the Internet business because people are using it to find better ways to distribute products and services to lower costs. But the Internet doesn't make a child smile or feed you when you're hungry or make you warm at night. A wellness product and service is an end use product that you receive a direct benefit from. You have an unlimited propensity to consume more of it if it worked for you.

Q: How will the wellness industry going to reach one-seventh of our economy?

A: Well, today we see people getting more and more money and less and less time to enjoy the luxury products they want to buy with that money. So much so that they don't want to buy a new luxury product because they haven't opened the box from the last one they bought. In contrast what about a product that makes you feel better, look better or be stronger from using or provides you with benefits every moment of the day even if you're working twelve hours a day? You enjoy it at work and you enjoy it driving to work and coming home from work. So consumers will instantly see the dollar value of a wellness product and service because they will have time to enjoy that product versus the time to enjoy a luxury product. We no longer have the old stereotypes of the working poor or the idle rich. In fact, today, the poorer you are the more time you have off and the richer you are the less time you have to enjoy the benefits you have of being rich.

Q: Paul, unlike your past work which is exceptional, you seem incredibly passionate specifically about the health and wellness industry. What do you think is the most important aspect of this whole thing?

A: Well, it really has nothing to do with business. I am a person who has spent half my life in public policy and government trying to improve life for others less fortunate than I. I find it amazing to look around the US today and see a world of great economic growth and an unbelievable economy and yet 55% of American's are not enjoying this economy. They're not enjoying it because they have effectively built their own prison in the fact that they are overweight or obese. So what's so exciting to me is that as I look at the opportunity in the wellness business it is to look at the potential to improve the lives dramatically of 55% of Americans. And I see nowhere else where these people are going to get the information to lose

the weight and take control of their health. Twenty-five percent of the US population or one-quarter is clinically obese. Do you know what kind of change in life you can make if you can help someone lose 75 or 100 pounds of fat? They just don't make more money but their whole life changes. They have more energy for their children. They will feel incredible in terms of self-esteem. They will get up each morning with a whole new outlook on life. We're not talking here about helping a few people or a neighbor or two or one in a hundred. We are talking about 25% of the US population that is obese. Fifty-five percent is overweight! When you can help these people you turn around their whole lives. So it's so exciting to me and it's not just the economic opportunity in the wellness business. More importantly is the public policy opportunity to dramatically improve the lives of more than ½ the US population.

Q: Paul, what is the one thing you want the readers and listeners to absolutely take away from this interview and session?

A: I'd like every listener of this tape and reader of the transcript to stop right this moment and think of themselves and of their physical bodies and their health and to think of their spouse, love ones, and children and say; "What can we do right now to start getting healthier? What can we do now to be in the better shape? What can we do now to stop making excuses about the fact that we're getting older or we're just getting more overweight? And what can we do to really take control of our lives?"