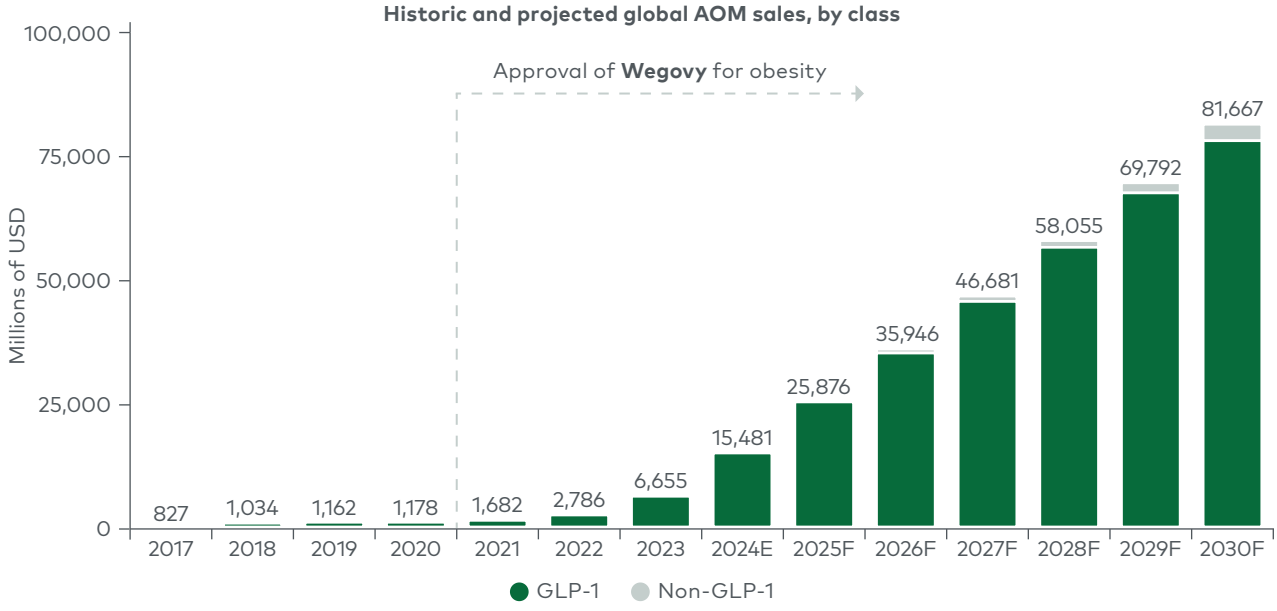
EXECUTIVE INSIGHTS

Future Outlook for the AOM Market

The anti-obesity medication (AOM) market has grown rapidly since the launch of once-weekly injectables Wegovy (semaglutide) in June 2021 and Zepbound (tirzepatide) in November 2023.[1] Since Wegovy's debut, AOM sales have surged nearly tenfold compared to pre-2021 levels, with analysts projecting over 40% annual growth through 2030 (see Figure 1). This rapid growth has substantially boosted the market valuations of Novo Nordisk and Eli Lilly, establishing them as leading pharmaceutical companies with a combined equity value exceeding $1 trillion.

Figure 1
Global AOM sales over time



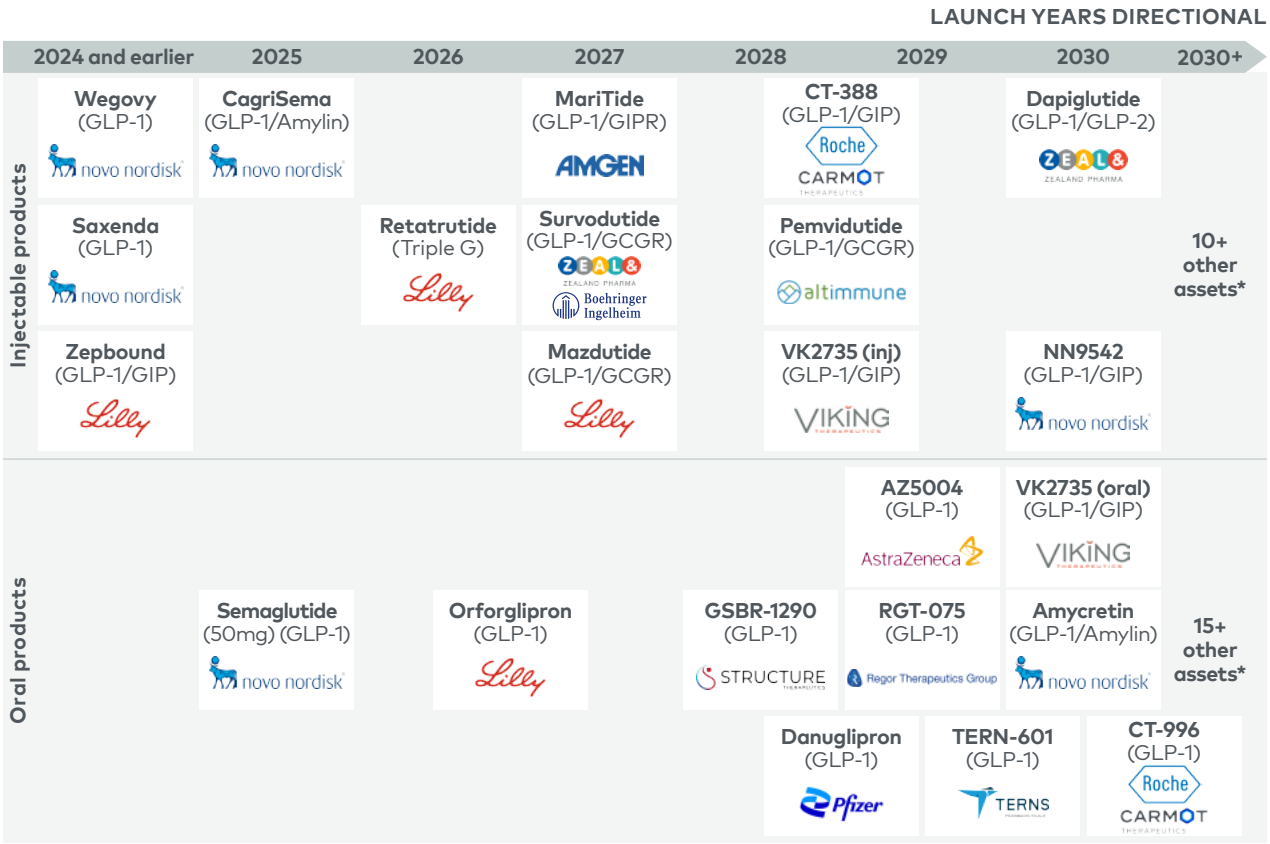
Note: AOM=anti-obesity medication; GLP-1=glucagon-like peptide 1
Source: EvaluatePharma, L.E.K. research and analysis

Despite the impressive weight-loss results of Wegovy and Zepbound, several challenges have slowed the growth of AOMs. Issues with convenience and tolerability have hindered patient compliance and long-term adherence. Limited insurance coverage, particularly with Medicare and most non-U.S. payers restricting access, has been a significant barrier.[2] Supply constraints have also caused intermittent shortages of key doses, even as Novo and Lilly have heavily invested in capacity expansion.

Competition in the AOM market is fierce (see Figure 2), with leading players Novo Nordisk and Eli Lilly making significant investments to sustain their dominance. These companies are not only gathering extensive post-marketing data but also expanding their reach into indications beyond type 2 diabetes and obesity, targeting conditions such as heart failure, chronic kidney disease, non-alcoholic steatohepatitis, Alzheimer's and more. Their post-approval investments amount to billions of dollars, encompassing outcomes trials, lifecycle management and label expansion to entrench the position of their anti-obesity franchise.

With more than 60 distinct drug mechanisms in early stages of development, the anti-obesity market is poised for rapid expansion, potentially leading to saturation. However, significant opportunities remain to address unmet needs. These emerging mechanisms focus on diverse strategies such as suppressing appetite, reducing fat storage, increasing energy expenditure and/or preserving muscle mass that present versatile applications: they can synergize with or enhance the efficacy of established treatments like semaglutide and tirzepatide, serve as maintenance therapies following initial incretin-based regimens and address the needs of patient populations that have not achieved satisfactory weight loss with existing options.

Figure 2
Anticipated label expansion launch dates



*Includes earlier-stage assets, assets transitioning to U.S. studies whose launch dates are TBD (e.g., Kailera), and other mechanisms that affect GLP-1 (e.g., oral nutrient receptor agonists K-757 and K-833)
Note: GLP-1=glucagon-like peptide 1
Source: Company websites; EvaluatePharma; PharmaProjects

As the AOM landscape is expected to undergo more profound transformation as it matures over the next 5-10 years, emerging trends are likely to reshape competitive dynamics and redefine strategies for success. To thrive in this changing environment, industry participants must carefully evaluate and leverage these key value drivers:

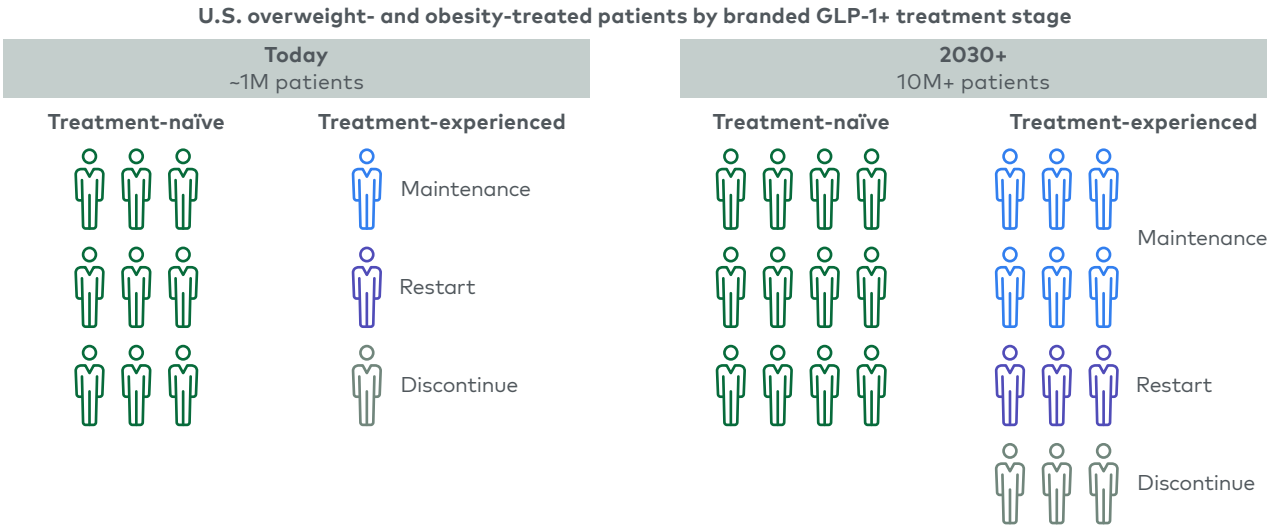
- **Develop a unique market entry strategy for the lead asset**

  To date, most obesity trials have focused on treatment-naïve patients in the induction phase, leading market participants to prioritize products with the greatest initial weight loss. As the AOM landscape evolves, patient segmentation will fragment along key dimensions such as BMI, comorbidities, treatment stage (e.g., induction, maintenance, refractory) and behavioral preferences (e.g., needle aversion). Although induction therapies will continue to play a critical role, they are unlikely to dominate the market by the 2030s, as the anti-obesity treatment landscape evolves toward a maintenance-focused chronic therapy model with high patient turnover and switching (see Figure 3).

  As treatment options broaden and understanding of patient needs advances,

the anti-obesity therapeutic landscape is poised to evolve into a more fragmented pathway, with distinct lines of therapy tailored to specific patient groups. Key considerations will include efficacy, safety, tolerability and administration preferences. Companies developing these anti-obesity medications should leverage the unique strengths of their therapies to address targeted patient segments. For instance, opportunities will develop for therapies delivering best-in-class efficacy, enhanced tolerability for long-term use, muscle-sparing weight loss, or cost-effective manufacturing to support competitive pricing for self-pay populations.

Figure 3
GLP-1 patient evolution overview



Note: GLP-1=glucagon-like peptide 1
Source: L.E.K. research and analysis

- **Pursue indications beyond obesity**

  Type 2 diabetes and chronic weight management are the primary drivers of incretin usage today. However, early research suggests promising potential in other conditions, including heart failure, kidney disease, MASH and even central nervous system disorders like Alzheimer's and Parkinson's. This highlights the growing importance of comorbidity management in the positioning and claims of AOMs.

  As noted earlier, securing market access and reimbursement for obesity-only indications remains a significant hurdle. Expanding the labels of anti-obesity medications (AOMs) to include related conditions could markedly enhance payer receptivity and improve coverage. Payers typically prioritize treatments that deliver clear, immediate health benefits or economic value, such as those targeting heart failure, kidney disease or diabetes. By addressing these high-impact conditions, AOMs can demonstrate greater therapeutic value, increasing their appeal for reimbursement and enabling broader access. This approach also makes

payers more inclined to approve coverage for patients with qualifying conditions, thereby expanding the eligible population and tackling the interconnected health challenges of obesity and its comorbidities.

- **Build a broad portfolio of complementary assets**

  Expanding a portfolio of AOMs beyond a single lead asset is a strategic approach to addressing diverse patient needs, increasing market share and minimizing reliance on a single product. A diversified portfolio will enable companies to deploy drugs tailored to specific subpopulations, accommodating varying efficacy requirements, tolerability profiles and administration preferences (e.g., injectables versus oral therapies).

  Additionally, it enables a single manufacturer to support patients throughout various stages of the treatment journey, from achieving significant weight loss in the initial phase to addressing resistance to first-line therapies and ultimately helping patients sustain their weight loss over time.

  On a global scale, a multi-asset portfolio enhances a company's ability to implement targeted strategies across different regions, adapting to variations in healthcare systems, patient demographics and payer expectations, thereby strengthening its global competitive positioning and market reach.

- **Prepare for significant investment**

  Developing and commercializing AOMs demands a massive capital commitment. The market is currently dominated by two key players, Novo Nordisk and Eli Lilly, which collectively control nearly the entire segment. Their leadership is anchored in several competitive advantages, including robust clinical and real-world evidence, extensive manufacturing and distribution networks, strong brand equity and well-established contracting relationships.[3] Breaking their dominance will require significant time and financial resources.

  A new entrant in this space must be prepared to invest well over $1 billion just to develop a product label and clinical claims that can rival established leaders like Wegovy and Zepbound. Beyond development, commercial investments are equally substantial due to the market's increasing shift toward consumer-driven demand. For context, iSpot.TV estimated that Novo spent around $50M per month in the fall of 2024 on television DTC ads for Wegovy.[4] This does not include spend through other channels or any broader marketing spend. With patient-initiated conversations about treatment options becoming more common, manufacturers must adapt their strategies to prioritize medical education, access support and field team responsiveness to both patient and provider inquiries, rather than solely focusing on promotion.

  Meeting this evolving demand will require not only financial investment but also differentiated clinical development and innovative engagement strategies to capture the attention of a highly motivated and health-conscious consumer base.

- **Gain competence in self-pay channels**

  The combination of limited insurance coverage in the U.S. and the quasi-absence of coverage in many international markets, coupled with the high cost of these therapies, has established out-of-pocket payments as a major factor shaping market access dynamics. This trend is also accelerating as market leaders have hinted at expanding GLP-1 treatments to those who are not obese or overweight.

  Even as competition grows and pricing pressures increase, the near-term spending required to expand access through traditional payer channels is substantial. Many payers remain cautious about broadening coverage, citing budget constraints, and some are even scaling back existing benefits. In regions outside the U.S., AOMs are expected to remain predominantly self-pay options.

  Self-pay channels bridge this gap, offering manufacturers an opportunity to target patients willing to pay for the benefits of these therapies, especially as newer options with improved efficacy, tolerability and convenience become available. To capture this market, manufacturers should leverage innovative distribution models and creative pricing strategies enabled by cost-efficient production.

  Anti-obesity medication players can learn from self-pay categories like dermatology, hair loss and aesthetics, where patients often prioritize immediate access and tangible results over navigating insurance barriers. Players should focus on key success factors, such as convenience, transformative efficacy and personalized experiences. Leaders in these analog markets excel through direct-to-consumer engagement, transparent pricing and impactful education. By adopting similar strategies, AOM providers can boost accessibility, satisfaction and appeal, positioning their products as effective, timely solutions for weight management and broader health and wellness.

The anti-obesity market is an expanding and increasingly significant segment of the pharmaceutical industry, but new entrants must carefully analyze the evolving market dynamics and weigh critical drivers to develop a winning strategy. By leveraging insights from this Executive Insight — positioning their lead asset effectively, optimizing its lifecycle, building a portfolio of complementary therapies, committing to substantial investment and mastering the self-pay market — companies can seize growth opportunities, win against key competitors and create lasting value for shareholders while making a significant impact on public health.

For more information, please contact us.

Endnotes

[1]In T2D, semaglutide (Ozempic) has been on the market since 2017 while tirzepatide (Mounjaro) initially launched in 2022.

[2]AJMC.com, "Rising Costs Lead Insurers to Drop Weight Loss Drug Coverage, Further Increasing Patient Burden." https://www.ajmc.com/view/rising-costs-lead-insurers-to-drop-weight-loss-drug-coverage-further-increasing-patient-burden

[3]FT.com, "Eli Lilly considers testing weight-loss drugs on people who are not overweight." https://www.ft.com/content/b2da2ca6-822e-4d42-bee4-e500522531e7

[4]Fiercepharma.com, "AbbVie's Skyrizi retains DTC spending crown, as Novo's Wegovy sees first entry." https://www.fiercepharma.com/marketing/abbvies-skyrizi-retains-dtc-spending-crown-novos-wegovy-sees-first-entry

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