

Health, sustainability attract some consumers

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An interesting piece in The New York Times, "They Care About the World (And They Shop, Too)," introduced an intriguing marketing cohort known by the acronym Lohas which stands for "lifestyles of health and sustainability."

Lohas consumers are difficult to profile demographically because they're embedded in a number of unrelated socio-economic layers. It's best to identify and segment them more for their attitude and psychographic orientation. As Steve French, managing partner of the National Marketing Institute, or NMI, notes, Lohas consumers "make their brand choice based on values." Or, as others have noted for this customer, the shift is from value to values.

NMI, a leading strategic consulting, market research and business development company specializing in the health-and-wellness marketplace, has identified nine key Lohas purchase sectors:

1. Food and beverages
2. Renewable power/energy
3. Socially responsible investing
4. Alternative/hybrid transportation
5. Dietary supplements/alternative health care
6. Energy-efficient electronics and appliances
7. Green building products
8. Household products and supplies
9. Personal-care products

Taken together, these categories delivered approximately \$230 billion in sales during 2000, according to Natural Business Communications, a company credited with introducing the Lohas concept. NMI estimates that 68 million Americans fall under the Lohas umbrella.

In spite of its enormous potential, the marketplace for health and sustainable products has never fully materialized. An NMI study revealed that 40 percent of Americans surveyed indicated that they bought organic food and beverages, yet only 2 percent of the \$600 billion in food and beverage sales in the United States comes from organic products. The possible reason for this disconnect is that marketers have failed to integrate traditional benefits with the nontraditional in their brand offerings. Lohas consumers may be well-intentioned but they're not stupid or less demanding. In the food category, for example, they seek the reassurance of purity, safety and environmental rectitude, the higher plane attributes so to speak, but not at the expense of the fundamentals -- taste, nutrition, convenience and value.

It's not simply a matter of taking the consumer mass and sifting it vertically into a narrow niche. The task is more horizontal in practice -- a process of linking the connective tissue, finding the driver of a hybrid vehicle who buys his gasoline with a socially responsible credit card, drives to a home built on the notion of sustainable community, and sits for the dinner meal provisioned from the local natural and organic foods store.

You can spot Lohas consumers very much by what they buy and how their purchases are linked by committed need and aspiration.

From a traditional media viewpoint, they're information junkies who consider themselves "influentials" on the subject of health and sustainability. Because information and education are key to this group, they're influenced less by short-span television than they are by print. Word-of-mouth and referral also rate highly. For the Lohas consumer, self-discovery communication is preferred over the in-your-face delivery.

There's a migratory pattern in how a Lohas buyer approaches the buying transaction. It's a simple case of moving up the food chain. Traditionally, this consumer will enter the health-and-sustainability category at the consumables level -- food, beverages, supplements, etc. After that, it's on to buying decisions that require more commitment and implied risk, e.g., building a home or buying a vehicle.

The companies that seem to be mastering the message and the pitch to the Lohas base include Patagonia (apparel), Working Assets (credit cards), Tom's of Maine (personal products), Horizon Organic (dairy products). Even a behemoth like Ford Motor Co. is getting the message, having invested seriously in its environmentally-sound River Rouge plant.

Major supermarket chains are rapidly increasing the amount of shelf space committed to organically grown produce. Retailers of natural and organic foods, such as Whole Foods, continue to outperform the traditional food retailing category. Indoor air quality and "sick" buildings are about to become issues of major concern to the average office worker. And, as the American health-care system continues to deliver less care for more money, despairing patients will seek their own solutions through a greater reliance on preventative maintenance, quite often located at the vitamin supplement counter.

Let's face it, health and sustainability is becoming a mainstream issue. The niche consumers will soon be the majority.

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