

LOHAS. Or: The Consumption of Sustainability

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1. Introduction

If you mainly buy organic vegetables and fair trade coffee, like to fly to distant destinations, but not without paying a little bit more to save the climate and watch out for your health and body shape, your chances of belonging to the group of LOHAS are very high. LOHAS is an acronym for a modern form of lifestyle – the Lifestyle of Health and Sustainability and also the name for the people living it. According to several studies, the number of people that live a LOHAS lifestyle is steadily increasing and thus, LOHAS are a very interesting group in consumption research (PAULESICH 2008, p.159; ERNST & YOUNG 2008; WENZEL et al. 2007). In the eyes of marketing experts, LOHAS are a promising group of consumers, opening up markets worth of billions of US dollars (OPPERMANN 2008, p.93). One cannot ignore the role LOHAS play in consumption and the following paper shall discuss the origin and growth of LOHAS, their main characteristics and consumption patterns, marketplaces and finally the critique one has to consider when dealing with this new group of “sustainable consumers”.

2. LOHAS – origin and growth

Today, using an Internet tool such as Google, searching for the term *LOHAS* results in more than 7.5 million hits. Up to this prominence, many years of theoretical and empirical research have passed. Although it is hard to say when exactly the LOHAS phenomenon began, in theory one book has opened the debate about this new group of consumers. Interestingly, the acronym LOHAS never appeared in this publication, however, most scholars agree that what Paul Ray and Ruth Andersen in 2000 titled “Cultural Creatives” is the exact same thing as people that live the LOHAS lifestyle (RAY & ANDERSON 2000; AUE 2008, p.4). Other titles have been “Values-Driven Consumers” or “Conscious Capitalism” (ABURDENE 2007). The actual term *LOHAS* was introduced by the market research institute NMI (Natural Market Institute) and translated the cultural group into a new consumer group. The NMI further estimated the market potential of this group and came up with 200 billion \$ US for the year 2004 (KREEB et al. 2009, p.304). Since this first realization of a new, hardly to conglomerate group was established, many market institutions wanted to attract the LOHAS consumers, as they offered new marketing and production possibilities. The research project “balance[f]” surveyed the sectors food, tourism, automobile, finance, insurance and cosmetics and came up with an even

higher market potential. In Germany, the percentage of Cultural Creatives, or – spoken in consumer terms – LOHAS, was more than 24 % in 2005/6 (KREEB et al. 2009, p.304). The “Future Institute” (Zukunftsinstitut) in Kelkheim analyzed this new consumer group in Germany and states that one third of the population already follows the LOHAS lifestyle and that by 2015 LOHAS consumers will dominate markets worldwide (WENZEL et al. 2007, p. 121).

3. LOHAS – characteristics and consumption patterns

Placing the two attributes of health and sustainability in the centre of their life, LOHAS follow a megatrend that has been growing during the last 20 years, mainly in developed industrial and service countries (OPPERMANN 2008, p.94). Along with these main attributes comes a wide set of post-materialistic and post-modern values, which play a huge role in the life and consumption decision of LOHAS (OPPERMANN 2008, p.94; WENZEL et al. 2007, p.26ff.).

There is no clear socio-demographic group, which can be considered as LOHAS and many studies have shown that some correlations are even contradictory (PAULESICH 2008, p. 152; OPPERMANN 2008, p. 97; KREEB et al. 2009, p.309; ERNST & YOUNG 2008; p.2, WENZEL et al. 2007 p.16; RAY & ANDERSON 2000, p.22). The professional service firm ERNST & YOUNG performed a study about consumer concerns for health and sustainability issues on more than 3,000 people in Austria, Switzerland, the Netherlands and Germany. The study once again demonstrated that LOHAS consumers appear in all demographic levels and belonging to the LOHAS group does not necessarily mean that people are rich or of a certain age or gender (ERNST & YOUNG 2008, p.2; see also WILLER & KILCHER 2009, p.168).

Although they are not a homogeneous group of consumers, LOHAS share some certain characteristics, for example that they mainly live in urban areas (WILLER & KILCHER 2009, p.168). They do not only think about their own benefits, but also about the effects their lifestyles have on other people and the environment. Therefore, for example, LOHAS tend to buy organic products, consider ethical standards, fair trade and sustainability (ERNST & YOUNG 2008, p.1).

The LOHAS lifestyle has also been titled a “hybrid” lifestyle. As shown in figure 1, following LOHAS means, e.g., being in favor of technical developments while enjoying nature, living a self-centered life while thinking about others and being realistic while open to spiritual ideas (RAY & ANDERSON 2000; WENZEL et al. 2007, p.33; OPPERMANN 2008, p.94).

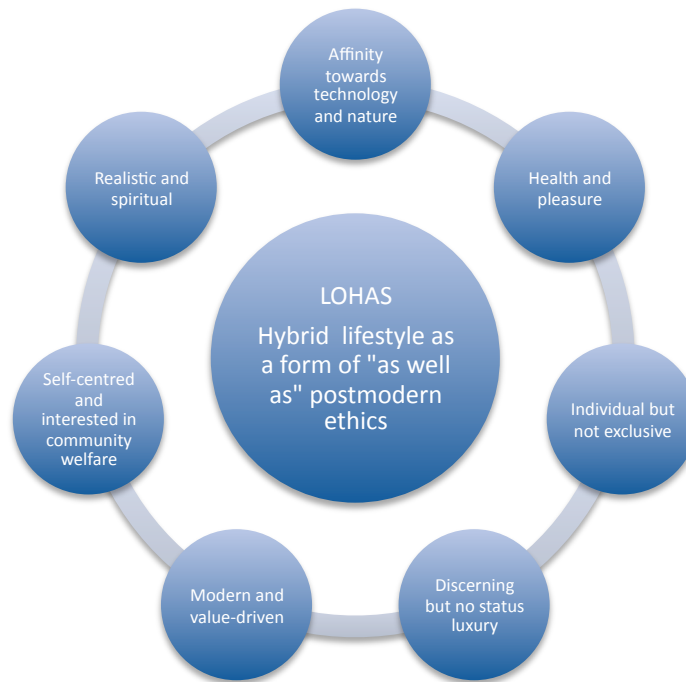


Fig. 1: LOHAS characteristics. Adapted from KREEB et al. 2009, p.310.

Furthermore, LOHAS do not only act on the consumer side, but also want to participate in the creation of the product as so-called “co-producers“. They steer the producers towards more sustainable products and modes of production (EMERICH 2010, p.1; PAULESICH 2008, p. 154). Many LOHAS see themselves as “activists“, believing that they can change production patterns by favoring some products and boycotting others (WILLER & KILCHER 2009, p.168).

Some authors therefore see big chances for sustainable production by acknowledging the power of the LOHAS group. KREEB et al. state that LOHAS are very critical consumers and that green-washing strategies, used by companies to sell their product to this new consumer group, will fail – at least in the long run (KREEB et al. 2009, p.312). Some industries and companies have already recognized the complex requirements of LOHAS consumers, while others are still lacking awareness to develop product lines that are tailored to the specific needs (KUHL & NIESSEN 2009, p.2, EMERICH 2010, p.3). The German Ministry even published a guideline for enterprises to develop new marketing strategies for the “megatrends of sustainability“, namely climate change and energy, resource depletion, demographic change and water scarcity (BMU 2008). This publication shows that LOHAS do not only play an important role in the market, but also in political processes. LOHAS follow a political participation process rather than merely representative politics (see also KREEB et al. 2009, p.309).

4. Markets

The LOHAS marketplace is comprised of two things: 1. Diverse markets, ranging from food to insurance and 2. A specific set of consumers (EMERICH 2010, p.2). Because of their diverse interests, LOHAS play a big role in many different markets. Although being a heterogeneous group of consumers, they tend to buy of the same industries. For example, consumers who buy organic food also show an affinity towards alternative healthcare products or of companies that have high social standards (EMERICH 2010, p.3). In their study on LOHAS consumers' effect on markets, WENZEL et al. identified seven key markets, which are greatly influenced by the LOHAS group. These markets are the food and clothing industries, the health sector, design, tourism, sports and leisure time as well as the media (WENZEL et al. 2007). By far the most important sector, however, is the food industry, namely organic agriculture (KREEB et al. 2009, p.308). According to the "World of Organic Agriculture" report, published by FIBL and IFOAM, LOHAS appear in almost every country in Europe, contributing in great parts to the increase of this market (WILLER & KILCHER 2009, p.166). In the ERNST & YOUNG survey, the major associations with organic agriculture are healthy nutrition, standards for animal welfare and the environment (ERNST & YOUNG 2008, p.2). These principles are very strongly related to the values of LOHAS consumers as mentioned above. However, it is also in this sector that a real sustainable lifestyle seems at least questionable. Although regional production and marketing are often promoted as being very sustainable, they are not the focus on LOHAS' shopping list and therefore, regional production is developing rather slowly (OPPERMANN 2008, p.91). The fact, however, that the term sustainability in itself is rather hard to grasp and lacks until today a common definition that goes beyond highlighting an equilibrium of economic, ecologic and social aspects, makes it harder for the consumers to choose a "sustainable" product. Today, a variety of different labels exist, such as the MSC (Marine Stewardship Council) label for sustainable fisheries, FSC (Forest Stewardship Council) for timber products or organic agriculture labels (such as the EU organic label or in Germany Demeter, Bioland or Naturland). The ERNST & YOUNG study confirms the trend of a "jungle of labels", which makes it hard for consumers to directly spot a product which is suited to their LOHAS lifestyle (ERNST & YOUNG 2008, p.2). The brand and labeling sector has not yet reached its full capacity to have a great influence on consumers' decision. Especially in sectors such as tourism or technology, sustainability criteria are only slowly entering (ERNST & YOUNG 2008, p.2).

The German "Association for Consumption Research" (Gesellschaft für Konsumforschung) published another LOHAS study of different market sectors in which the importance for social and environmental standards for people's shopping decisions is made evident (LOHMÜLLER & DILLEMUTH 2008 as quoted by KREEB et al. 2009, p.308). Figure 2 gives an overview of the different importance different sectors have in terms of environmental and social standards.

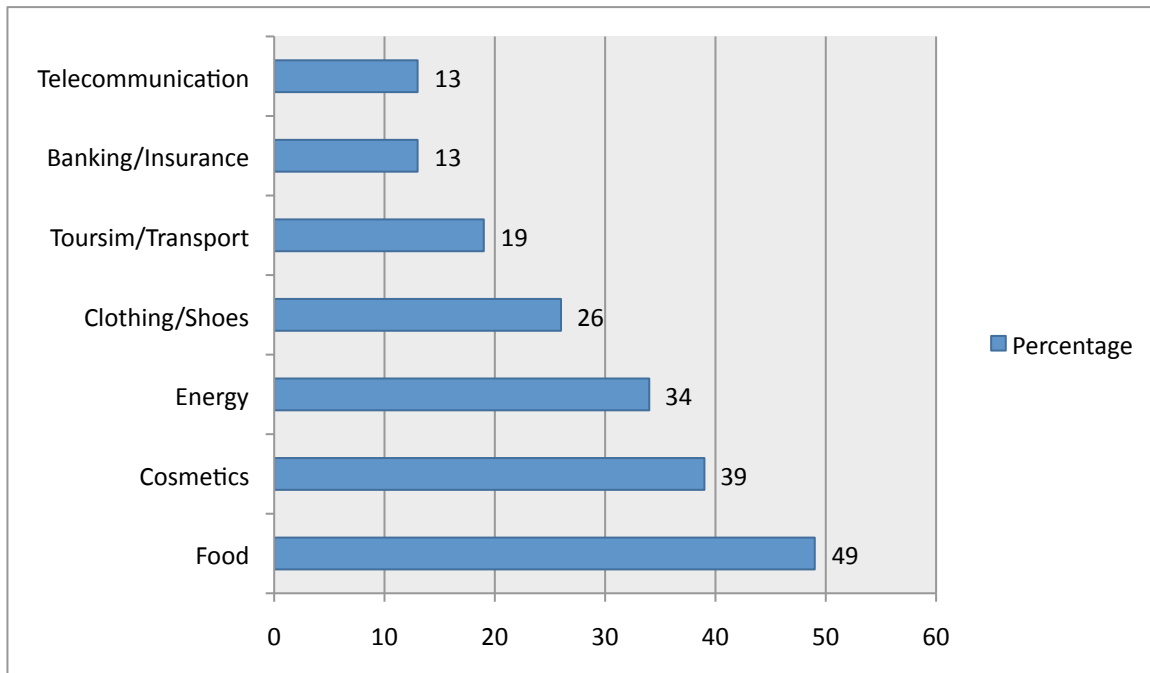


Fig. 2: Percentage of people who find it "very important" to buy environmentally and socially just products. Adapted from LOHMÜLLER & DILLEMUTH 2008, p.10f. as seen in KREEB et al. 2009, p.309.

The Ernst & Young study further underlines this trend and also shows that many people are willing to pay more for products that meet the standards mentioned above (see also KREEB et al. 2009, p.308). For organic products, the percentage of people in the surveyed countries that would pay up to 10 % more for organic and fair trade produce lies between 77 and 86 % and between 74 and 84 % respectively (ERNST & YOUNG 2008, p.3). These numbers highlight again the attractiveness of LOHAS for companies that can use this high willingness to pay to introduce new marketing strategies and production lines.

5. LOHAS – critique

The “hybrid”, often – at least seemingly – contradictory lifestyle has brought a lot of critique to the group of LOHAS (AUE 2008, p.8). LOHAS want to fulfill their aspirations of living a healthy life, filled with pleasure and at the same time keeping up their moral of caring for social standards and environmental protection. And they can only combine all these different aspects by consuming (AUE 2008, p.9). By consuming “sustainable” products, they can keep their conscience clean without compromising a modern, healthy lifestyle (WENZEL et al. 2007, p.53). It is therefore important to state that, although LOHAS stand for the translation of sustainability into the consumer language, they cannot be classified as being very sustainable in terms of a reduction in consumption to protect natural resources and energy. Esthetics and lifestyle are just as important to them as are aspects of

sustainability (KREEB et al. 2009, p.304). Thus, companies can still get around developing products that can really be stated sustainable in terms of energy and resource consumption, as it is simply not the utmost important thing for LOHAS consumers (KREEB et al. 2009, p.307). By consuming sometimes a lot of lifestyle products, LOHAS can even contribute to a loss of sustainability in total (MENHARD 2007, p.1f.). It can therefore be seen as critical to push forward only (free market) strategies that only foster the establishment of a solid LOHAS group without giving other incentives for companies to produce in a more sustainable way.

6. Conclusion

LOHAS can no longer be ignored as a powerful group of consumers and two things need to be considered if a future path of “sustainable consumption” is to be taken on a bigger scale. The first one is by far harder to achieve than the second one: LOHAS need to be aware of themselves and of their power not only as consumers but also as “co-producers”. The missing self-awareness of this big group is one of the problems why sustainable production is still far away from its potential, as markets only slowly realize the giant group behind the acronym. This leads to the second step on the scale: The shift towards sustainable forms of production in order to supply the products that the customers demand.

The LOHAS lifestyle may by far not be the “holy pathway” that many environmentalists and eco-activists dreamt about, but it might be a very realistic pathway to achieve, even if only in slow and gradual steps, a shift towards more sustainable production and consumption patterns.

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