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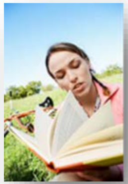
U.S. Consumer Perspectives and Trends in Sustainability

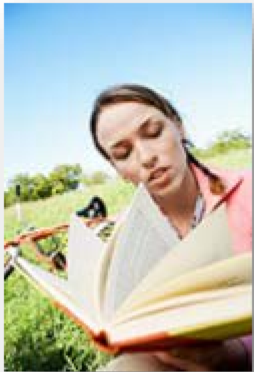




NMI's LOHAS Segmentation

LOHAS: Lifestyles Of Health And Sustainability

NMI's Proprietary Sustainability Segmentation Quantifies What Attracts People to Sustainability



LOHAS®: 21%

- Active stewards
- Personal and planetary health
- LOHAS is a lifestyle
- Heaviest purchasers
- Early adopters & influencers
- Willing to pay a premium

NATURALITES®: 20%

- Personal health > planetary health
- Strong secondary target for natural/healthy food
- Income restricts some behavior
- Price impacts purchases

DRIFTERS®: 24%

- Green followers
- Driven by social pressures
- Very driven by brand and premium
- Want to be seen as doing their part

CONVENTIONALS®: 18%

- Practical & rational
- Driven by cost savings; eco-benefits secondary
- Skeptical about organics

UNCONCERNEDS®: 17%

- Unconcerned about the environment and society
- Dealing with day-to-day challenges

Collectively referred to as "Sustainable Mainstream"

U.S. General Population Adults 18+, 2013

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50M adult consumers in the US

The LOHAS Consumer: 21%

Who they are

- Slight female skew
- Well-educated
- Highly influential
- Slightly higher income
- Higher social consciousness
- Less price conscious

What they believe

- Most likely to believe in the connection between personal and planetary health
- Live to sustain earth, mind and body naturally

Concerns

- Most concerned about a multitude of environmental issues
- Most active across their lifestyle:
  - Recycling
  - Boycotting/ Procotting
  - Influencing others
  - Conserving water, electricity, and gasoline

How to reach them

- Can reach them with corporate info through company website, product labels, news stories, and independent third-party sources
- Chief influencers of consumer advocacy groups; third party organizations

Purchasing

- Lifestyle oriented and heaviest purchasers of green products:
  - Organic food
  - Natural cleaning/ personal care
  - Hybrid vehicles
  - Renewable power
  - Green hotels
  - Socially responsible investing
- Less driven by economic issues and willing to pay a premium for green

LOHAS Leaders and Followers

50M adult consumers in the US

(% General Population in NMI defined consumers segments)

LOHAS Leaders: 9%

- The true “movers and shakers” in the market, and those that are most likely to walk the talk
- They differentiate from Followers primarily in their actions; they are currently more involved in numerous ways (both purchase patterns & day-to-day eco-activities)
- More likely to think being green is easy, convenient, fun, and part of their everyday life
- Less price sensitive
- More influential among family and friends
- Take the lead on health as well as sustainability issues

LOHAS Followers: 12%

- While they share many attitudes with LOHAS Leaders, their behaviors sometimes lag
- But, they are still more engaged, both attitudinally and behaviorally, than non-LOHAS consumers
- More likely than Leaders to think green is too expensive and difficult
- Also need more education and tips on how to incorporate more behaviors into their lifestyles than Leaders

47M adult consumers in the US

The NATURALITES Consumer: 20%

Who they are

- Lower income and education than average
- Skew higher for kids 18+
- Most likely to eat out at restaurants

What they believe

- Clear connection of personal and planetary health – but personal health trumps
- Believe that some environmentally - friendly products are healthier

Concerns

- Concerned about personal health and other issues that affect them directly (e.g., food safety, gas prices)

How to reach them

- Want to be more involved in sustainability:
  - Feel more responsible than in the past
  - Want more information
  - Wish they did more
  - Think they can make a difference
- Rely on “trusted” brands

Purchasing

- Most likely to say purchase is determined mainly by price
- Overindex in purchasing many natural and sustainable household products

A closer look

57M adult consumers in the US

The DRIFTERS Consumer: 24%

Who they are

- Youngest segment, skew to Millennials
- More likely (than average) to have children in HH
- Most racially diverse

What they believe

- Eco-wannabes, but want easy ways to engage in green activities
- They ‘drift' wherever their peers or society pushes them
- Some positive green attitudes, but challenged with behavioral dimensions
- More likely to explore a company’s position on environmental responsibility
- Could be activated to sustainability through social pressure to do more

Concerns

- Driven by social pressure; most likely to say the only reason they do anything “green” is because:
  - It seems like everyone else is doing it
  - It matters to friends and family
  - Others expect them to
- Most likely to say their friends have gotten them more involved in environmental protection.

How to reach them

- Eclectic selection of “green” lifestyle behaviors; overindex on:
  - Use of clothesline
  - Using reusable mug
  - Composting
  - Carpooling/biking
  - Taking public transportation
  - Being politically active for environment

Purchasing

- Very driven by brand and premium:
  - Second most likely to say they’ll pay a 20% premium for eco-friendly or natural products
  - Interested in green products from premium brands
- Least concerned about whether a product is a good value

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A closer look

43M adult consumers in the US

The CONVENTIONALS Consumer: 18%

Who they are

- Well-educated
- Above average income
- Boomer and slight male skew

What they believe

- Describe themselves as practical that drives "green" lifestyle behaviors:
  - Only run dishwasher when full and numerous other water conservation activities
  - Take bags to the store
  - Turn off car when idle
  - Above average recycling

Concerns

- Concerned about energy and economic issues:
  - Reliance on fossil fuels, pollution from cars/trucks
  - Value of home, stock market, US debt

How to reach them

- Their interest in sustainability driven by concern about saving money:
  - Think we live in a wasteful society
  - Interested in companies reducing waste

Purchasing

- Over index in usage of many waste- and energy-conscious products:
  - CFLs, LEDs
  - Energy-efficient electronics/ appliances
  - Green building products
  - Home energy meters
  - Insulation and weather stripping
  - Low flow water fixtures
- Don't know where to find green products
- Claim they don't know enough about green products to buy

40M adult consumers in the US

The UNCONCERNED Consumer: 18%

Who they are	What they believe	Concerns	How to reach them	Purchasing
• Slight male skew • Highest income • Slightly more likely to be Caucasian 	• Show no interest in becoming greener—don't want more information, don't want more green products on the market, don't feel guilty when they don't do more	• Actually show some interest in economic issues and foreign affairs, debt, cost of gas, property values • But, underindex on social and natural resource issues	• Not a target unless "a trigger" makes it relevant for them • Admittedly don't do much to protect the environment, and don't think they can make a difference • Think being environmentally-friendly is boring, a chore, too difficult	• Underindex on eco-friendly product purchasing

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