

New LOHAS Market-Size Data Released: A \$209 Billion Opportunity

By The Natural Marketing Institute

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New research from The Natural Marketing Institute provides first published update to LOHAS market size since 2000

Harleysville, Pa. (January 2007) – The Natural Marketing Institute (NMI), in conjunction with Silvercliff Media Inc., announced today that consumer spending within the U.S. LOHAS market for 2005 was \$209 billion. LOHAS is an acronym for “Lifestyles Of Health And Sustainability” and describes an integrated, rapidly growing market for goods and services that appeals to consumers who have a meaningful sense of environmental and social responsibility and incorporate those values into their purchase decisions.

According to NMI Managing Partner Steve French, “We are extremely pleased to announce the release of updated LOHAS market size numbers – the first update since figures were developed for the year 2000. After six months of extensive research, the latest numbers reflect a high-growth marketplace with rapidly increasing mainstream interest and consumer engagement. In an effort to provide clients with an all-encompassing look at the LOHAS market, this new market-size information will be the perfect complement to the attitudinal and behavioral data from NMI’s annual LOHAS Consumer Trends Database™. We now have a complete suite of tools in order to explore consumer opportunities within the hottest trend in the marketplace.” To conduct the research, NMI partnered with Silvercliff Media, headed by Frank Lampe. Lampe was a co-founder and principal in Natural Business Communications, which produced and published the original LOHAS market sizing.

“This research provides a new, more accurate benchmark for companies and organizations interested in participating in this now global phenomenon being driven by values-based consumers,” says Lampe, president of Silvercliff Media. “The LOHAS concept is less than seven years old. Considering the growth and dynamics at play in an admittedly new marketplace, we were able to create a snapshot that should help both further define the space as well as support its growth.”

Several changes were implemented for the 2006 study. This update focused exclusively on products and services for consumers and did not include business-to-business sales. A reexamination of the categories also took place. “We determined that a reevaluation of the categories and the products and services was necessary to create a new baseline in response to evolving market realities,” states Gwynne Rogers, NMI’s LOHAS Business Director. In addition, some of the categories that were originally part of the LOHAS market in 2000 have now mainstreamed beyond the LOHAS definition. Such items include air purifiers, bottled water and massage therapy, among others. In some cases, NMI and Silvercliff quantified the percentage of a category’s sales that was related to LOHAS values or behaviors, rather than including the entire category.

The research study was conducted over a six-month period in 2006 and represents data culled from an extensive array of primary and secondary research from industry groups, the U.S. government, and other sources. Based on this research, U.S. consumer LOHAS spending by the five general segments for 2005 is as follows (with representative sub-categories listed):

- Personal Health: \$118 billion (includes natural/organic foods, supplements, personal care, alternative medicine, yoga, health/fitness, media)
- Eco-Tourism: \$24.2 billion (includes eco-travel and adventures, new age/spiritual travel)
- Alternative Energy: \$400 million (includes green pricing programs, renewable energy certificates)

(RECs))

- Alternative Vehicles: \$6.1 billion (includes hybrid vehicles, biodiesel, car sharing)
- Green Building: \$49.7 billion (includes ENERGY STAR products and homes, other green-certified homes, materials and solar panels)
- Natural Lifestyles: \$10.6 billion (includes home furnishings/supplies, natural pet products, cleaners, apparel, philanthropy)

In addition, socially responsible investing (including privately managed accounts, SRI screened mutual funds, etc.) represented an additional \$215 billion, however this number was not included in the total LOHAS market size due the unique nature of these activities as “investments” rather than “expenditures.”

Specific details regarding the market size of sub-categories and growth rates, along with insightful commentary relating to the market-size data is available as part of NMI’s 2006 Understanding the LOHAS Market™ published report series. For more information on these research reports, please contact Nancy White at 215-513-7300, ext. 225 or nancy.white@NMIsolutions.com.

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