

» By Amanda Blennerhassett

## Green consumerism and the organic industry: focus on retail and branding

**G**reen consumerism is the brave new world facing the global retail industry. It currently has many companies wondering how much the green dollar matters, if they should be doing something about it or if it's just a fad. In Australia we presently see this movement in everything from water-saving dishwashers to Earth-friendly cleaning products, renewable energy, eco-tourism, organic food and even corporate positioning campaigns such as BP's 'Talk Stopped Long Ago'.

In essence, green marketing includes any promotional activity that positions a company, brand or product as superior to its competitors in regards to environmental performance and we currently see different players executing the strategy with very mixed results. Some brands have jumped quickly on the green bandwagon with insufficient due diligence and wound up being accused of greenwashing. A good example is the high profile case of the Woolworths Select toilet paper that made claims it was sustainably sourced and featured the Forestry Stewardship Council (FSC) logo, only to be contested by the FSC and then receive the backlash from consumers and the ACCC alike. As seen in the effect of 'quasi' organic brands on the perception of the certified organic industry, the unfortunate result is that consumer cynicism of green claims is growing rapidly and these flawed attempts are damaging the movement overall. However, others have followed best practice like Fosters with its Cascade Green carbon neutral beer that measures the full product lifecycle from farm to recycling bin, is Greenhouse Friendly certified with a clearly defined green proposition, and has been met with industry-wide acclaim.

Let's cut to the chase - green consumerism matters in Australia and is growing in importance. Firstly because issues related to climate change and sustainability continue to snowball and suggest companies will be forced in time to make significant changes to their current operations. Recent developments include the release of an international study in September which found that global carbon

dioxide emissions rose 3% in 2007 compared to 2006 - worse than the direst predictions made by a group of Nobel-prize winning scientists last year. Plus the recently released Garnaut Report has called for urgent governmental reform in Australia including an Emissions Trading Scheme by 2010 which will have considerable impact on the manufacturing sector and is likely to see many brands looking for ways to justify cost increases through their marketing and brand propositions.

Secondly it matters because as seen in the US and EU markets, retailers may

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increasingly use green credentials as a filter to select suppliers, as will the public and private sector to appoint tenders. Companies may begin to need to prove their green credentials to secure the sale.

Thirdly because Australia spent an extra \$3bn on healthier more sustainable products in 2008, compared to 2007, according to the newly released Living LOHAS 2 Report that measures the Lifestyles of Health and Sustainability (LOHAS) consumer marketplace. The comprehensive study, which surveyed industry and more than 1700 Australians, also found that Food & Nutrition is one of the fastest growing sectors, representing about 15% of the \$15bn Australian LOHAS consumer market.

The good news is that according to Nick Bez, Research Director of Mobium Group,

an author of the Living LOHAS 2 and one of Australia's top experts in green consumerism, organics are an important part of the LOHAS market, and as such the industry stands to gain much from the healthy growth of green consumerism.

“The term 'Organic' is well known by consumers and better understood than many higher profile environmental issues such as 'Carbon Trading' or 'Greenhouse Gasses',” he explained.

“Food & Nutrition is one of the key entry points for people as they become interested in making healthier, more sustainable product choices,” Mr Bez said. “This is because there is a strong personal benefit to making better nutrition choices, and organics with a 'no chemicals' proposition is perceived to be healthier, as well as having environmental benefits.”

The organic industry, as recently found in the Australian Organic Market Report 2008, makes up around \$0.5bn of the LOHAS market. Living LOHAS 2 reported that overall more than 40% of Australians said that they had purchased at least one organic product at least once in the past year and that LOHAS values-aligned consumers are the key drivers of the organic market.

As seen in other organic consumer research, Living LOHAS 2 also found that LOHAS aligned consumers represent a cross-section of society; these consumers are buying for values-based reasons and therefore not easily simplified down to a single socio-economic or demographic profile. Whilst the study found that there are a number of motivators that drive people to buy organic such as illness or a new baby, Mr Bez says that ultimately, “Choosing organic is a relatively accessible and easy-to-understand proposition, either you are comfortable with chemical farming or not. Toxicity has strong resonance as it has a direct personal impact”.

Living LOHAS 2 does segment the LOHAS consumer market into four groups that indicate participation: Leaders (the highly committed), Leaning (the moderate to strongly aligned), Learners (those who are aligned but don't know where to start) and Laggards (the unaligned for either



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values-based or economic reasons). It found that of those segments, over 90% of LOHAS Leaders participate in organics with regularity, the Leaning segment are growing in their participation as well as their frequency, and that some Learners are also trialing organics but this is very shallow.

Mr Bez says, "Organics are aspirational for many Leaning and Learner consumers. Price, trust and availability are the major issues for these segments. You need to engage these segments to drive further future growth for the industry. The Leaders are 'maxed out' in terms of participation – almost all are regular purchasers already so there will be a natural limit to their spending".

That points to something that the organic industry is starting to really understand: the importance of promoting the benefits of

organics in the mainstream. Mr Bez believes that, "From a green perspective it is about communicating the authenticity of organics as a true environmentally preferable method in a positive way – 'Better for You. Better for the Community. Better for the Environment'". He says the research shows it is critical that the organic industry, "Articulate the value proposition more simply and answer the big consumer question – why does it cost so much more?"

At the same time as educating new and infrequent consumers, mainstream promotion has the potential to address trust and drive home the message that consumers should look for certification on products as a quality guarantee. Mr Bez highlighted that it is essential to reduce consumer confusion caused by the current system that has multiple organic certifiers and multiple logos. "[The industry] needs to

get to a single 'organic brand' ASAP," he said.

Regardless, the growth of the green consumer movement is very encouraging for the organic industry and only strengthens the case for a certified and unified front.

For more information about Living LOHAS 2, visit [www.mobium.com.au](http://www.mobium.com.au).

### About the author:

Amanda Blennerhassett has ten years' experience in sales and marketing in the 'fast moving consumer goods' industry with a passion for and specialisation in the organic, wellness and sustainability sectors. Amanda is currently owner of her own consulting business offering marketing and communications strategy and management services for Small to Medium Enterprises. ◀