

Breakout Session: The Business of Sustainability

Monday, May 21st

11:45AM – 1:00PM

Library Suite

Scribe: Se Bum Oh

Moderator: **Jim Root**, General Manager of Spa Operations, Sea Island Resorts, Georgia and Chairman of ISPA

Presenter: **Ted Ning**, Director, LOHAS (Lifestyles of Health and Sustainability), Colorado

Contributor: **Mark Wuttke**, Principal, the Wuttke Group, Georgia

JR: Sustainability is an umbrella word for many terms. LOHAS represents health, environmental warning, social responsibility, etc. For spa industry, sustainability is not a strategic initiative. It is, ideally, a core of 'spa'. The LOHAS market and the spa market share the same market. You cannot escape from the concept of sustainability nowadays.

The first thing Mr. Ning is going to do is to talk about and provide an explanation of LOHAS; second, the connection of LOHAS and the spa industry; third, the future outlook.

The core concept is "Spa is people business, very high-touch (and not high-tech)." The most powerful effects of spa does not just occur when visiting, but can happen when people go back home. The business of sustainability is the business of the spa, and the future of the sustainability is the future of the spa. Are you willing to be a leader or follower? It is very important to know sustainability as it is the core and an essential part of the spa.

TD: What is LOHAS? What they are doing? LOHAS is an acronym for Lifestyle of Health and Sustainability.

LOHAS is a \$200+ billion market. LOHAS is composed of established products and product categories. It is young organization. The hybrid Toyota car, a dream sports stadium, and the organic store are all examples of LOHAS.

Rapid Growth in all directions (Some quick stats):

- Organic foods: 15%+ growth since 1990
- Solar energy: 16% growth since 1992
- Wind energy: 5-fold growth since 1995
- Alternative transportation: 29% growth rate
- Alternative medicine: nearly 50% of US consumers have tried it at their own expense
- Eco-tourism
- Socially responsible investing

The US LOHAS market comprises of:

- Sustainable economy
- Healthy lifestyles
- Alternative healthcare
- Personal development
- Ecological lifestyles

Total LOHAS market: US\$208.4 billion

Who are the LOHAS consumers and what are their characteristics?

- Committed
- Have strong brand loyalty
- Enormous disposable income
- Represent a significant segment of the population
- Roughly 1 in 4 consumers
- Strong environmental and social values
- Base many of their purchase decisions accordingly

For the LOHAS consumer segment, it is all about lifestyle:

- They do not just buy organic food or energy efficient appliances
- They are active in all LOHAS-related product categories

The LOHAS consumers are attractive for a variety of reasons including:

- Brand loyalty
- Influence over others
- Price insensitivity

LOHAS consumers are incredibly demanding: products that are “green” are not enough; they need to feel, taste, and perform as well than their conventional counterparts. This is a very important and unique feature of the LOHAS consumers.

LOHAS = 35 million US adult consumers (16% of US consumers)

There are other segments: naturalists, drifters, conventionals, etc. However, the LOHAS consumers are the most influential and least price sensitive

Important LOHAS consumer dimensions:

- They need proof: seals, marks, certifications; people and media validation
- They demand transparency: 3rd party audits; non-profit partners
- They expect depth: link to personal values; CSR; continuous improvement

There is enormous amount of media attention on green, sustainability, and LOHAS-related things.

There are many LOHAS communities in Asia as well as all over the world. (e.g., Korean LOHAS community website and Singaporean government’s marketing their country as a clean and environmentally friendly place). In Asia, the LOHAS concept is their traditional concept.

But now, the LOHAS concept comes from the western world and influences the young generation worldwide. The LOHAS phenomenon is spreading among the Asian young generation: LOHAS shoes, LOHAS place, etc.

Did you know that in this country (the US), 40% of the food is wasted! Managing LOHAS brand is not a matter of managing. People manage their brand themselves and communications/synergies are sources for management.

What LOHAS wants to do is to integrate all the LOHAS-related movements/ thoughts/ communities together. Today, there are many people and companies who care about LOHAS, environment, etc., but

they don't necessarily talk to each other.

The empty seats in this room today reiterate that it is your responsibility to bring the concept of LOHAS to more people. We comprise the 16% percent of the demography of LOHAS.