

Sustainability – Through the Eyes of the Consumer

Green Wine Summit
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BROWN-FORMAN

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nmi

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Introduction

- Nielsen/NMI partnership
- Sustainability Background
- LOHAS Segmentation and Wine Topline

LOHAS = Lifestyles Of Health And Sustainability

Nielsen – NMI Partnership

- NMI is foremost firm tracking and consulting on health & wellness and sustainability
- Partnership started February 2008
- “Typing” of Nielsen’s Household Panel using **LOHAS** segmentation model
 - Lifestyles of Health and Sustainability
 - More than 70,000 HHs
 - Enables tying attitudes to actual purchasing (and changes over time)
- Covers \$209 billion annual consumer spending in CPG categories



LOHAS = Lifestyles Of Health And Sustainability

Sustainability Background

- Growing consumer issue with many long-term behavioral impacts
- Aligning measurement to match corporate / brand goals
- The future of building brand value

LOHAS = Lifestyles Of Health And Sustainability

“Sustainability” Means Different Things to Different Organizations



In the truest sense, sustainability means:

“Meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

Source: The LOHAS Consumer Trends Database™
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Sustainability Behaviors Are Driven From Consumers' Values

Self Sustainability
-Health & Safety
-Buy Products that Benefit My Well-being

My Household

My Community

The World

Purchase behaviors that confirm adoption
-Local & Organic are the strongest broad use cues
-Specific category attributes = fair trade (coffee), free-range (eggs/chicken), charity (e.g. Newman's)

Sustainability Behaviors Move from Concern about Me to Concern about All

Self Sustainability
-Health & Safety
-Buy Products that Benefit My Well-being

My Household

My Community

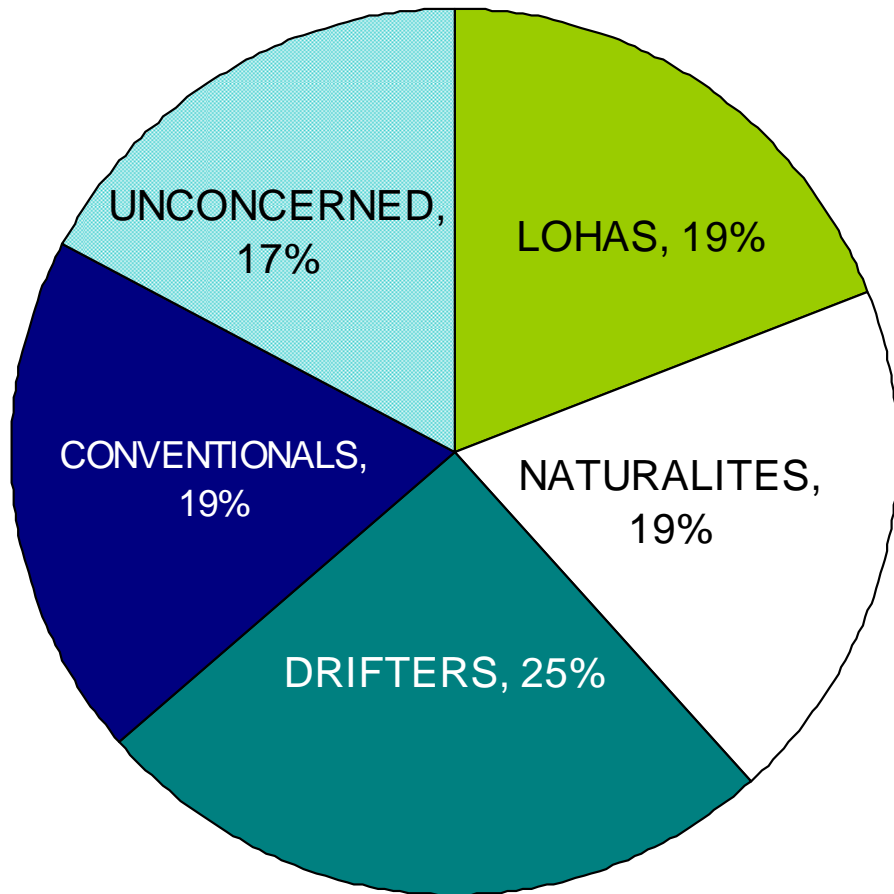
The World

Purchase behaviors that confirm deeper adoption

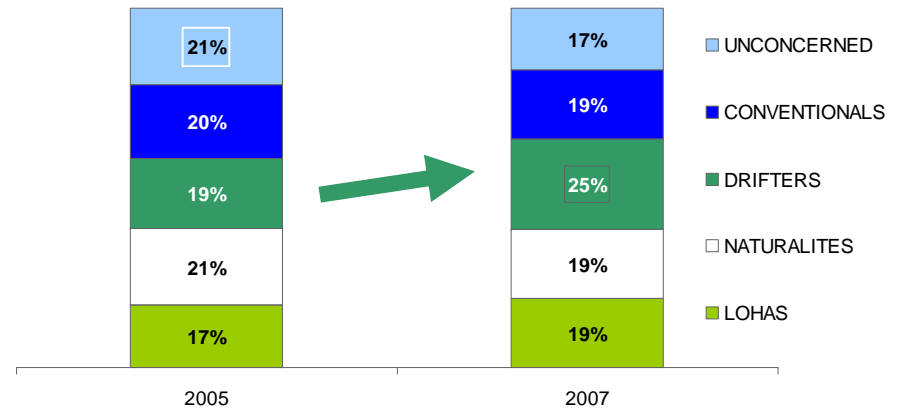
- Packaging made from recycled materials
 - High efficiency (CFL) light bulbs
 - Prefer glass containers
- Eco-friendly paint / building materials.....

NMI's 2007 U.S. LOHAS Consumer Segmentation Model

(% general population in NMI defined consumer segments)



- Annual U.S. study since 2002
- 2,000+ gen pop adults
- Balanced to Census data
- Margin of error +/-2%



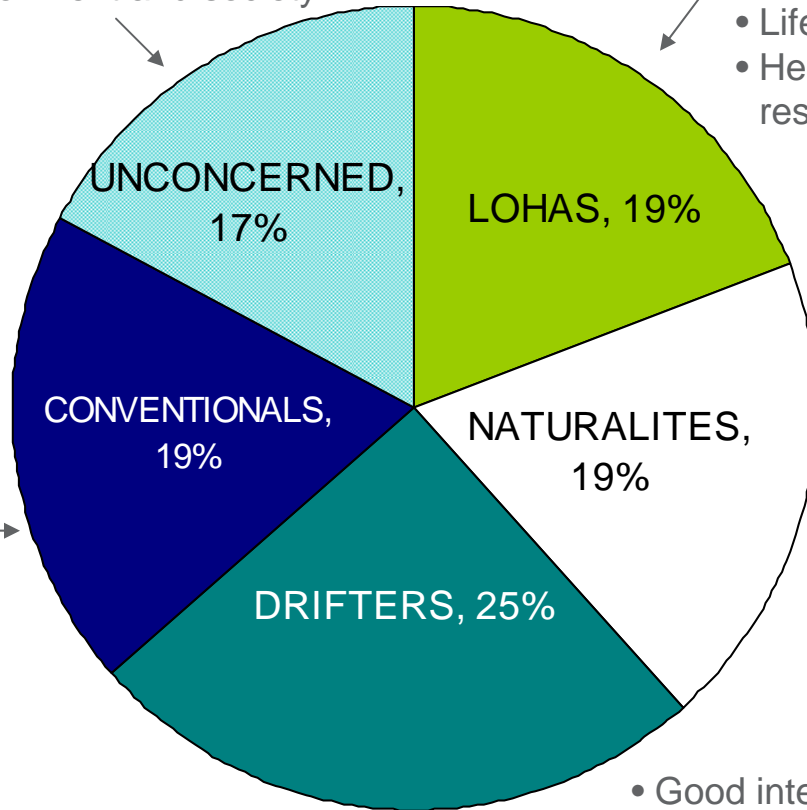
Source: The LOHAS Consumer Trends Database™
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NMI's 2007 LOHAS Consumer Segmentation Model

(% general population in NMI defined consumer segments)

- Unconcerned about the environment and society

- Active stewards of the environment
- Dedicated to personal and planetary health
- Lifestyle-oriented
- Heaviest purchasers of green/socially responsible products



- Secondary target for many mainstream LOHAS products
- Personal health is their primary motivation
- More likely to use LOHAS-related consumables (compared to durables)

- Good intentions, little action
- Trendy
- Price sensitive

- Practical
- Interested in LOHAS behavior when they can make a difference
- "Municipal" behavior

Source: The LOHAS Consumer Trends Database™
© Natural Marketing Institute (NMI)

Key Characteristics: Corporate Sustainability



“It is important for companies not just to be profitable, but to be mindful of their impact on the environment and society”
78% of consumers agree



Knowing a company is mindful of its impact on the environment and society makes me...

... more likely to buy their products or services	58%
... more loyal to the company	55%
... more likely to talk with my friends and family about the company	47%
... more likely to buy their stock	36%
... less concerned with the price of their products	28%

% general population agreeing completely/somewhat

Bringing Purchasing to Life:

LOHAS Segmentation and Nielsen Household Panel

LOHAS, DRIFTERS and CONVENTIONALS Wine buyers represent about 22% of US households

- These buyers represent **nearly three-fourths** (73%) of total Table Wine buyers.
- Spirits buyers within the same Wine-buying segments encompass about 11% of US households ...representing about 74% of total Spirits buyers.

% Total US Households Purchasing Table Wine

	Table Wine Buyers					
	Total	LOHAS*	NATURALITES*	DRIFTERS*	CONVENTIONALS*	UNCONCERNED*
Total Table Wine	29.6	7.4	4.4	7.1	7.1	3.6
Total Spirits	15.1	3.9	2.0	3.4	3.9	1.9
Premium Liqueur	0.9	0.3	0.1	0.2	0.2	0.1
Premium Vodka	4.0	1.1	0.4	0.9	0.9	0.6

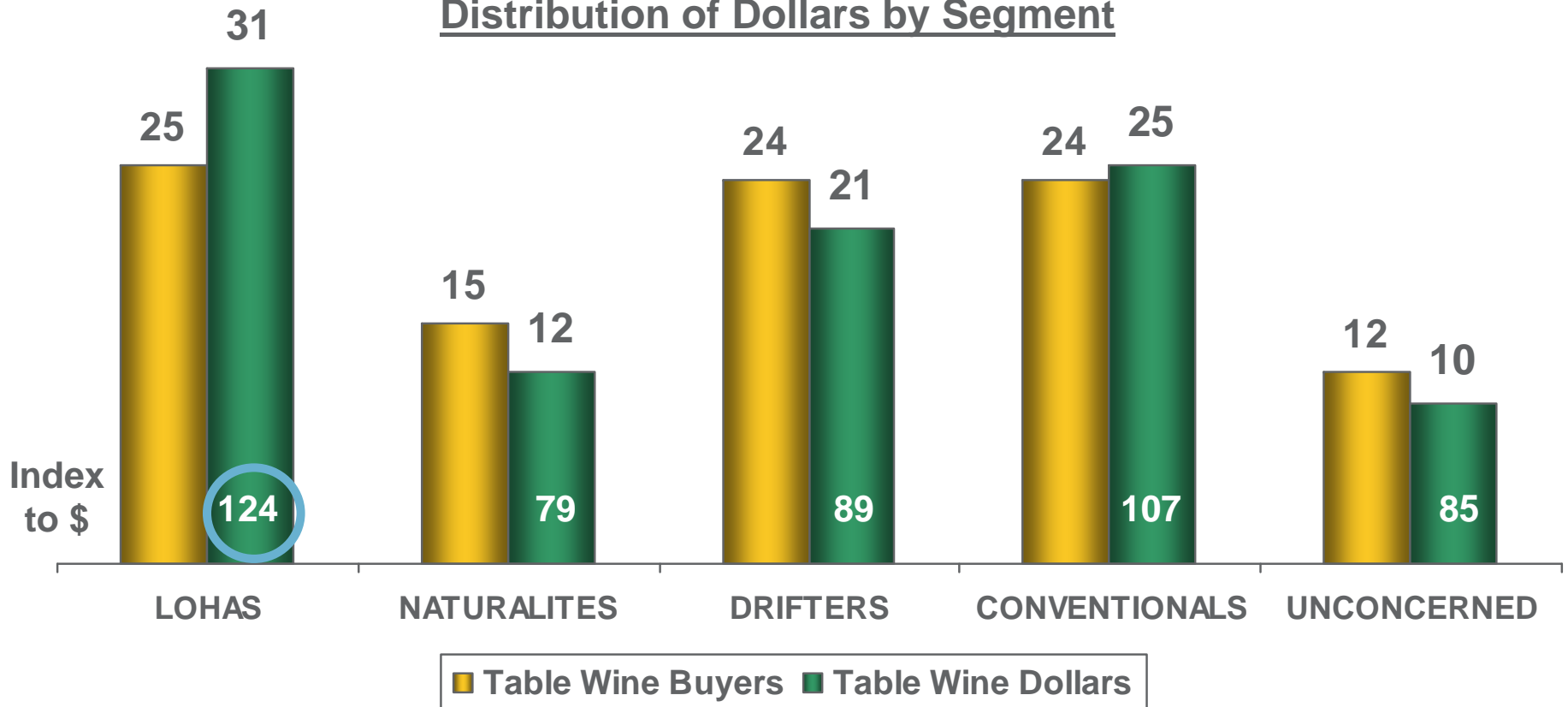
* Adjusted to project to total Table Wine penetration

READ AS: 3.9% of US HHs are LOHAS Table Wine buyers who also buy Spirits

Table Wine dollars also skew toward LOHAS and to a much smaller degree, CONVENTIONALS

- Almost one-third of Table Wine dollars are accounted for by LOHAS consumers.

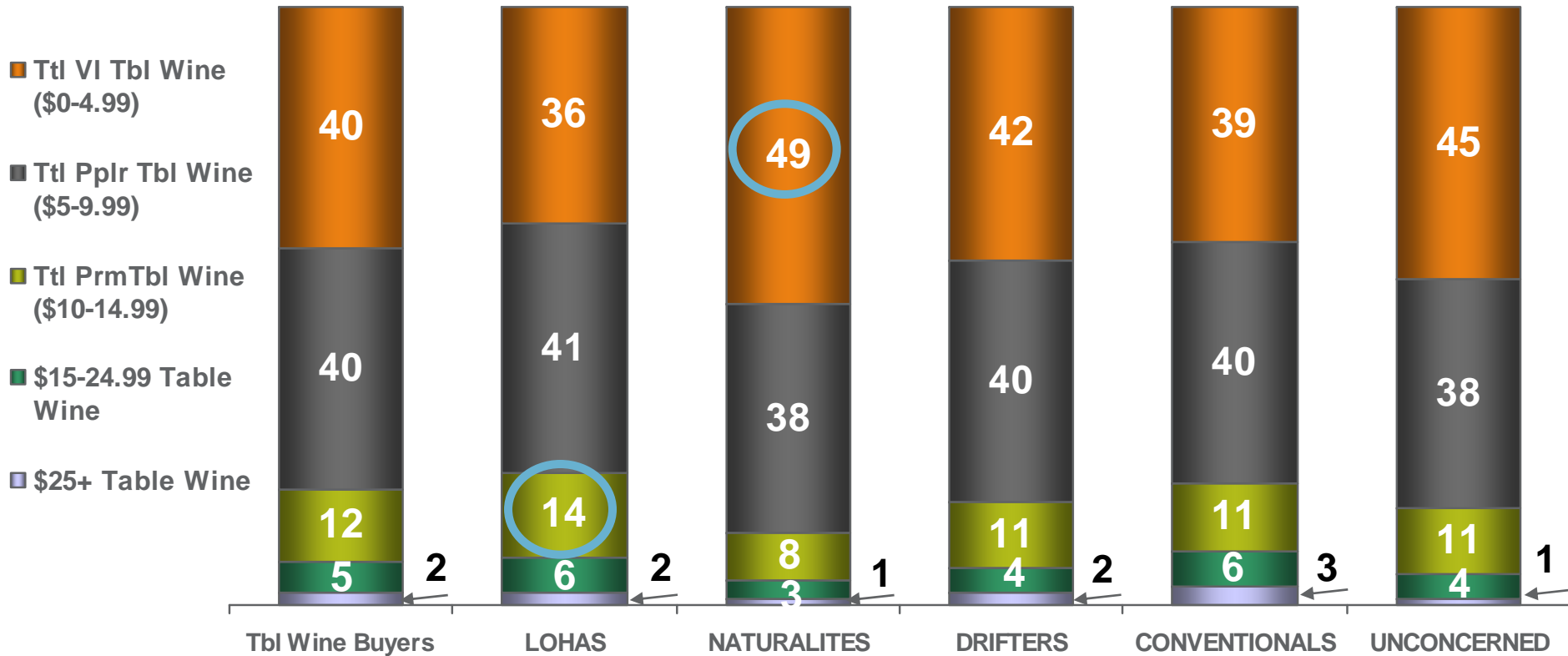
Distribution of Dollars by Segment



CONVENTIONALS and LOHAS buyers allocate more of their mix to \$15+ wine than the other groups

- NATURALITES lead the groups in the Value (<\$5) segment, while LOHAS buyers purchase more than expected from the Premium (\$10-15) segment.

Table Wine Purchasing by Price Segment (% Dollars)



Thank you!

