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# Module 2: Understanding green consumers

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## Green consumers

The **target market** is a group of customers to whom the entrepreneur wants to sell the products and services, and to whom he/she directs the marketing efforts. **LOHAS** is an acronym for Lifestyle of Health and Sustainability and describes consumers who aim at healthy and sustainable lifestyles. It is worth studying the LOHAS customer groups in more detail to find the target market for your business.

Many consumers, especially the LOHAS consumers, are concerned of the limited resources of the planet and care about environmental and social issues. Their awareness and considerations regarding ecological and social issues are the reasons why they demand green products and services. Supporting domestic and local production and communities is also an important motivator for many, as well as the impacts of the products and services on their own well-being.

A consumer's attitudes, values and personality, trust and knowledge of green products, product price and availability, as well as other people's influence, affect consumers' intentions towards green purchasing. A product's functional and green attributes, as well as the product's health-related benefits and superior quality are important to customers, too.

Digital communication has become important for the green entrepreneurs. Social media is a common platform for green micro-entrepreneurs to share information, which is why you should be present there, monitor the brand image and reach out to green consumers and other stakeholders.

## Issues about green consumption

An increasing interest in consumption of green and sustainable products and services is local and global. For example, in Europe the organic food market is growing by 5-7 per cent yearly, and the customer segments for these products are diverse. Many consumers think organic food is a responsible, healthy and trendy option. There is also a growing interest in and demand for other sustainable, nature-based products and services: nature-based tourism and experiences, nature-based well-being services, natural products, natural cosmetics and eco-friendly clothing. In addition, a good economic situation strengthens green consumption.

However, consumers' concern for environmental issues does not necessarily translate into green purchases: there exists a gap between consumers' thinking and actual actions. Ethical and responsible consumption is growing, but most consumers still prefer a low price

and easiness to buy. Consumers' ethical motivators may conflict, too, and consumers balance, for example, between local production and Fair Trade products. Sometimes the availability of green products is limited and that hinders customers from buying.

As a green entrepreneur, you need to remember that consumers' attitudes towards green products and services are critical. You need to communicate clearly and reliably about the sustainability of your products and your business. Green marketing communication should preferably contain a proof of sustainability. Distrust often leads to consumer passivity and almost always to a boycott and the customer chooses someone else to buy from. You should also recognize different global and local trends that aim at consuming less, because it is possible that your target group has a critical attitude towards consumption. Examples of such trends are minimalism, the KonMari method (a Japanese minimalism-approach to tackle stuff and concentrate only on owning few items that spark joy), or the zero-waste movement. A growing number of consumers aim at minimizing their consumption and focus on a meaningful, healthy life and well-being. Consumers pursuing these lifestyles minimize their consumption to only the essential, responsible, quality products with a long life span. Consumption is purposeful and concentrates on experiences rather than stuff.

Customer trends that might affect your business may appear and end quickly. You should be aware of these trends to be able to avoid unnecessary threats in your business, and exploit new opportunities. Slight trends that offer new business opportunities for micro-businesses can appear suddenly. One example of such trend in Finland in 2019 was the curly-girl method that requires special type of hair care products. The sales of some of curly-girl haircare brands doubled in a short period.

## Market niche

Green micro-businesses are usually targeting at a **market niche**, a well-defined part of the market, by specializing in specific customer preferences. First, you should actually define the market you are in, gather information about it and then define your target market (your customers). Your **market** could be, for example, the natural cosmetics market in Finland, and your **target market** could be babies and pregnant mums. The unfilled needs of these potential customers in this defined market represent the opportunity for your business.

As a green micro-entrepreneur, you should know well the customers you attain. A green micro-business is developed based on this niche market demand. This includes identifying the consumers' needs, as well as trends in customer behaviour. In practice, products and services can be developed with the consumers by launching user-oriented experiments. You cannot target potential green customers at all, because no such single group of customers exists, but you need to find your specific and well-defined own target market. As previously mentioned in module 1, understanding the business environment and trends that affect the markets and customers' behaviour are vital.

## Assignment



1. Define your niche market(s) and your clients, i.e. the target market. Define your customers' values, needs and preferences.

Try to estimate the size and growth of the niche market you operate in and search for some evidence to support your arguments.

2. Define the important trends and upcoming changes of the market that have an impact on your business. Use publicly available information and information from social media, read industry reports and study what your competitors are doing.

**Finally, revise your business model!**