GS1 Italy

The Global Language of Business

Executive summary

Sustainability Management in Product Categories

Scientific approach at the centre of the dialogue between retailers, manufacturers and consumers



ECR ITALY EFFICIENT CONSUMER RESPONSE

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Executive Summary of the forthcoming document entitled “Sustainability Management in Product Categories”.

About us

GS1 Italy

We are the barcode people, ours is the global language for digital transformation

GS1 is a non-profit organisation, and we develop **the most widely used standards for company-to-company communication in the world**. In Italy, more than 40,000 companies come under the GS1 Italy umbrella, covering all key sectors.

For over 45 years, GS1 Italy has been improving the connection between companies, associations, institutions and consumers, innovating data-sharing processes along the entire value chain.

The barcode: a product's digital twin

GS1's mission to bring visibility, efficacy and sustainability to value chains began in 1973 with its revolutionary **barcodes**, which entered the BBC's list of "The 50 Things That Made The Modern Economy" (BBC World Service, December 2016).

Today, more than ever before, companies must give consumers **prompt, complete and reliable information**.

Standard GS1 systems, shared efficient consumer response (ECR) processes and the services provided by GS1 Italy enable companies to:

- Give products a **single and verifiable global identity**.
- Digitise content by creating the product's **digital twin**.
- Connect data **from any source** along the value chain.
- Enable a more **seamless** physical-digital experience.
- Identify the **most sustainable choices** more easily.

Starting from the barcode, today GS1 Italy offers its customers a global language for digital transformation, as well as a new concept centre, **Interno 1**, the perfect venue for showcasing innovation.

ECR Italia

Mission

ECR Italia was established in 1993 with the mission to work alongside its customers and satisfy their wishes as best and fast as possible and at the lowest feasible cost, through a business process designed to share benefits throughout the value chain. The association's key points are to place the consumer at the centre of its operations and to create efficient and effective relationships between companies, based on a model of collaborative work and engagement.

Objectives

ECR's primary objective is to re-engineer processes in the distribution-industry system in order to reduce costs, whilst encouraging collaboration between companies for the benefit of their consumers. The association's current focus tendentially drives integration between supply chain players as a means to maximise the value of their joint operations, acting simultaneously on the demand side, on supply chain organisation and on other aspects that enter intercompany relationships.

Strategy

ECR Italia pursues its objective by coordinating the ongoing dialogue between industry and distribution, thereby creating the right conditions to build shared projects with well-defined objectives, with the help of companies and their managers, who take an active part in seeking common solutions. ECR Italia therefore operates through a work method designed to deliver concrete results by stimulating an approach based on constructive debate between the parties.

The following companies support efficient consumer response (ECR):

- Barilla
- Bauli
- Beiersdorf
- Bic Italia
- Bolton Group
- Cameo
- Carapelli Firenze
- Carlsberg Italia
- Carrefour Italia
- Coca-Cola HBC Italia
- Colgate Palmolive
- Conad
- Conserve Italia
- Coop Italia
- Crai
- D.It - Distribuzione Italiana
- Danone Nutricia
- Davide Campari-Milano
- Despar Italia
- Elah Dufour
- Eridania Italia
- Esselunga
- Fater
- Ferrero
- FHP di R. Freudenberg
- Granarolo
- Haleon Italy
- Heineken Italia
- Henkel Italia
- Johnson & Johnson
- Kellogg Italia
- Kimberly-Clark
- L'Oréal Italia
- La Doria
- Luigi Lavazza
- Metro Italia
- Mondelez Italia
- Montenegro
- Nestlé Italiana
- Parmalat
- Perfetti Van Melle Italia
- Ponti
- Procter & Gamble
- Red Bull
- S.C. Johnson Italy
- Selex Gruppo Commerciale
- Sperlari
- Star Stabilimento Alimentare
- Unilever Italia
- VéGé Retail

Companies taking part in this project

Production companies:
Auricchio
Barilla
Cameo
Eridania Italia
Ferrero
Heineken
Mondelez Italia
Parmalat – Gruppo Lactalis
Procter & Gamble Italia
Red Bull
SC Johnson
Sperlari

Distribution companies:
Bennet
Carrefour
Conad
Coop Italia
CRAI
Esselunga
Italbrix – Gruppo Selex
Metro

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Life Cycle Management consultants at Ergo S.r.l.

Foreword

This document originates from the initiative on "Sustainability Management in Product Categories" **promoted by GS1 Italy and developed by ECR Italy**. Its objective is to incorporate sustainability in all a company's internal processes and in the relationship between retailers, manufactures and consumers. The companies joining the project played an active part, and their contribution was fundamental to the project's development and success.

The **direct involvement of managers** from primary consumer goods companies **enabled GS1 Italy to direct the analysis and validate the results of the Life Cycle Assessment (LCA) studies** on which **the project is based**. With their involvement, the managers also enriched the debate and **shared their practical experiences**, benefitting the entire system, encouraging increased **multidisciplinary skills**, especially between those responsible for managing sustainability (such as CSR managers) and commercial and marketing managers.

Initiatives that involve consumers in these primary issues are gaining ground, and the synergy between various company functions is crucial to respond effectively and coherently to market demands, whilst exploiting the various skills and experience present in the company.

ECR Italia set up this initiative to give companies an effective tool to tackle the challenges of sustainability with determination and knowledge. The **evidence-based scientific method** applied in the project, in combination with **synergetic collaboration between various company functions and between commercial partners**, opens new paths for an economy which is fair, responsible and respectful of the environment.

The project slots into a wider approach producing, over the years, a series of publications and tools as the means to:

- **Produce structured and reliable data to share with value chain partners**, where the aim is to go beyond the company's measurement perimeter, expanding the process of gathering, communicating and reporting data to the entire value chain. ECR's guidelines show companies how to obtain structured and reliable data that can inform their business decisions, define their objectives and identify improvement actions, as well as how to communicate and report on the company's commitment to sustainability.
- **Help companies understand, measure and reduce the climate impact of their logistics processes**. Ecologistico$_2$ is a tool to calculate CO_2 emissions produced by transport and in warehousing. It can also be used for simulations to see how different variables affect the environmental impact of logistics.

- **Ease the transition towards a model of circular economy**, promoting the development of new processes to use and re-use resources in a cyclical manner. Circol-UP is a tool to measure how far this economic model's principles are adopted in all phases of the product's life cycle, from purchasing to consumption and recycling.
- **Communicate environmental performance correctly and effectively, and improve consumer relationships**. Barcode 4 Environment is a web app that shows companies how to communicate information on their products' environmental impact in a simple, precise and reliable way using GS1 standards.
- **Facilitate the** collaborative management of food surplus by introducing effective strategies to prevent wastage.

These consolidated projects form a substantial body of knowledge and experience that integrate synergistically with the solutions proposed in this document.

Project's objectives and fields of action

Within the sphere of ECR Italia's work on sustainability, companies are expressing the need to know where manufactures and retailers can collaborate most effectively to reduce their environmental impact throughout the value chain, and how, starting from a common body of scientific knowledge (LCA studies as a common sustainability language), they can help to create value in the management of the various consumer goods categories.

"Sustainability Management in Product Categories" emerged in response to this need. The project is supported by managers responsible for sustainability in their companies and commercial managers with expertise in category management (purchasing, sales, marketing and trade marketing).

The project team developed a chain-wide approach to sustainability builton a structured evidence-based scientific method (LCA). This approach can be used to:

- **Identify** the **elements** in the various **phases of the products' life cycle** responsible for the **most critical issues and negative repercussions on the environment**.
- **Understand which** chain-wide **actions** can **reduce the environmental impact of the various product categories** that make up the mix of consumer goods.
- **Integrate these findings** into the **debate between industry and distribution** to gain all the potential benefits.
- **Train and inform consumers and shoppers** to encourage more sustainable choices and behaviour.
- **Create multidisciplinary skills** on sustainability among the various functional areas in individual companies to promote dialogue between the various parties and implement the solutions identified.
- **Promote** system-wide **cultural growth** on sustainability matters to encourage their adoption as part of the company's strategy.

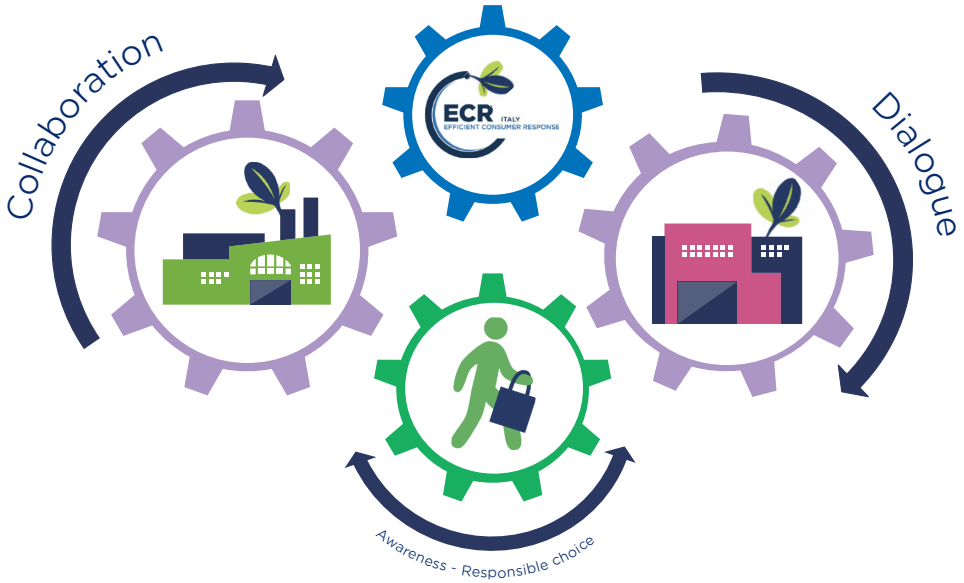


Figure 1 - "Sustainability Management in Product Categories" - objectives
Source: authors' own elaboration

To create a common body of knowledge and multidisciplinary skills, the project looked for answers to these four key questions:

1. What are the areas of environmental impact and where can I make improvements, in each product category?
2. How to prepare a correct environmental statement?
3. How to manage environmental sustainability in the value chain relationships?
4. Which collaboration models can be used?

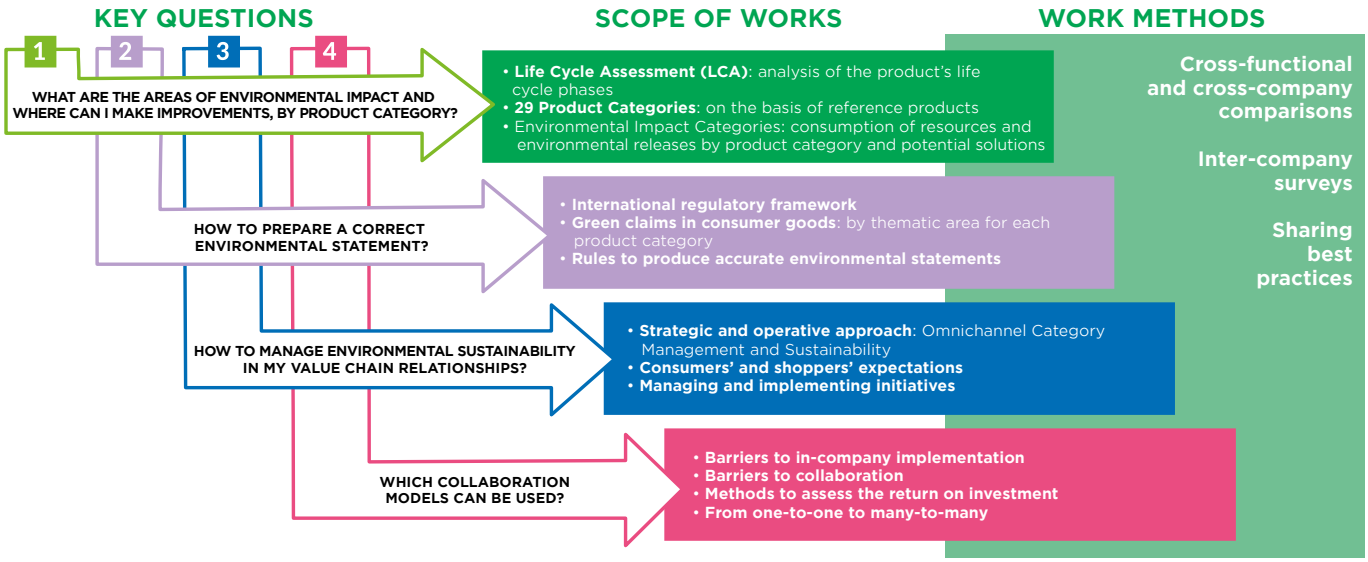


Figure 2 - "Sustainability Management in Product Categories" - key questions, scope and work methods
Source: authors' own elaboration

The starting point was **to develop a series of Life Cycle Assessment (LCA) analyses** on environmental impact by product category; These were conducted by Ergo, a spin-off of the Institute of Management at the Sant'Anna School of Advanced Studies of Pisa. These analyses are the basis for the following:

- Identify common environmental problems and fields of action among the supply chain actors and build up from what is already there (company case studies).
- Share the results of the LCA studies across the system, and use common evaluation approaches and solutions to reduce environmental impact in the various life cycle phases.
- Create a relational network that enables positive change in the value chain, beyond the contribution made by each single player.
- Ensure that all parties who dialogue with consumers are coherent and scientifically correct in their messages.

Within the scope of the project, **we analysed 29 product categories, representative of the principal food and non-food consumer goods sectors**, using an analytic approach based on Life Cycle **Thinking (LCT)**. LCT looks at all the phases in a product's life cycle, from the procurement of raw materials, the design of the product and its packaging and the production process, to transport and inbound and outbound logistics, commercialisation, usage and end-of-life.

We **selected several products of reference** to develop the LCA analyses for each product category. Our choice was based on criteria of representativeness and whether environmental data are available for these products.

The analyses were based on **studies in the literature, databases, sectorial studies, research projects and primary data for companies in the sector**. The purpose was to identify environmental aspects and impact indicators relevant to the product category under analysis. Aspects and indicators, identified for the various product categories, are relevant because their sources draw on **Life Critical Thinking**. Using the LCT approach, it is possible to identify the primary **environmental impact categories** for each product category. These can be further classified into:

- **Impact categories** involving the consumption of resources, energy and materials, and the usage of territory (land exploitation, loss of biodiversity, allocation of physical space).
- **Impact categories** associated to the **environmental impact caused by the release of various substances into the environment** (global warming, ozone layer depletion, human toxicity, terrestrial and aquatic ecotoxicity, acidification and eutrophication).

The evidence gathered was analysed and interpreted to give a clearer understanding of its quality and relevance. After this, the work concentrated on studying the **possible areas of intervention for the environmental impacts identified**, in order to improve the sustainability performance of products in the categories analysed.

The LCA analyses by category provide the following indications as a standard across all categories:

- The variables that determine the greatest environmental impacts.
- The critical processes that are primarily responsible for the environmental load.
- The location of these processes in the product's life cycle.
- The levers and actions that can improve sustainability performance.
- Examples of good practice in the sector.
- The players in the value chain who can action them.
- The expected results.
- The possible synergies between value chain players.

The results of the LCA category analyses are summarised in category information sheets, which focus on the most representative product in each product category. They are listed in this document in Section 1 - Scientific approach to sustainability in category management. The complete set of analyses can be found on GS1 Italy's website.

The **LCA** approach, based on the products' life cycle and environmental footprint, can also be used as a **tool to ensure that information in environmental statements is correct and relevant**. The results of life cycle studies are a solid scientific source of the information underpinning a company's environmental messages. The demand for these statements is growing and they are now included in several regulations (in the European Union Directive 29/2005, in voluntary international standards, and in the recent European legislation proposals on green claims). The principles and objectives set out in the European Green Deal, the EU's New Circular Action Plan and other strategic documents highlight that, in order to build a market of truly "green" products, environmental statements must be **transparent and based on data and information that can be verified and compared**. Companies should present their **environmental statements** in a **clear, specific, accurate and unequivocal** way, so that consumers are not misled. Furthermore, companies must have **evidence supporting** their statements.

The following aspects are covered in this document to help companies construct their environmental statements correctly.

- **The regulatory framework**, which explains the context in which companies can channel their environmental statements **without the risk of greenwashing**, and also covers the current evolution in European regulations.
- Detailed and **practical indications** explaining how companies **can use** their **LCA analysis results** correctly and effectively when preparing statements on their products' environmental status.
- **The most common green claims in the consumer goods sector**, with a description of how to make use of them and the associated risks and restrictions.
- **Indications and suggestions to set up a green claim correctly**.
- **Five green claim thematic areas for the 29 product categories** where the environmental statements most closely reflect the evidence from the LCA studies.

Our stated purpose is to turn sustainability into a core element of the **relationships** between manufacturers and retail companies and in their interaction with end consumers **in the value chain**. We therefore analysed the following sources:

- **Methods to integrate sustainability into a company's strategy and operations**, in its governance, value proposition and commercial plans for its brands and signage signalling its **good practices to reduce its environmental impact**. These methods include techniques to transfer skills from specialist functions to purchasing, sales, mar-

keting and trade marketing, all of which are directly involved in building and managing connections with other value chain stakeholders, primarily customers and suppliers, then consumers and shoppers.

- **Synergies and areas for manufacturer-retailer collaboration where action can be taken to reduce the value chain's environmental impact**. In other words, identify the areas to work on jointly so they become operational within Omnichannel Category Management, up to those involving end consumers and shoppers, noting that the latter are sometimes also mediators and interested parties.
- **Consumers' and shoppers' behaviour and expectations**. This means determining the current purchasing and consumption behaviour vis-a-vis environmental sustainability among Italians, to understand what their expectations are concerning work environments, and the initiatives companies should implement.
- **Manage product categories in a sustainable way with the aim of having four winners**. More specifically, set the levers of the retail mix to manage trade processes and relationships with shoppers built on greater environmental sustainability.

The companies taking part in the project discussed the issues in great detail and from all angles, they shared company case studies and answered key questions on environmental impact in cross-functional and cross-company relationships, and in those with consumers and shoppers (see Figure 3). In this work, they had the support of Antonella Altavilla,- consultant in category management at the GS1 Italy Academy.

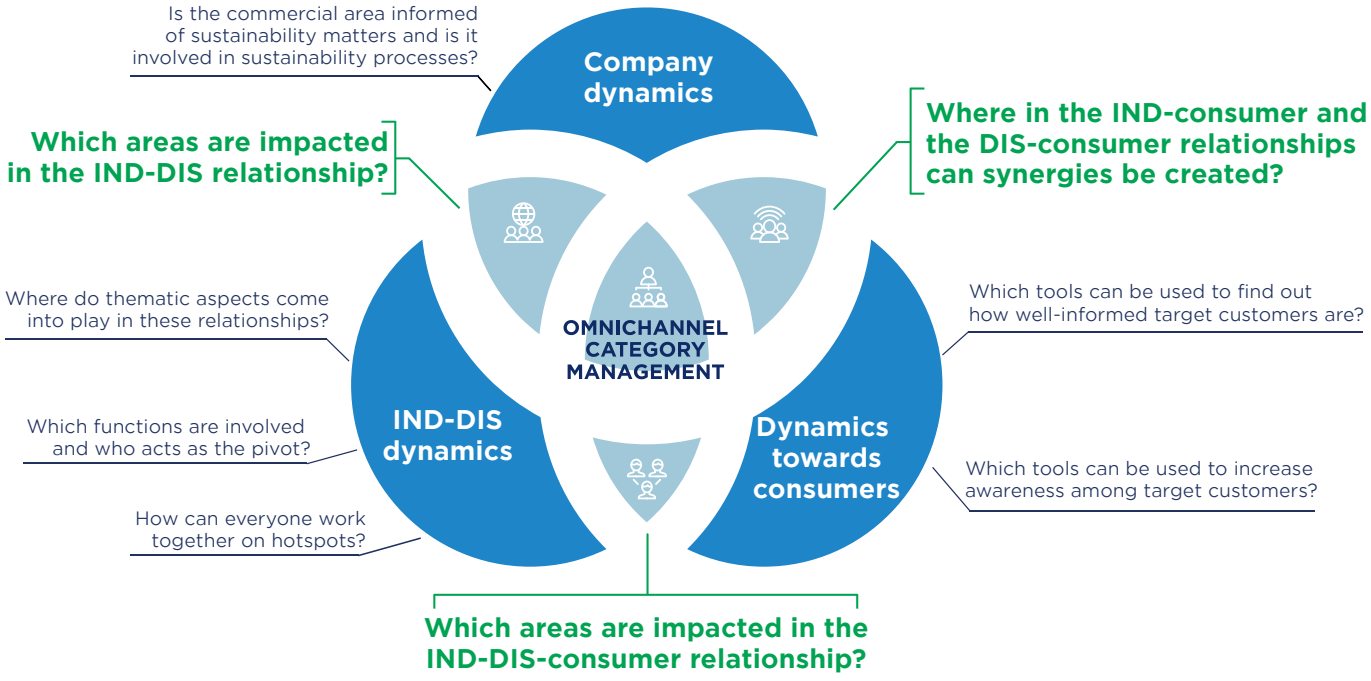


Figure 3 - Key questions on managing sustainability in value chain relationships
Source: authors' own elaboration

The key materials and the relations between the topics covered in this document are presented in the figure below (see Figure 4).

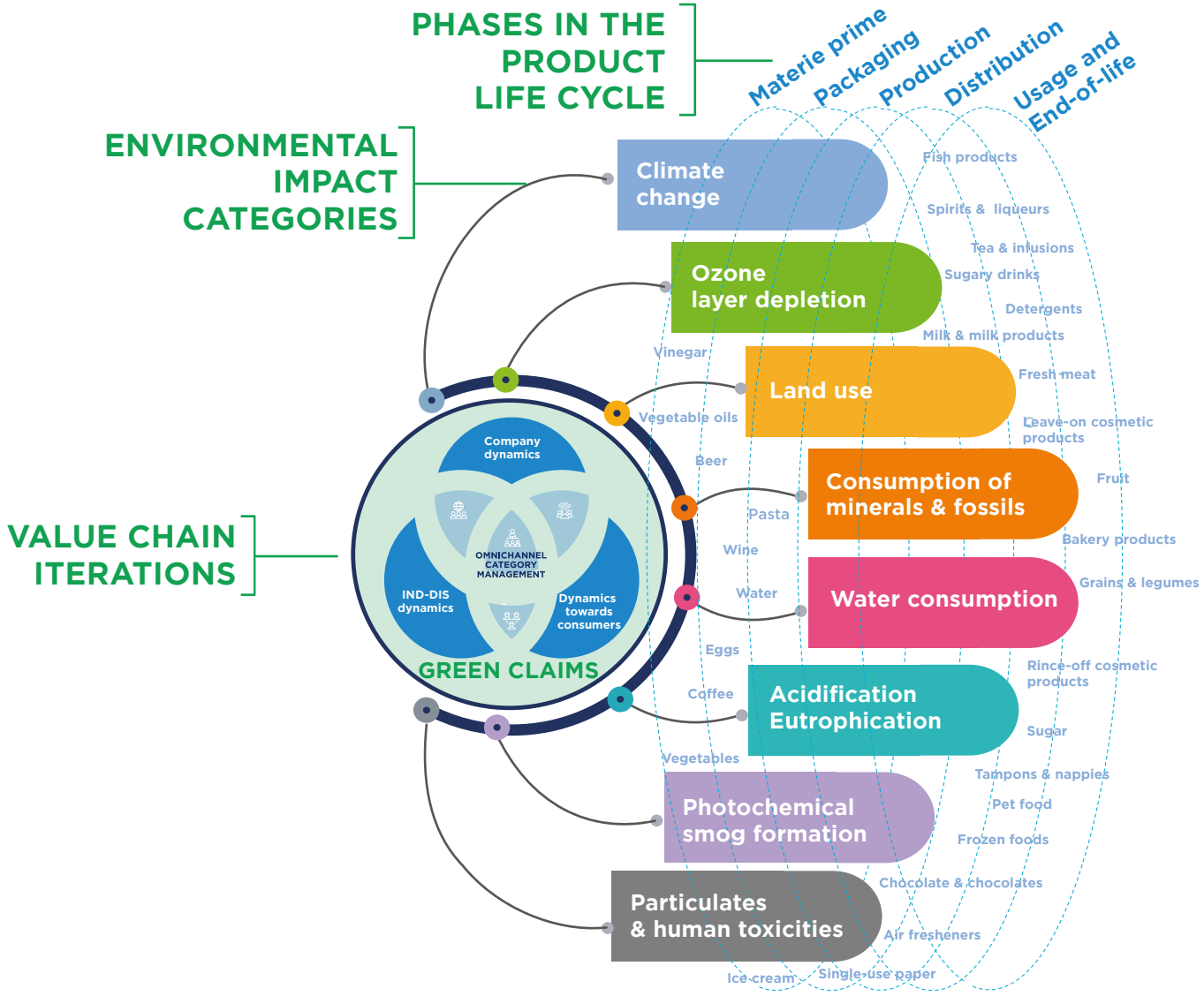


Figure 4 - "Sustainability Management in Product Categories" - contents and connection between the topics covered in the project
Source: authors' own elaboration

Executive summary

Consumers are very alert to environmental sustainability priorities. Growing numbers of **consumers** expect **effective products** that retain their **same quality, do not damage the planet, are based on innovative design and materials, and are not more expensive**. To meet consumers' demands with a **system-wide approach**, the consumer goods companies associated with GS1 Italy - ECR Italia have activated the project entitled **Sustainability in Product Categories**. Managers responsible for sustainability and commercial processes in these companies were actively involved in developing an approach to translate sustainability into day-by-day business choices (see Figure 1).

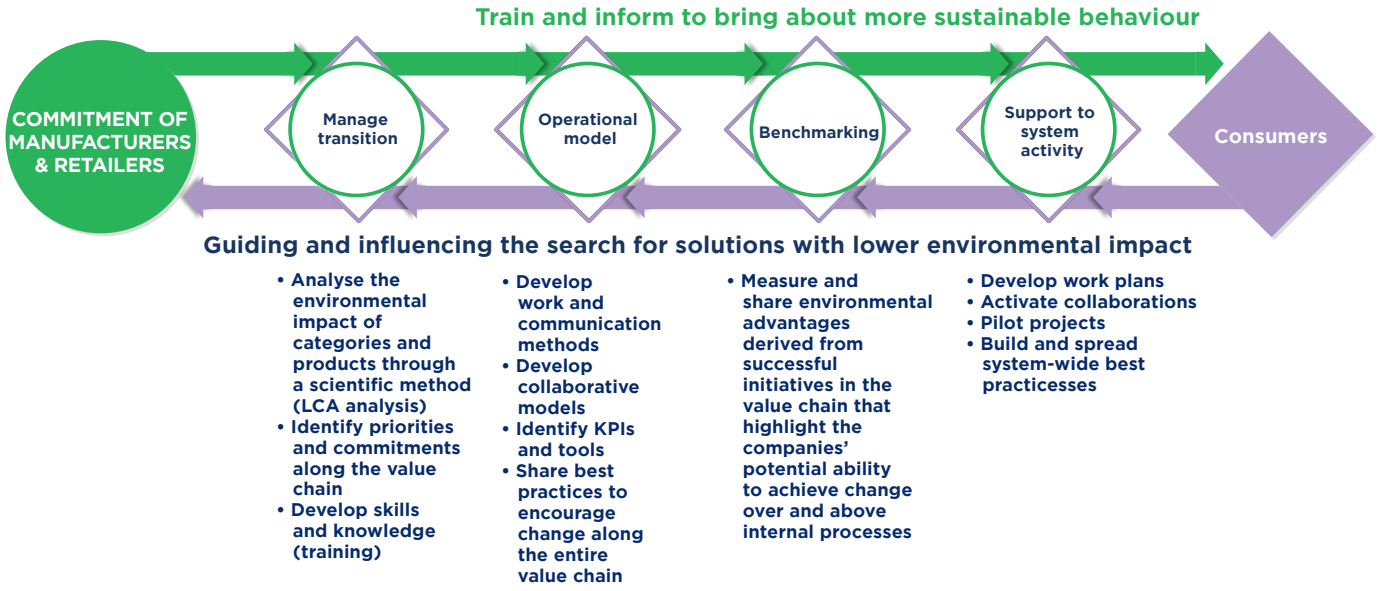


Figure 1: ECR Italia's and GS1 Italy's system-wide approach to environmental sustainability
Source: author's own elaboration

SCIENTIFIC APPROACH TO SUSTAINABILITY MANAGEMENT IN PRODUCT CATEGORIES

Starting from a solid scientific approach, **Life Cycle Assessment (LCA)**, were analysed **29 product categories** that represent 91.5% of the total value of packaged consumer goods, finding **the most significant environmental impact categories**, due the highest consumption of resources and the greatest release of polluting substances into the environment in **each phase of the product's life cycle**.

The analysis found that the single phases and their respective key processes are particularly significant, allowing us to identify the **hotspots in each product category**. Hotspots are **priority areas for intervention**, where action can be taken to **reduce their environmental load**.

These LCA studies are a benchmark for companies in the sector, in that they provide a solid analytical base and a source of ideas on which to build their path towards greater environmental sustainability. For example, companies that have carried out LCA studies previously can use them to compare actions already implemented and spot others, in a perspective of **continuous improvement**. Those who have not yet conducted LCA studies can use the analysis by category to **see how to set up the analysis** for their own products **and where to concentrate their attention** (life cycle phases, categories of environmental impact) so that their interventions can reduce impact effectively. Companies can also use the **cases of good practice implemented in companies belonging to the work group**, which are presented in this document.

The results of the LCA analysis show that the relevance of environmental impact categories varies from one product category to another. The **most common categories of environmental impact** in the LCA analysis by category are:

- **Climate change**, found in all 29 product categories analysed.
- **Acidification**, found in 25 product categories.
- **Consumption of minerals and metals**, found in 25 product categories.
- **Consumption of water**, found in 24 product categories.

Focusing on the **climate change** impact category (see Table 1), for many product categories, both in the food and non-food sectors, the most significant life cycle phases are:

- **Procurement of raw materials.**
- **Designing and manufacturing the packaging.**
- **Producing the finished product.**

These phases fall **mainly within the remit of industry, although distribution is involved to a lesser degree**, in that it is responsible for these processes for the **retailers' own brand products**, which now make up about 30% of the total sales of packaged consumer goods.

Not significant ≤10%	Moderately significant 10% < > 50%	Very significant ≥50%

LIST OF CATEGORIES ANALYSED	RAW MATERIALS	PACKAGING	PRODUCTION	DISTRIBUTION	USAGE & END-OF-LIFE
Vinegar					
Water					
Tampons & nappies					
Sugary drinks					
Beer					
Coffee					
Meat					
Cereals & legumes					
Chocolate & chocolates					
Air fresheners					
Detergents					
Spirits					
Fruit					
Ice cream					
Vegetable oil					
Pasta					
Pet food					
Milk & milk-based products					
Rince-off cosmetic products					
Leave-on cosmetic products					
Bakery products					
Fish products					
Single-use paper					
Frozen food					
Tea & infusions					
Eggs					
Vegetables					
Wine					
Sugar					

Table 1 - Impact on climate change in all the phases in the life cycle for the 29 categories analysed
Source: authors' own elaboration

For the **hotspots identified** in the **LCA analysis by category**, we list several **examples of improvement actions** that can be implemented giving **potential environmental benefits**. The work group companies also shared **good practices for each hotspot** and the relative benefits gained. After measuring their own products and processes via LCA, companies can use these findings to implement actions that reduce their environmental impact in the various phases of the products' life cycle (see Figure 2)

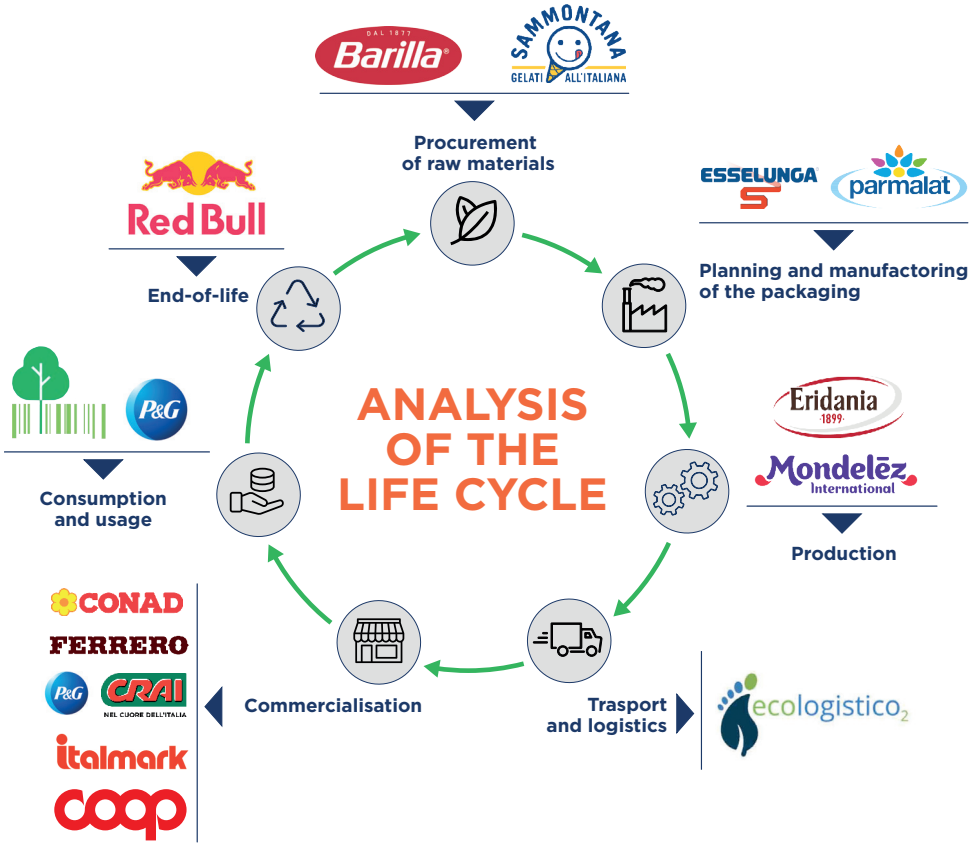


Figure 2 - Good practices implemented by companies in each life cycle phase
Source: authors' own elaboration

Concerning the **phase of raw material procurement, Barilla** worked across the board to purchase vegetable- and animal-based raw materials from supply chains managed in a responsible and sustainable manner.

Sammontana also worked hard to select raw materials with lower environmental impact, even developing a new line of ice cream.

The **findings** of the **LCA studies** show that research and development operations must also be taken into consideration to **improve environmental performance** in new products (raw materials and packaging) and **processes** (production, transport, commercialisation, end-of-life). A further positive impact is felt in the phases of consumption and **end-of-life**. In general, **involving other stakeholders** is important, each for their specific areas of responsibility.

These can be producers and suppliers of materials, packaging manufacturers, co-packers, logistics operators and operators involved in the recovery and recycling of waste products.

In the **phase of planning packaging**, **Esselunga**, working in collaboration with co-packers, developed an in-house tool pack to support its search for solutions to reduce the environmental impact of the packaging it uses for its own brand products. The company tells consumers about the advantages of these changes to its packaging, and informs and trains them on how to manage the relative end-of-life phase. **Parmalat**, instead, investigated the beneficial effects on CO_2e emissions and water consumption of using recycled materials for its milk bottles. As a result, the company uses blue and white rPET (recycled polyethylene terephthalate) instead of virgin plastic.

In the **production phase**, production companies are directly responsible for implementing improvement actions and measuring the environmental benefits. **Mondelēz** has set up a global research team to seek out solutions for greater efficiency in its production processes, including cutting down its use of energy and water and producing less waste. These solutions can be benchmarked and best practices replicated in the various countries where it operates.

In the **distribution phase**, especially in logistics and transport, two essential aspects are to have access to primary data and for the value chain stakeholders to work together towards the common objective of monitoring and reducing environmental impact. The responsibility for improvement actions in this phase is shared among several stakeholders, as highlighted by the examples of best practice gathered within the **Ecologistico$_2$** project, where the findings were measured through common standard methods to calculate the environmental impact of this phase.

In the **commercialisation phase**, the distributor is the reference stakeholder. What, however, emerged from studying the Organisation Environmental Footprint (OEF) is that the making of products sold has the greatest environmental impact. It follows that distribution companies must compare and share information with production companies on an ongoing basis, in view of optimising the offer mix from an environmental perspective. As part of a retail's typical operations, we can identify several areas for optimisation in sales points and support activities, such as marketing. **Coop** is an emblematic case. The retailer acted on several process areas managed directly by retailers, among other things store management with greater attention to energy and water consumption, efficient transportation management, lowering pollutant emissions.

Consumers play a decisive role in the **usage and end-of-life phases**, as they can decide to purchase products that implicate more effective methods of usage and end-of-life recovery. They can also adopt the best practice suggestions to minimise environmental impact during consumption and usage, in end-of-life choices and by separating waste and discarded material. **Procter & Gamble Italia** developed a series of actions which

start from product innovation to cover all the phases of the products' life cycle. These actions complement each other and dovetail with a series of initiatives designed to increase the end consumers' knowledge and awareness of the part they can play to reduce environmental impact in their use of washing machine detergent.

Companies can also play a big part in managing the products' end-of-life and, by applying circular economy solutions, significantly reduce their environmental impact in this phase. These solutions can extend the life cycle of products and materials, and help minimise waste, by recycling them where possible within the production cycle and generating further value. **Red Bull** offers another exemplary case, with its close cycle production process for cans, based on collecting discarded aluminium, which is 100% recyclable, and reintroducing it again and again into its production cycle.

SUSTAINABILITY AT THE CENTRE OF THE MANUFACTURER-RETAILER-CONSUMER RELATIONSHIP

Collaboration between manufacturers and retailers is necessary to achieve a **reduction in environmental load** throughout the value chain and to **inform and train end consumers**, increasingly well-versed in these matters by introducing **marketing and sales points levers**. Italbrix and Conad have implemented their own good practices on these topics. **Italbrix** first activated initiatives to direct consumers towards more sustainable behaviour both domestically and in other parts of the world. In parallel, the company acted on its operational processes to reduce their impact and on its organisational mechanisms to build up knowledge among all its internal stakeholders. **Conad** is also busy on several fronts, working to reduce environmental impact in its value chain, and in its new and renovated sales points, while developing eco-compatible packaging for its own brand products, and educating its customers through promotional levers and its loyalty programme.

P&G and **CRAI** are behind the first success story in the sector based on using a scientific approach to manage sustainability in business processes conducted in collaboration between consumer goods companies. Their project involved implementing sustainable category management to handle several goods sectors operationally in a sustainable way. Their three-pillar approach consists of applying a scientific method to sustainability (LCA), conjoining business and sustainability objectives, and educating their stakeholders to encourage them to take more informed purchasing and consumption choices. The success of this one-to-one initiative inspired a system-wide solution based on ECR Italy's Omnichannel Category Management, which then resulted in "Sustainability Management in Product Categories", the project conducted by GS1 Italy within the sphere of ECR Italy.

Omnichannel Category Management acts as an **accelerator** to direct initiatives and interventions to **reduce environmental impacts along the supply chain. Integrating environmental sustainability into joined action plans** designed to ensure growth in company performance through consumer and shopper satisfaction **has an impact on all phases** of the Omnichannel Category Management process (see Figure 3).

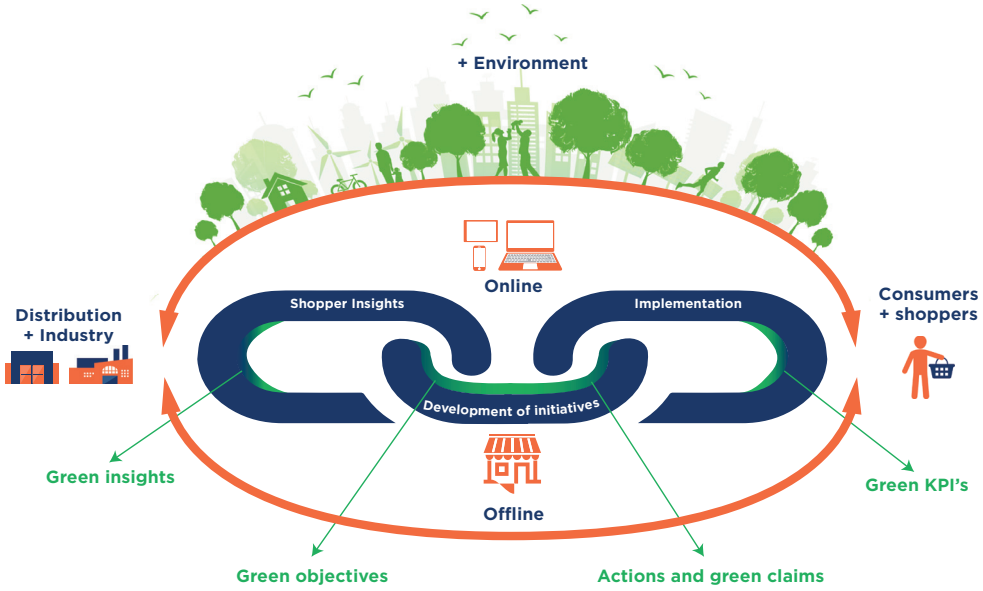


Figure 3 - The Omnichannel Product Categories model with integrations from sustainable category management.
Source: authors' own elaboration based on ECR Italia's OCM model

These three phases are **shopper insights, development of initiatives** and **implementation**. In the **shopper insights** phase, a key aspect is to intercept the expectations, behaviour and shopper journey of a company's key target customers, as well as their preferred touchpoints. It means, in substance, **understanding the green profile of its customer categories**. These indications should then be translated into the **development of initiatives (objectives, strategies and managing a range of retail mix levers, i.e. product assortment, promotions, pricing, sales layout, displaying and placing products, and communication)**. All these initiatives must be set up in concert with **the sales and environmental areas for the various product categories** and during the **implementation phase**, while **measuring the KPIs** for business and environmental performance.

Environmental statements must be accurate to promote products with a truly lower environmental impact and earn their customers' trust. Companies who wish to **highlight their environmental efforts** can make

appropriate **green claims**, which can improve their reputation in the eyes of the value chain stakeholders, namely customers, suppliers and consumers who are increasingly sensitive about environmental matters.

The analysis conducted on state-of-the-art sustainability communication for the **29 product categories** under study found that there is **wide room for improvement in the use of the various types of green claims**. The relative importance of green claims by thematic area varies from one product category to another (see Table 2).

	Practical indications	Single environmental properties	Production and procurement methods	Approach to cycle of life and excellence	Generic claims
% products (out of 136,686)	76%	62%	15%	1,6%	7%
% sales	87%	80%	21%	3%	11%
Trend volume (2023-2022)	-3,7%	-3,1%	-3,7%	-6,8%	-5%
Trend in sales (2023-2022)	+13,2%	+14,4%	+13%	+13,9%	+11,2%
Promotion pressure	29,1%	28,8%	31,2%	36,4%	37,2%
Product categories containing large amounts of	• Meat (100%) • Fish products (100%) • Ice cream (100%)	• Meat (86%) • Fruit (82%) • Frozen food (82%)	• Meat (59%) • Vegetables (59%) • Eggs (40%)	• Tampons & nappies (24%) • Single-use paper (20%) • Tea & infusions (6%)	• Detergents (29% Tampons & nappies (24%) Tea & infusions (24%)
Detail of the most common green claims	• Separated waste (59%) • Use and conservation (46%)	• Recyclability (50%) • Recyclable content (12%) • Ingredient formulation (23%)	• Supply chain regulations (11.1%) • Production process claims (3.4%)	• Claims and brands based on LCA studies and environmental footprint (1%)	• Sustainable (5%) • Green claims without certifications (1.3%) • Ecologic claims without certifications (0.3%)

Tabella 2 - Le dimensioni tematiche dei green claim e la loro diffusione
Fonte: elaborazione degli autori

The **potential return** for companies can be interesting, considering that the returns already used encourage **positive growth in demand**.

For **environmental claims to be effective, they must be managed** holistically and transparently, taking into account the true results of environmental performance (the outcome of LCA studies) and best practice **in line with regulations** in Italy and across Europe. These regulations set increasingly stringent criteria, forbid statements not grounded in evidence and promote environmental messages that can be verified, are clear, specific, accurate and unequivocable, to avoid misleading consumers. **Eridania**, for example, ran an effective communication campaign based on evidence from LCA studies. The language used is readily understood by consumers at various touchpoints, i.e. on the product packaging, in traditional and digital advertising and on social media.

We developed a series of **practical tools to help companies create their green claims correctly**. These tools include **check lists** to use when setting up green claims and when reporting on LCA results systematically. Other tools are a **coherency matrix** which places green claims in function of hotspots and relevance of the environmental categories, and **environment barcodes** that link to the results of the LCA studies of the products when scanned (these can be barcodes or QR codes containing a GS1 digital link).

For a company, **improving its environmental sustainability** is not simply an opportunity to grasp or a factor to manage in hard times. It is, instead, a **fundamental step to ensure growth, continuity and soundness** in its business. Companies must first and foremost take the decision to build **dedicated facilities and integrated processes within their organisation**. At the same time, managing environmental sustainability requires **medium- to long-term coordination and collaboration** between all the **actors in the value chain**. Industry and distribution companies have identified four main **work areas**, which they see as key for implementing environmental sustainability solutions, shown in Figure 4 below.

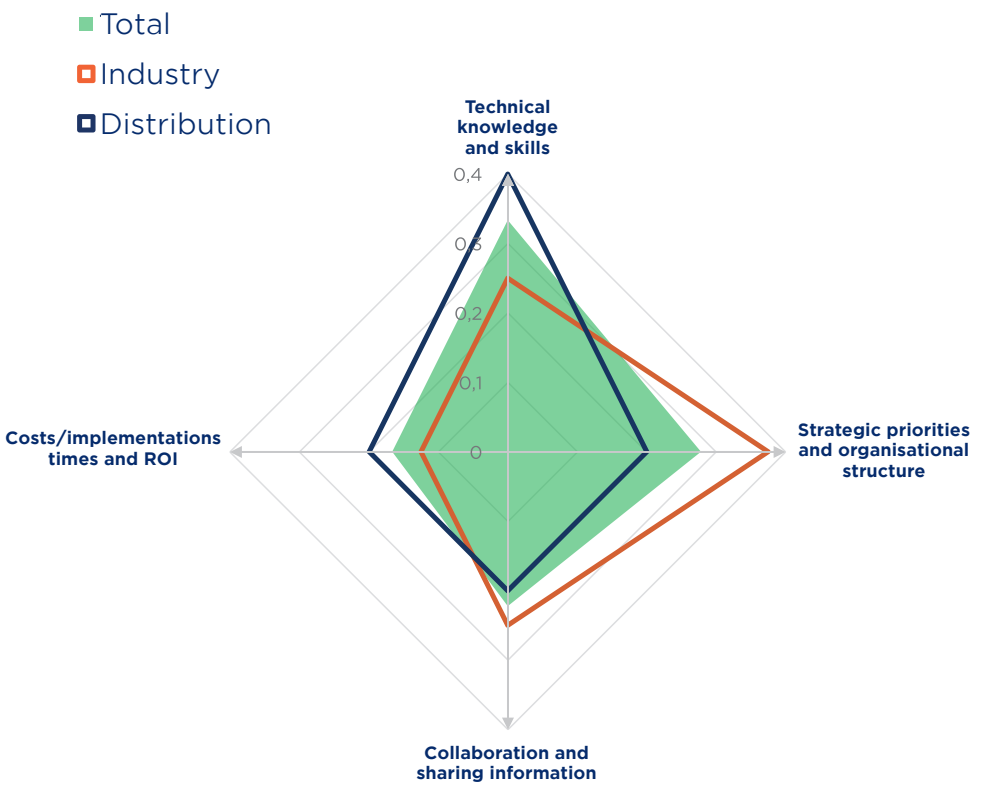


Figure 4 - Work areas for implementing environmental sustainability in the consumer goods companies involved in the project
Source: replies to a questionnaire sent to the ECR Italy's working group

Ensuring **company profitability** while introducing the most sustainable business processes presents the difficult task of **reconciling a short-term perspective with that of the medium- to long-term**. The investment to reduce the environmental impact of their products and processes **today may seem a cost** but will help companies sell their products in the medium-term, because they will satisfy growing consumer demands. Maintaining or even increasing consumer loyalty **means that, over time, sales linked to the brand or label will be invoiced with higher margins**.

Integrating best practices to reduce a company's environmental footprint **into its commercial processes** is the basis for building case histories on **the positive impact of its performance, driving the diffusion** and implementation of good environmental sustainability practice. We can identify several situations of collaboration for different types of intervention that can impact on the environment (see Figure 5).

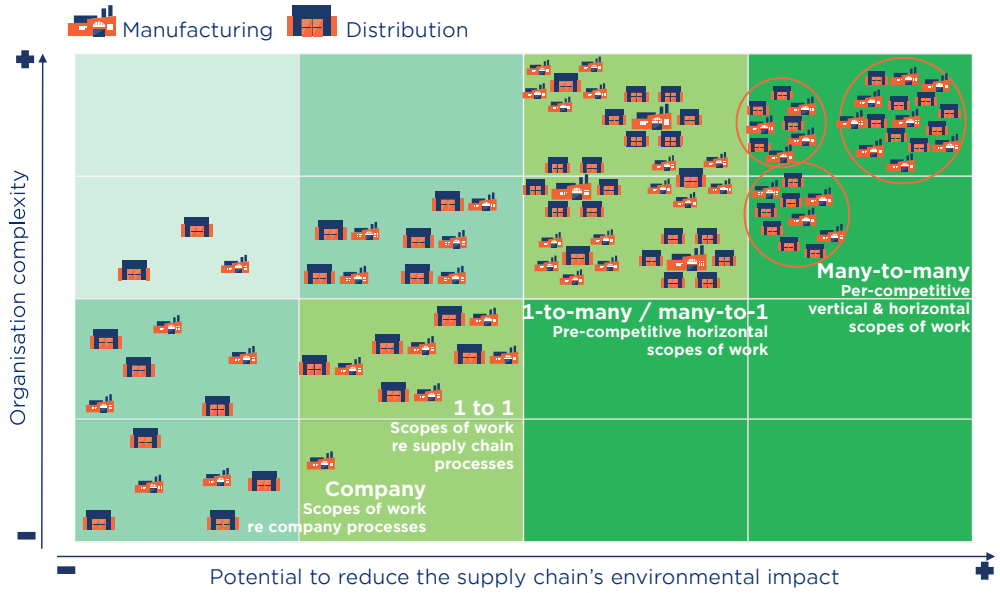


Figure 5 - Models of collaboration for environmental suitability by complexity
Source: authors' own elaboration

Ferrero offers an example of the one-to-many model. The company has developed a priority-based programmatic model designed to insert sustainability topics into its dialogue with retailer players. The process started with a reactive/inclusive approach and is evolving towards a proactive model where the company will work on joint projects with retailers.

Companies that do not give the right priority to environmental sustainability risk lagging behind. On the contrary, companies leading interventions to improve environmental efficiency can act as a **propellor**

for the entire value chain, which, in turn, will tend to act in unison to stop competitors grasping any **competitive advantage** and to meet customer needs.

Successful collaborations that draw on the findings of LCA studies in Omnichannel Category Management to implement sustainability best practices will produce "**4 winners**", where **benefits are shared** between the environment, in first place, then industry and distribution partners and end consumers (see Figure 6).

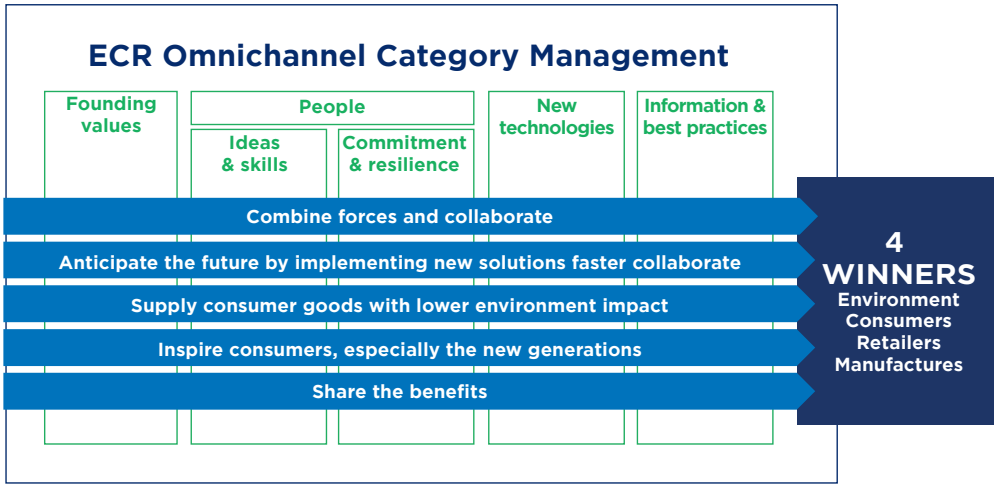


Figure 6 - The 4 winners in the collaboration
Source: authors' own elaboration

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