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Communicating Food Sustainability to Consumers

Case Study: Lidl



This case study is based on an interview with Alexander Liedke, Senior Consultant at Lidl, along with publicly available information. The information in this case study does not necessarily reflect the views of UNEP, WWF or GlobeScan but aims to highlight and explain the approach of Lidl in communicating food sustainability to consumers.

Lidl is an international discount retail chain founded in Germany in 1973 and operating across Europe and in the United States and Hong Kong. Lidl is a subsidiary of the Schwarz Gruppe, a multinational retail group that operates grocery stores under the Lidl and Kaufland brands. The Schwarz Gruppe is the largest European retailer and the fourth-largest retailer in the world by revenue. Lidl currently operates around 11,550 stores in 30 countries.

Objectives

Lidl aims to offer high quality items at affordable prices and its vision is “making good food accessible to everyone”. To help fulfill this vision, Lidl offers a range of ‘sustainable’ food products and uses various labels and certifications on its products to share sustainability information with customers.

Lidl is committed to providing customers with sustainable consumption choices and understands the importance of product transparency as a key factor in driving more sustainable consumer behaviours. In addition, communicating about sustainability helps the company to meet growing consumer demand for more sustainable food.

Approach

Scope and Labels

Lidl’s on-pack product sustainability communications can be categorised into four categories: third-party certification ecolabels, Lidl’s proprietary ecolabels, its own-brand lines focused on sustainability, and a pilot scheme that is testing a new independent environmental rating label called Eco-Score.

Across all markets, certified Lidl products are labelled with Fairtrade, Rainforest Alliance, UTZ, Aquaculture Stewardship Council (ASC) or Marine Stewardship Council (MSC) labels. Beyond these internationally-recognised certifications, the labels that Lidl uses on products vary by market. In Germany, for example, Lidl displays labels including the German Animal Welfare Association, Bioland and Without Genetic Engineering. In the UK, Lidl uses OF&G Organic, RSPCA Assured, British Lion Eggs, and Red Tractor.

In addition to the third-party certifications, Lidl provides its own ecolabels on selected products, in an effort to offer greater supply chain transparency to customers. These proprietary labels often cover either responsible packaging, such as Lidl Germany's "Responsible Packaged" logo, or animal welfare, for example Lidl UK's Welfare Label, describing the treatment of chickens.

Lidl also has some own-brand product lines that are specifically designed and marketed to be more sustainable. In particular, Vemondo is a line of vegan and climate-neutral products including plant-based substitutes for fish, meat, yoghurt, cheeses and ice cream, among other products.

Furthermore, Lidl is currently testing other ways to communicate the full environmental impact of its products to its customers, driven by increasing consumer demand that Lidl has observed for more information about the environmental footprint of the food they buy.

Driven by increasing consumer demand for more information about the environmental footprint of the food purchased, Lidl is currently testing other ways to communicate the more holistic environmental impact of its products.

As part of this work, in 2021 Lidl piloted a new rating-based environmental label called Eco-Score across stores in five markets (Austria, Belgium, Germany, Netherlands and the UK). Eco-Score is a front-of-pack label that is designed to communicate the overall environmental impact of a product to the end consumer. The score on the label is based on open-sourced, aggregated category impacts using life-cycle analysis (LCA) data from the ADEME's (French Environment and Energy Management Agency) Agribalyse project. Eco-Score was launched in France in January 2021 by a group of ten organisations, including ECO2 Initiative, Open Food Facts, and ScanUp. The label uses a colour-coded alphabetic scale from A, shown in green and indicating low impact, to E, shown in red and indicating high impact. This is similar to the European Nutri-Score label, launched in 2017, which summarises the health impact and nutritional value of a product in one simple score from A – E.

The Eco-Score label uses an icon of a leaf for each rating, to signal that it is an environmental rating. The scoring behind the label is based on aggregated data on the impacts of production, transport and packaging, with "bonus points" awarded for recyclability and certifications including organic, country of origin, and seasonality.

As part of the Lidl pilot, the Eco-Score label was displayed on the shelving (next to the price point) alongside over 50 Lidl-owned products, including coffee, tea and milk. The aim was to give shoppers a better understanding of the environmental impacts of products at a glance. **In Germany, this pilot was accompanied by a four-week communication campaign, including out of home posters, national and regional advertisements, press releases and posts on Lidl's website and social media pages.**

By trialing Eco-Score and investigating other approaches, Lidl hopes to find a holistic way of labelling product environmental performance in an accessible way, that can be applied industry-wide, allow for easy comparison of products and help cut through the confusion caused by the myriad of different labels in the market today. Discussions are ongoing as to whether this label should incorporate social elements, in addition to its current environmental focus. The aim is not to replace credible and well-known third-party certifications but to help consumers in a clear and concise manner to understand the impact of their consumption choices. This is similar to how the information for the Nutri-Score is displayed as a simple visual overview.

Channels

As a grocery retail chain with a vast selection of products and brands, Lidl relies heavily on product packaging and visual merchandising to communicate with consumers, particularly when it comes to certifications and other labels.

To increase the visibility of these labels to consumers, Lidl advertisements often refer to third-party certifications as part of wider campaigns. Lidl ads, such as the one shown on UK television "Lidl Changes for the Better", aim to reinforce the message that "doing good doesn't have to cost a lot" and that sustainability is one attribute of high quality food. These ads typically show some of the certification labels that can be found on products sold by Lidl.

For consumers who want to learn more about the labels on products, the Lidl website provides more information on their partnerships with different organisations and the various certifications/labels associated with their products. The website also describes broader food product sustainability initiatives by Lidl, such as the fact that they were the first supermarket in the UK to purchase Roundtable for Responsible Soy (RTRS) credits for their entire soy footprint, making it the largest

buyer of credits in the UK, and ensuring that Lidl UK – within its own supply chain – sourced only certified sustainable soy since 2018.

Partnerships

Lidl has had a partnership with Fairtrade International since 2006 and the company is constantly expanding its Fairtrade certified products under its own brand Fairglobe. Lidl has also partnered with Fairtrade on projects such as supporting a coffee plant in Peru and the Fairtrade cocoa program.

Lidl Germany and Bioland, the leading association for organic farming in Germany, have collaborated since 2018, helping to make high-quality organic products affordable to middle income groups in society, which helps promote more sustainable agriculture and food management.

Measuring Success

As part of its commitment to contribute to establishing a universal, easy to understand sustainability label for food in Germany, Lidl Germany has released some of the results of the Eco-Score label pilot in that market.

The company found that:

- More transparency and product labelling on the shelf is welcomed by customers
- The influence of the Eco-Score on customers' purchase decisions is currently still limited; Lidl believe this may be because of the lack of understanding among consumers as to what the label means and the relative complexity of the criteria and composition of the score
- The Eco-Score label had slightly more influence on the purchase decision of consumers aged below 39 and who do not have children
- There was a positive effect on purchase of products with a better score than other products in the product group and a willingness to pay more was also stated for products with a higher score, especially in the segment of consumers who say they prioritise sustainability
- Even with a lower score, it was found that the Eco-Score label increases the credibility of a product to consumers, compared to products without the label

Overall, the design of the Eco-Score label was rated positively and the use of the scale from A-E (good-bad) and colouring was largely understood by consumers. However, the Eco-Score label was confused with the Nutri-Score label, which uses a similar design to summarise nutritional benefits, by 34% of consumers.

Lidl Germany's report on the Eco-Score pilot ([available here](#)), concludes that customers are in favour of an easily understandable, transparent sustainability label and that this will become even more relevant in the future. However, they require more clarity about what the Eco-Score label means and ideally it should be placed on product packaging, rather than as a label on the shelf next to products.

Challenges

Lidl acknowledges the challenge in displaying sustainability information to consumers. Due to space limitations on product packaging, in stores and on websites, there is a hierarchy around what information can be displayed on the packaging and where the product is displayed in store. Lidl bases this hierarchy on what is most important to the customer, as well as what the customer already knows. Sustainability information is not something that the average consumer has much, if any, knowledge of, so finding a suitable place for this information within the existing hierarchy is an ongoing challenge for the company.

Another hurdle more specifically related to the Eco-Score label and environmental ratings labels in general, is finding a methodological solution that is both practical and agreeable for a broad array of stakeholders. Rating labels need to follow the [UNEP Guidelines for Providing Product Sustainability Information](#), namely principles of reliability, relevance, clarity, transparency and accessibility. How to ensure labels meet these principles is a matter of ongoing discussion amongst academics, consultants, NGOs, and industry stakeholders.

Looking Ahead

Lidl is in dialogue with stakeholders and the wider industry to establish a pragmatic and easily understandable sustainability label for food in Europe. The company believes that the Eco-Score label currently represents the best approach for an aggregated sustainability label but is open to testing other industry-wide alternatives. The company's intention is to roll out a consistent approach for environmental labelling in all markets, given that product packaging is often controlled centrally, although the marketing would be led by the national subsidiaries in each market separately.