



# SEEING PALM OIL THROUGH INDONESIAN CONSUMERS' EYES: THE GOOD AND THE BAD

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# 1

## Context of Study



# Background

- Indonesia is the biggest oil palm producer globally and home of the world's third largest area of tropical rainforests. About one-sixth of the world's palm oil is consumed in Indonesian homes.
- Current campaigns on sustainable palm oil have mainly been targeted at companies and European buyers and consumers.
- Building domestic demand for sustainability in oil palm sector and a political constituency behind the issues in major consumer countries, such as Indonesia, India, and China, is seen as vital to increase the competitiveness of sustainable palm oil and encourage local companies to join sustainability efforts. Such demand currently does not exist.
- There is a need to explore understandings and perception from consumers in developing countries about social and environmental impacts caused by palm oil developments.
- The Roundtable for Sustainable Palm Oil (RSPO) commissioned Daemeter Consulting, with TNS as a market research agency, to conduct a baseline study about Indonesian consumers' perception on sustainable palm oil.

# Project Objectives

- Build knowledge and provide a systematic baseline of the awareness, values and aspirations of Indonesian consumers concerning sustainable palm oil.
- Create some understanding of what will be needed to increase the domestic demand for and usage/consumption of sustainable palm oil.

# Research Objectives



- To understand consumers behavior, values, and aspiration to identify what is needed to increase domestic awareness and demand for sustainable palm oil
- To explore public perceptions, understanding, and responses to sustainable palm oil
- To identify the motivations and barriers to understanding and responding to the risks posed by palm oil developments
- To understand current level of awareness and investigate cultural, emotional, and psychological elements that could inform communications on sustainable palm oil

# Study subjects

- **Primarily adult females in urban centers**

These represent the trend-setting/following audience and primary decision makers for the purchase of household products. The study would focus on the biggest cities in Indonesia as they have the biggest consumer base and a place where trends grow.

Male representation in Jakarta is included for a holistic view and to compare with data from females. Data from male respondents would not be used as the main base of analysis.

- **Middle income to high income class**

SES A, with purchasing power and possibly higher discernment towards environmental and social issues, to SES C, representing the mainstream consumer, to assess all possible barriers.

- **Cities far and close to oil palm plantations**

The cities chosen for this study are divided into those that are far and close to plantations to represent various levels of awareness and discernment towards palm oil.

# 2

## Methodology





# Research Stages

## Research Phase 1: Qualitative study

- In-home observations and in-depth interviews with members of the audience
- Focus Group Discussions (FGDs) with members of the audience



## Research Phase 2: Quantitative study

- Quantitative replicable baseline survey (800 respondents in five major cities)



# Qualitative - Study Design (2)

Geographical Zone-Type of Location	Chosen Location	Observation		FGDs	
<b>Far from plantation</b>	Java Jakarta (19-20 May 2015)	1	Female 25-34, SES C	1	Male 25-34, SES A
				1	Female 35-44, SES A
	Java Surabaya (21-22 May 2015)	1	Female 25-34, SES A	1	Female 25-34, SES C
		1	Female 35-44, SES C		
<b>Close to plantation</b>	Sumatra Medan (21-22 May 2015)			1	Female 25-34, SES A
		1	Female 35-44, SES A	1	Female 35-44, SES C
	Sumatra Pekanbaru (26-27 May 2015)	1	Female 25-34, SES A	1	Female 25-34, SES A
		1	Female 35-44, SES C		

# Quantitative - Study Design (1)



- The quantitative study was conducted through **face to face interviews** administered in-home by trained interviewers using structured questionnaire. Interviews were conducted in **Bahasa Indonesia** for **45 – 60 minutes**.
- The study subjects include a nationally representative sample of general urban population. **Sample size was 800, with 700 females and 100 males.**
- **Main sample represents females, age 20+, in cities with a population of over 1 million in Indonesia.** The sample of 700 Females at this age range has a margin of error/sampling error of  $\pm 4\%$ . As such, statistically the data would have a 92% confidence level.



# Quantitative - Study Design (2)



## Sampling Strategy – The Steps

- Step 1: Determination of sample universe, i.e. the cities to include for coverage.

There is an estimated 148 million people aged 20+ years in Indonesia. Female urban population is estimated at 58.8 Million, of which 37.5 million is 20+ years old. The top 3 cities in Java (Jakarta, Bandung, and Surabaya) and top 2 cities in Sumatra (Medan and Palembang) account for 16% of urban female population. These cities would be covered in our survey.

- Step 2: Selection of study locations – the primary sampling units (PSUs)
- Step 3: Selection of starting points (SP) of field work in a PSU
- Step 4: Selection of households, in a SP
- Step 5: Selection of respondents within a household



# Questions from stakeholders

**The questionnaire was developed using insights from the qualitative study as well as interviews with key stakeholders, including the private sector, industry associations, NGOs, certification bodies, and donors.**

- What do consumers know about sustainable palm oil?
- What do consumers know about the source of the products that they buy and whether this information will affect their decision in products to buy?
- Are consumers willing to pay more (and how much more) for sustainable products? Will they buy sustainable products when there are other cheaper products?
- Do they read labels on the packages and whether the labels and logos affect their buying decision?
- Have they seen/can they mention any label that represents environmentally-friendly products (such as RSPO, Fairtrade)?
- What kinds of messages and information that the consumers want about sustainable palm oil, where do they get them and in what format?
- What things that will encourage the consumers to start using sustainable products? Can environmental or social issues be “sold” to encourage consumers’ behavioral changes?

# Area Coverage & Sample size

	<b>Medan</b>	<b>Palembang</b>
Respondents	♀ 82 respondents	♀ 60 respondents
Sub-district	10 sub-districts	6 sub-districts
Fieldwork schedule	25/08 – 03/09	24/08 – 03/09



The number of sample in each city was proportionate with the target population size of the city.

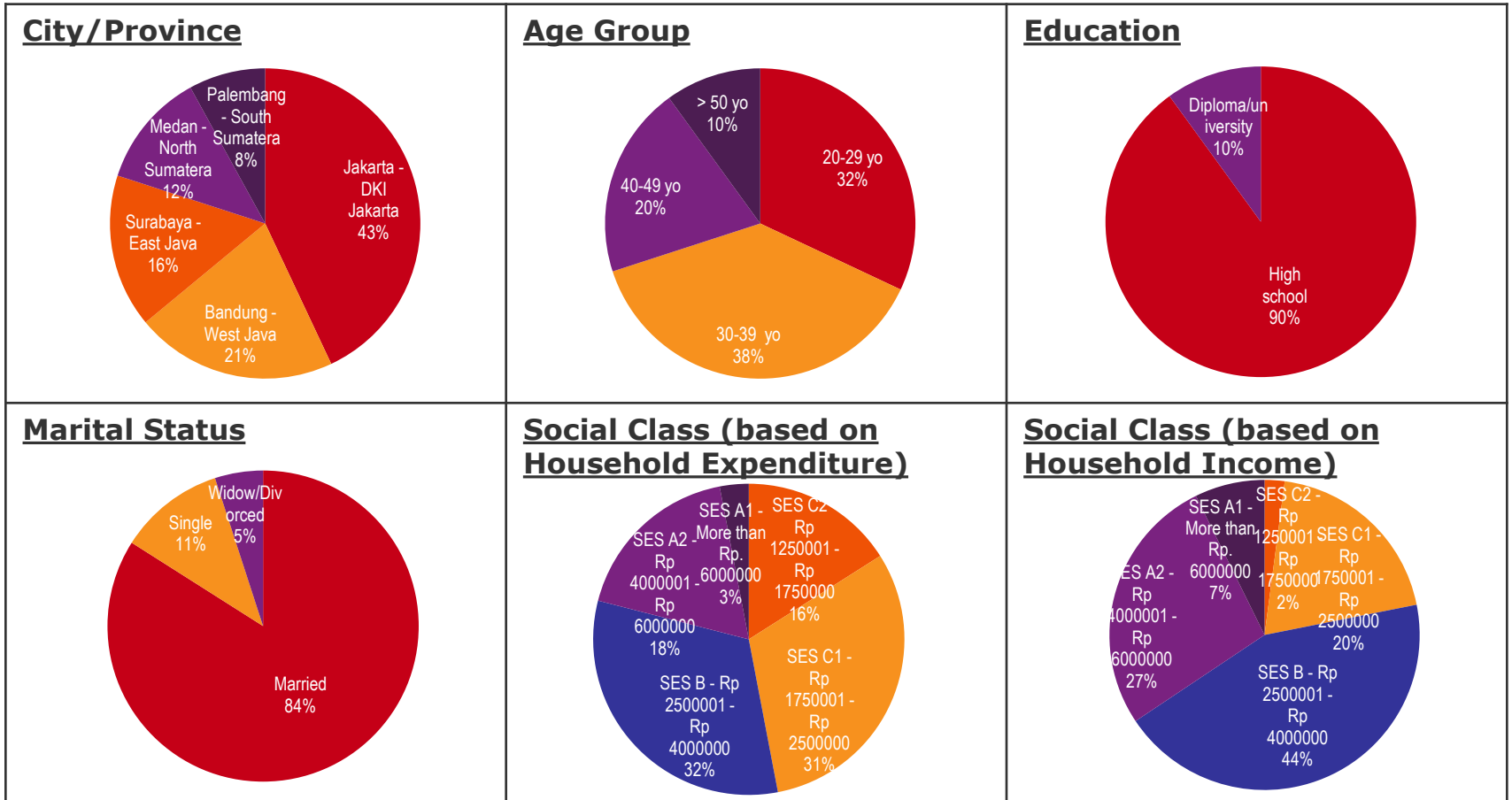
	<b>Jakarta</b>	<b>Bandung</b>	<b>Surabaya</b>
Respondents	♀ 301 respondents ♂ 103 respondents	♀ 150 respondents	♀ 112 respondents
Sub-district	30 sub-districts	6 sub-districts	14 sub-districts
Fieldwork schedule	22/08 – 04/09	25/08 – 04/09	23/08 – 04/09



Male data is used only as comparison

# Main respondent profile

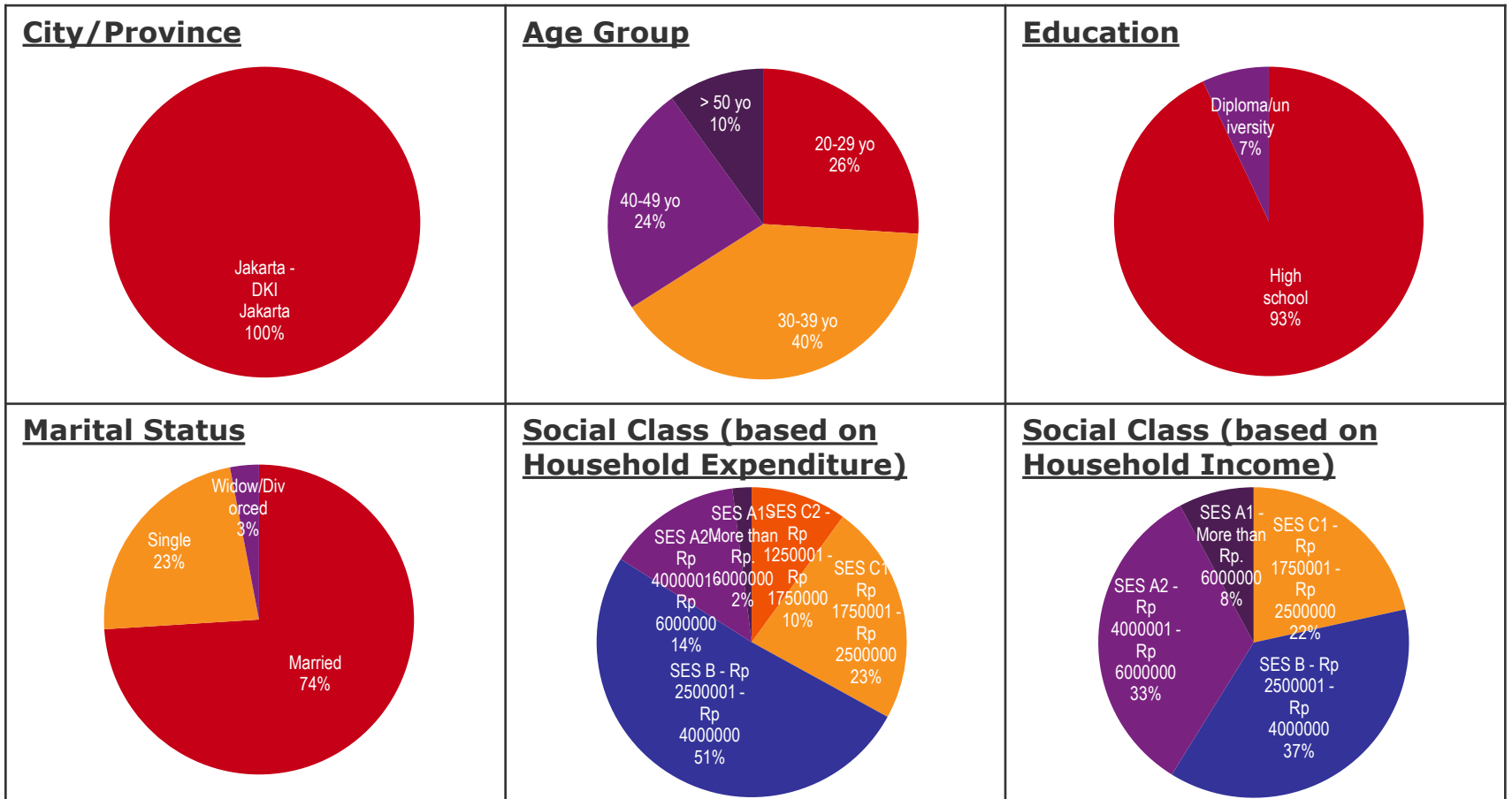
- Total female respondents are 705 with sample proportion distributed as per city population.
- 70% is below 40yo and 80% are married. Most have high school education.
- Based on household expenditure, half is from Socio class C, which is the biggest class in Indonesia.





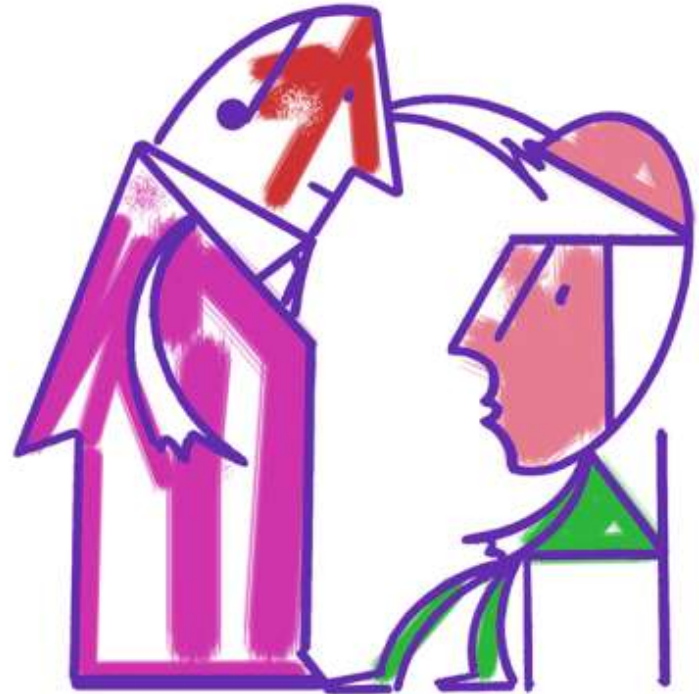
# Male respondent profile (as comparison)

- Male respondents are 103, surveyed in Jakarta and used as comparison (not included in most analysis).
- The age proportion, education and marital status are relatively similar to females proportion.
- Because it's only in Jakarta, proportion of socio class B (based on Expenditure) is a little higher.



# 3

## Life Values and Awareness of Environmental and Social Issues



The qualitative study shows that religion and social values and good character are very important to Indonesian consumers. Their main priorities are to be happy, healthy, and wealthy.

## Values

- **Following religious practices**
  - Praying 5 times a day (Moslem)
  - Know what is right and wrong and act accordingly
- **Social values** - Has a good character
  - Respect other people
  - Being loved and respected by their children

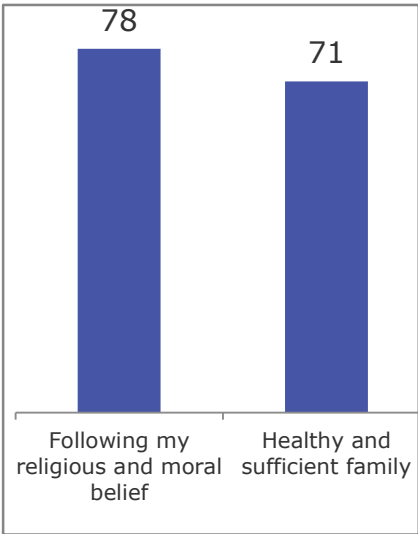
## Priorities

- **Being happy, healthy and wealthy**
  - For single respondents:
    - Find a husband and make a happy family
    - Wealthy → good career, successful business (get a side job/has own business)
  - For married respondents:
    - Kids' education (up to the highest level)
    - Harmony in family
    - Wealthy → their kids' needs are met

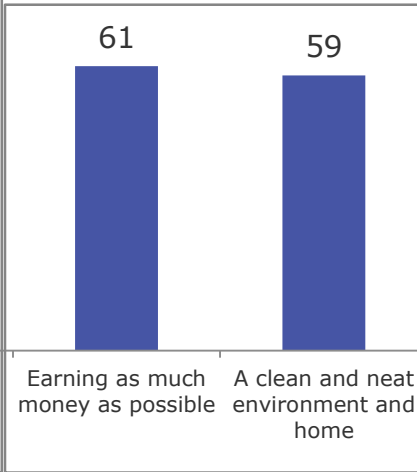
The quantitative study shows that after religion and family, **money** is the consumers' priority. A preserved and sustainable environment is the fifth priority, lower than a clean and neat surrounding and home.

## Values considered 'Very Important'

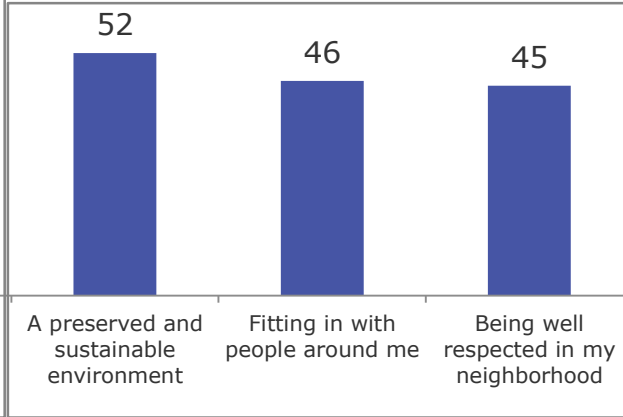
Almost everyone thinks it's very important (> 70%)



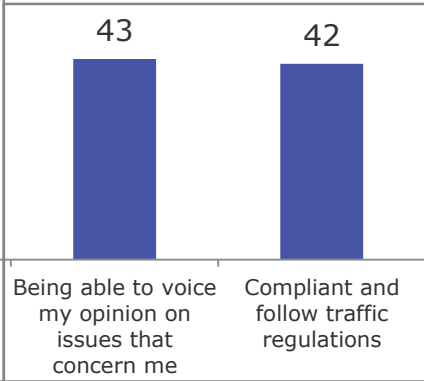
Many think it's very important (60-70%)



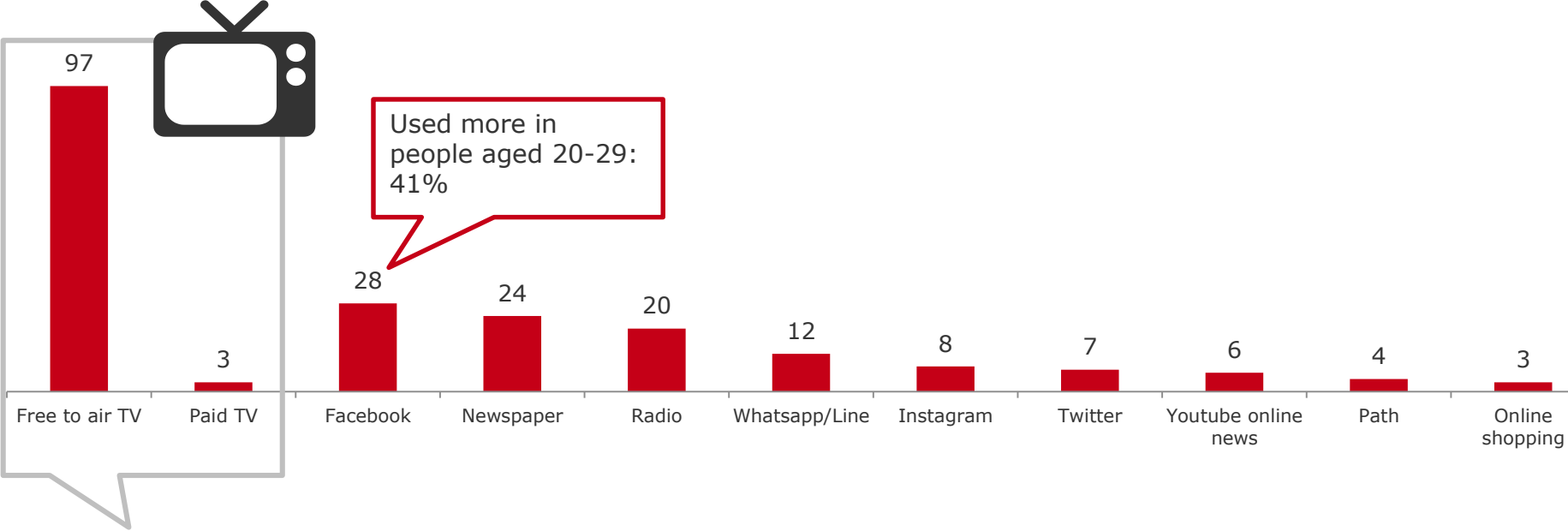
Almost half thinks it's very important (45-50%)



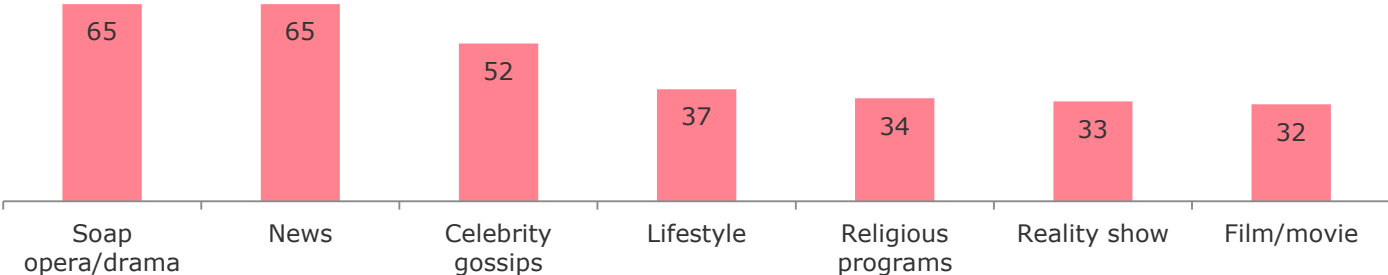
Not many think it's very important (< 45%)



**TV** is the medium people actively use every day. While **Facebook** is the social media platform people access the most.



**Most watched PROGRAM**



H9. Which communication tool and media do you actively use daily? MA  
 H6. In general, what type of TV program do you watch most often? MA  
 Base: Female N= 705

Urban consumers are urban-centric, i.e. they notice and spontaneously only mention environmental changes in cities. This applies even in cities deemed close to plantations in Sumatra. Positive initiatives by the government are noticed and appreciated.

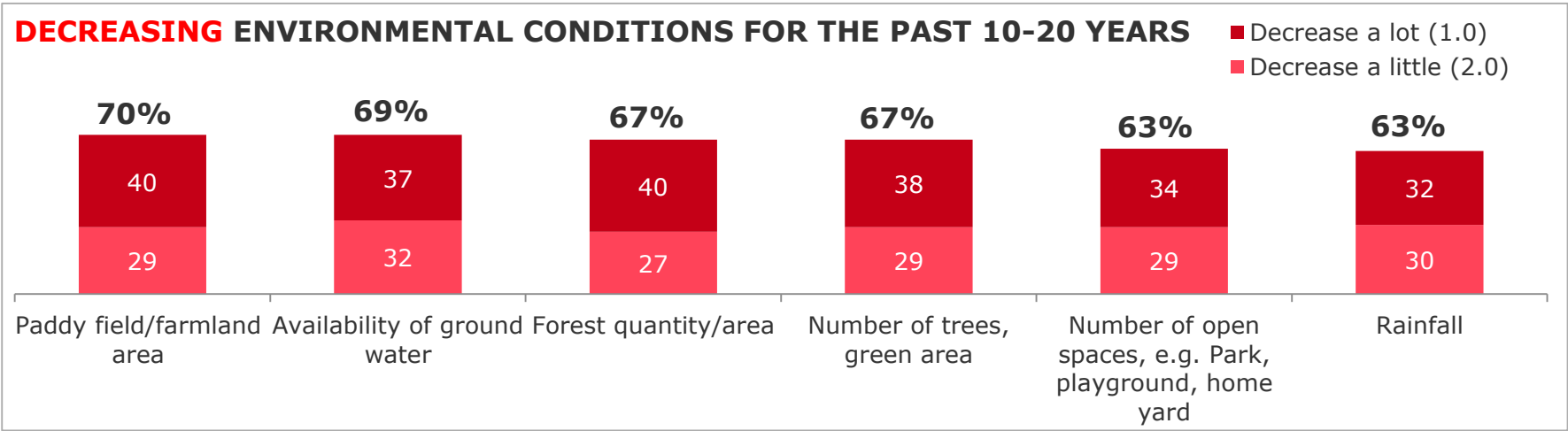
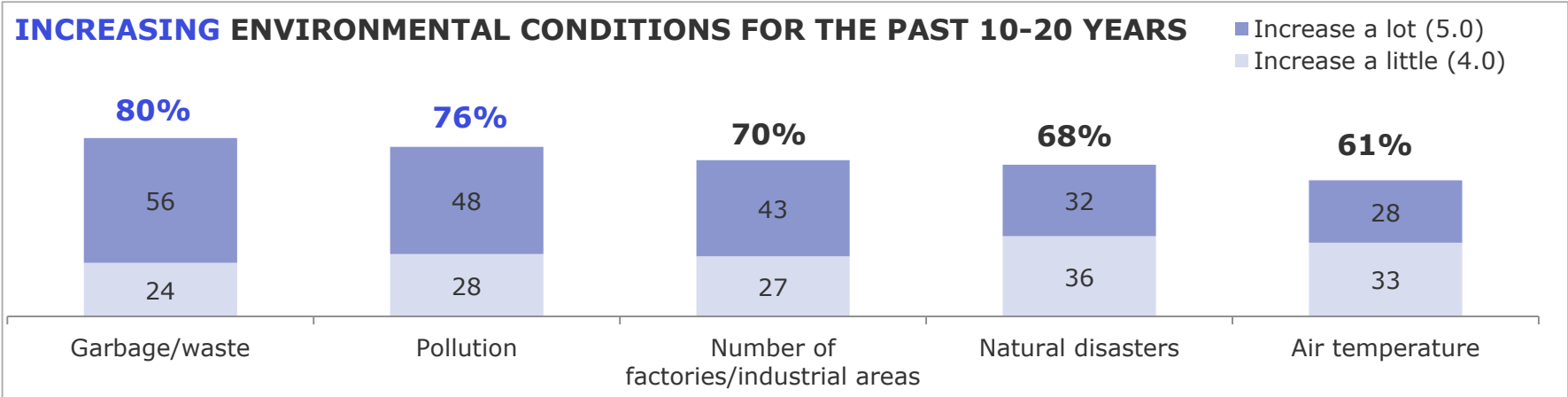


- Wider river to prevent flood in some cities
- Only in Surabaya:
  - After Risma became mayor, the number of parks has increased. (However, this is not always viewed as positive, as parks are also used as a place to date and for “bad boys” to hang out),
  - Some people noted that Car Free Day (on weekends for several hours) reduces pollution. However, they are also aware that its contribution to pollution reduction is small.



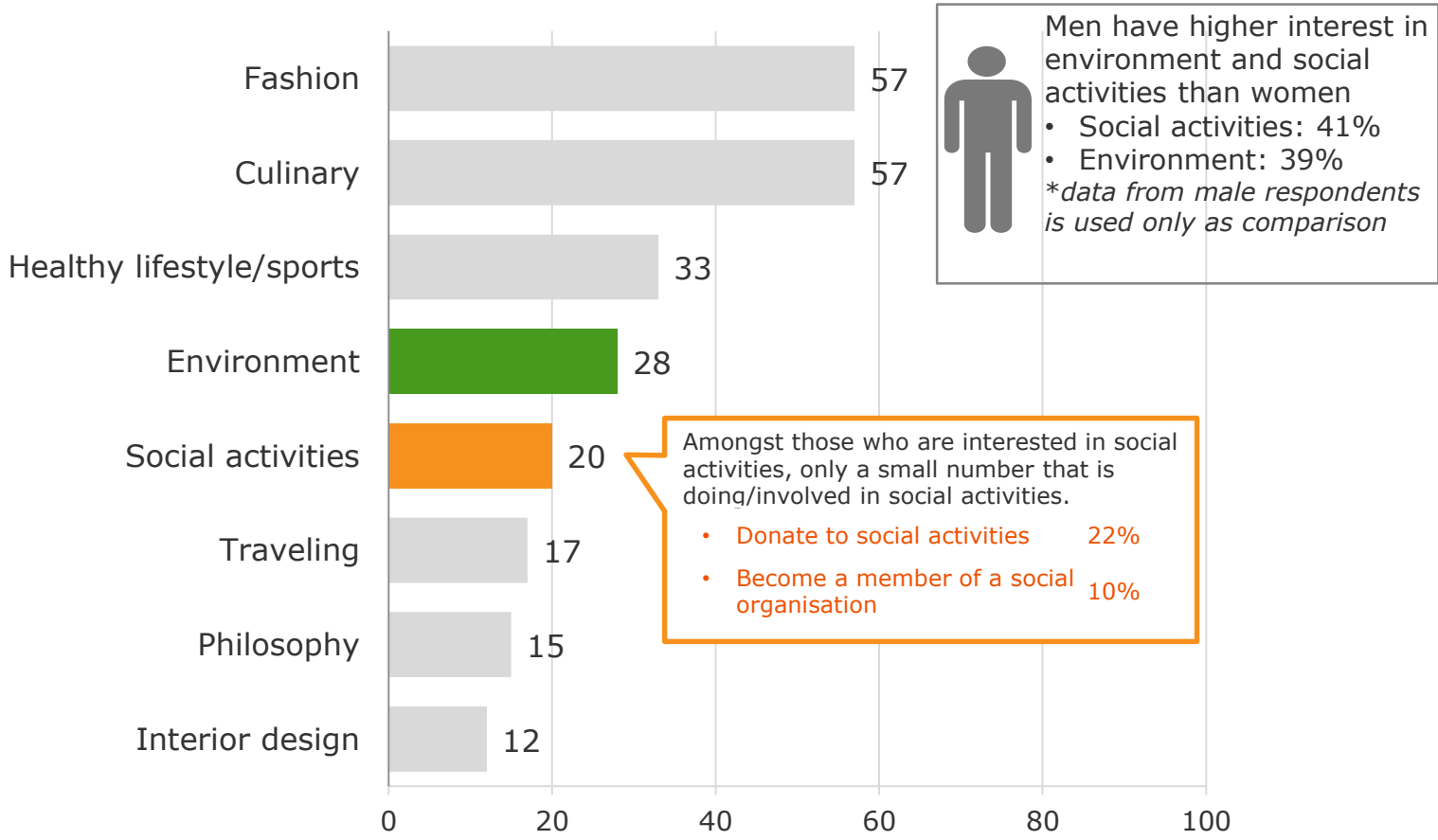
- **More trash**
  - More floods, even as rivers are widened
  - Bad smell
  - River water is not clear anymore
- **Less fresh air**
  - Fewer public parks, which also removes outdoor playing opportunities for children.
  - More vehicles, factories causing pollution
  - Fewer trees and rice fields as they were cleared for building or roads. This also increases the temperature and causes more floods.
- Only in Pekanbaru that more pollution, particularly haze from forest fire, was strongly mentioned. People mentioned deforestation and forest fire without prompt, and that areas were changed into palm oil and rubber plantations.

The qualitative study finding was reaffirmed in the quantitative study, with worsening trash and pollution the main changes in the environment that consumers noticed in the past 10-20 years.



B3. Over the last 10 years have the following increased, stayed the same, or decreased? READ OUT SA  
 Base: Female N= 705

**Fashion** and **culinary** are the most interesting trends for women in big cities. About 28% consumers are interested in environmental topic, while interest in social activities is lower at 20%.





Male consumers support and get involved in environmental and social activities more than female ones.

*\*the male data is only used as comparison*



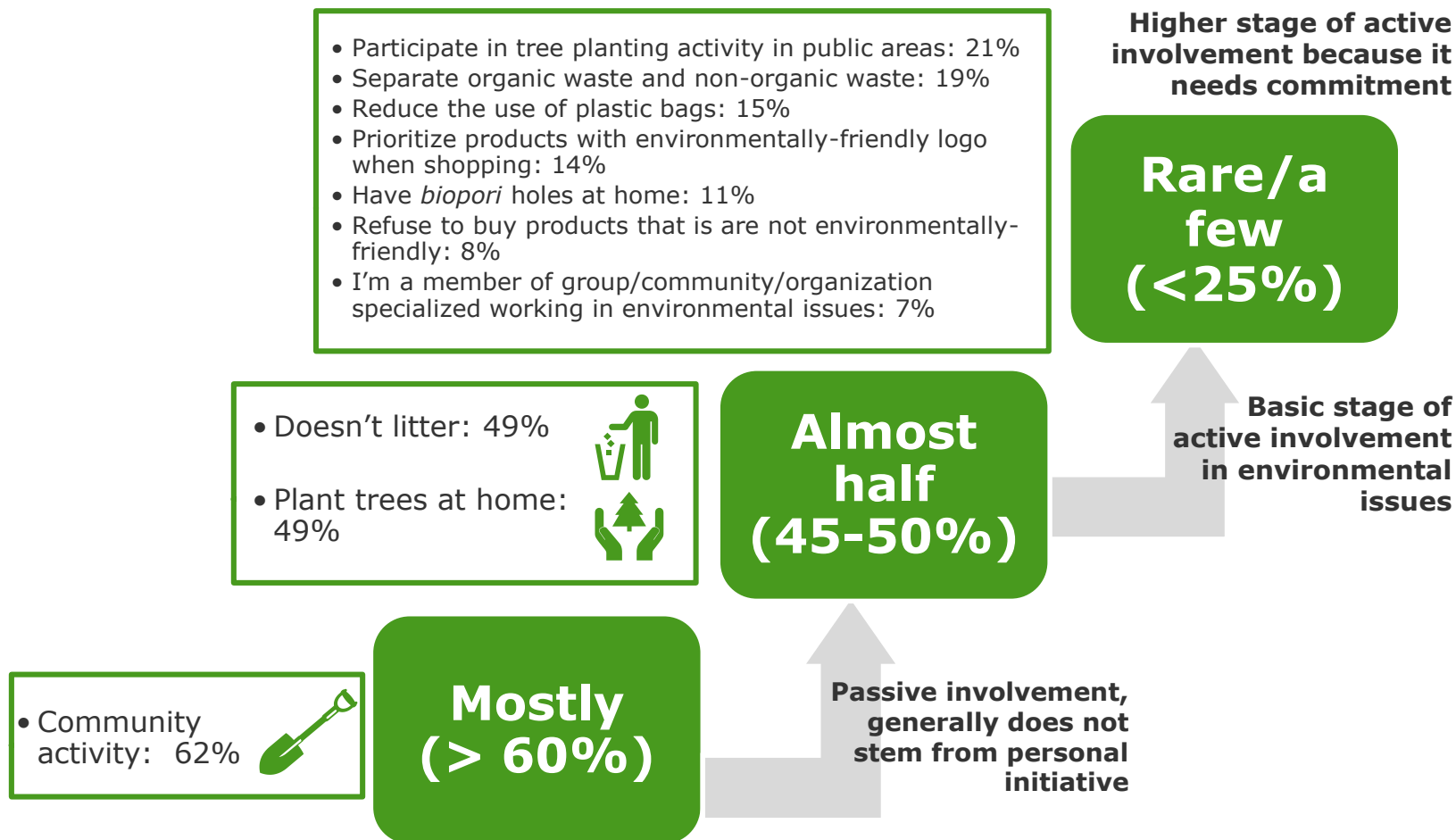
## Donating for

Organizations or activities that work in <b>environmental issues</b>	16%	28%
Organizations or activities that work in <b>social issues</b> (helping orphans/disadvantaged groups, social work, disaster areas, etc.)	22%	39%

## Becoming a member of group/community

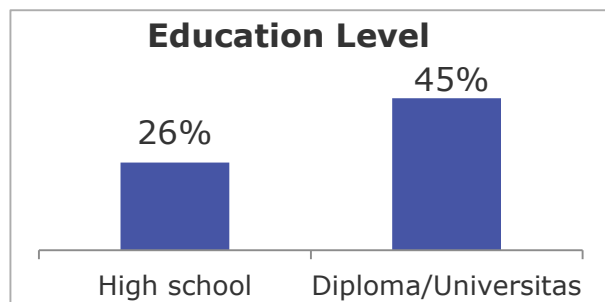
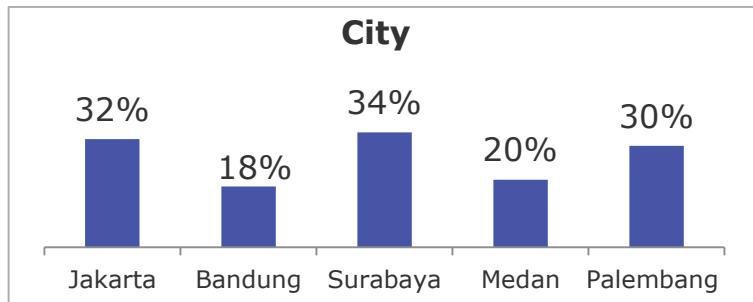
That works in <b>environmental issues</b>	7%	21%
That work in <b>social issues</b>	10%	24%

In general, consumers' involvement in environmental activities is still on the **basic phase**. Only half of the respondents practice simple rules, such as 'doesn't litter'.

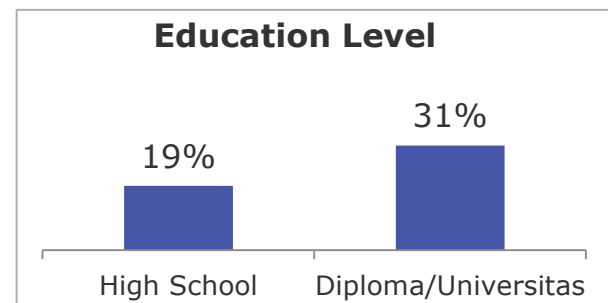
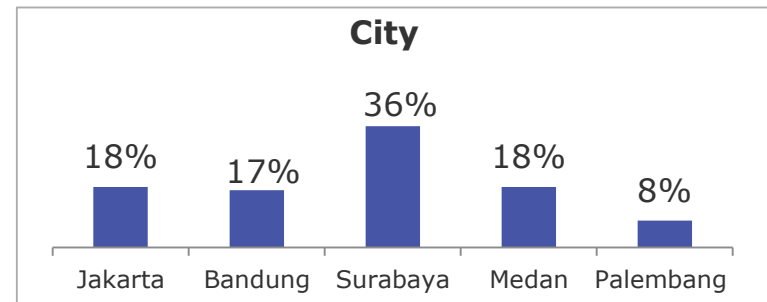


Consumers with higher education level are more interested in environmental and social topic. Consumers' interest in Surabaya, Jakarta, Palembang in environmental activities is higher than in Bandung and Medan.

### INTERESTED IN ENVIRONMENT



### INTERESTED IN SOCIAL ACTIVITIES



Around 21% of consumers have been involved in tree planting in public areas, which can indicate a partiality for forest. A small number of consumers has prioritized environmentally-friendly products and/or refused to buy products that are considered not environmentally friendly.

		Jakarta	Bandung	Surabaya	Medan	Palembang
Participate in activities to plant trees in public areas	21%	26	17	15	24	5
Separate organic waste and non-organic waste at home	19%	16	11	32	13	35
Reduce the use of plastic bag	15%	21	7	15	11	12
Prioritized products that have environmentally- friendly sign logo when shopping	14%	19	12	15	6	7
Have <i>biopori</i> holes in my yard for water catchment	11%	14	15	1	6	20
Prioritized products that support farmer/society when shopping	8%	10	5	4	10	7
Refuse to buy products that are not environmentally-friendly	8%	12	7	3	5	7
I'm a member of group/community/organization specialized working in environmental issues	7%	8	7	4	6	8

# Summary: Life Values and Awareness of Environmental and Social Issues

- Religion and family are considered the most important value. The next priority is earning money, which is considered more important than \above others, including a preserved environment.
- Urban consumers are aware of changes in their environment, but mainly those that directly affect them and within the cities where they live, such as increasing waste, pollution, and floods. Consumers almost never mention environmental and social problems outside cities.
- Very few qualitative respondents mentioned deforestation and forest fires spontaneously as changes in their environment. When they did mention them, they perceived these problems as irrelevant as they were not directly impacted.
- TV is an important source of information for consumers, particularly if the intention is to reach the public at large. The role of social media/facebook is increasingly important as their routine users are more than traditional media such as newspapers, particularly in the segment of 20-29 years old.
- Female consumers' main interests are fashion and culinary issues, and only 28% among the female respondents show interest into environmental issues and 20% towards social issues. Limited data indicated that men have higher interest level in the environment and social activities than women.
- Education level affects the interest in the environment or social activities, with higher educated consumers (diploma or university) showing higher interest.
- Most consumers said they have been involved in activities related to environment. However, the involvement was mainly passive, ie not based on personal initiative.
- A segment of consumers have engaged in environmental activities such as tree planting in public areas, separating organic and non-organic waste at home and reducing the use of plastic bags. A small number of consumers have prioritised environmentally-friendly products and/or refused products that were considered not environmentally friendly.

# 4

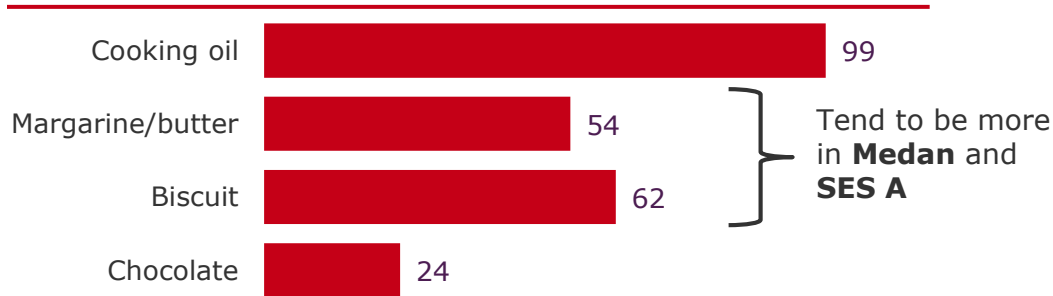
## Consumption Patterns & Considerations for Everyday Products



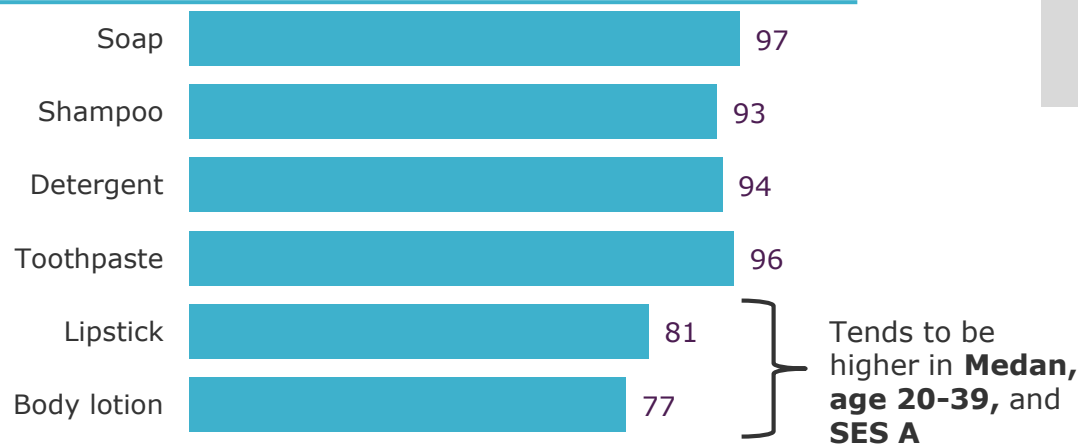
Many everyday products that are **commonly used daily by the consumers** use palm oil as the main ingredient, mainly cooking oil and body care and beauty products

\*\* Asked to the respondents before discussing about palm oil

## Food



## Non-food



- These products are used daily and regularly, and as such the respondents **have high dependence on them.**
- Due to their daily usage, respondents purchase the products monthly, or sometimes they make additional purchases weekly.

*Source: Qualitative*

Minimart is the main choice for consumers to buy daily needs. Other than minimarts and small kiosks, consumers often buy cooking oil at traditional markets, while chocolate is bought at supermarkets.

	Cooking oil	Margarine /butter	Biscuit	Choco late	Soap	Shampoo	Detergent /laundry soap	Tooth-paste	Lipstick	Body lotion
<i>Base</i>	698	384	436	170	686	656	661	677	572	544
<b>Minimart</b>	<b>69</b>	<b>70</b>	<b>77</b>	<b>76</b>	<b>67</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>39</b>	<b>70</b>
Supermarket	28	37	28	42	25	26	26	22	26	32
Small kiosk	37	21	38	19	38	37	37	30	6	16
Traditional market	41	28	21	9	29	24	28	26	23	19
Hypermarket	17	20	17	22	17	16	16	15	20	17
Mall/counter at Dept. stores	2	2	5	3	2	2	2	2	27	8
Drug store	0	1	0	1	0	0	0	1	1	0
Rounds-man	0	0	2	1	0	0	0	0	1	0



Considerations in buying products are centered around their price, features, and quality. For food or products for children, consumers pay more attention to nutrition. Environmental impacts are not considered.

### Considerations in buying daily products

- Quality
  - Trusted and well-known brands that they recognize from ads or from other people.
  - No negative effects, e.g. rash for toiletries or stomachache for food
- Price (affordable or at least in line with the quality of the product)
- Promotion
- Packaging
  - Good condition – not dented.
  - Expiry dates, halal, BPOM logo
- Availability - accessible (not only in hypermarket, but also in kiosks)
- For more important products, esp. for kids (e.g. milk), they also pay attention to nutrition (vitamins, DHA), volume/quantity

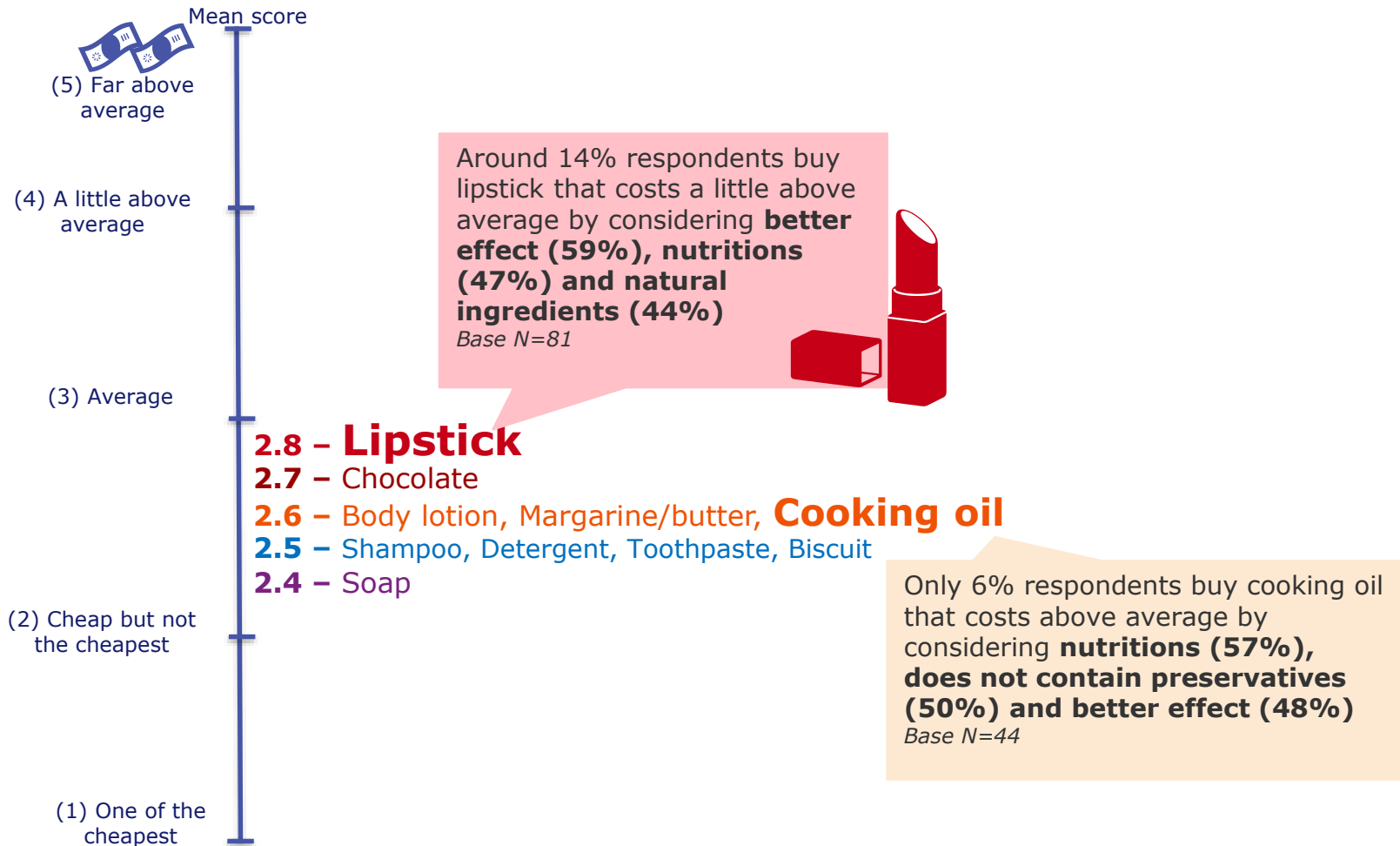
### Considerations related to impacts of products and packaging

- They use products without considering the environmental impacts of the products or packaging after they use them.
  - Most respondents dispose all waste directly without sorting or recycling/reusing them
    - They mostly have only 1 trash can where they put all waste, organic and inorganic.

*"I just put everything in one trash can. It is more practical." – Female, married, Medan*

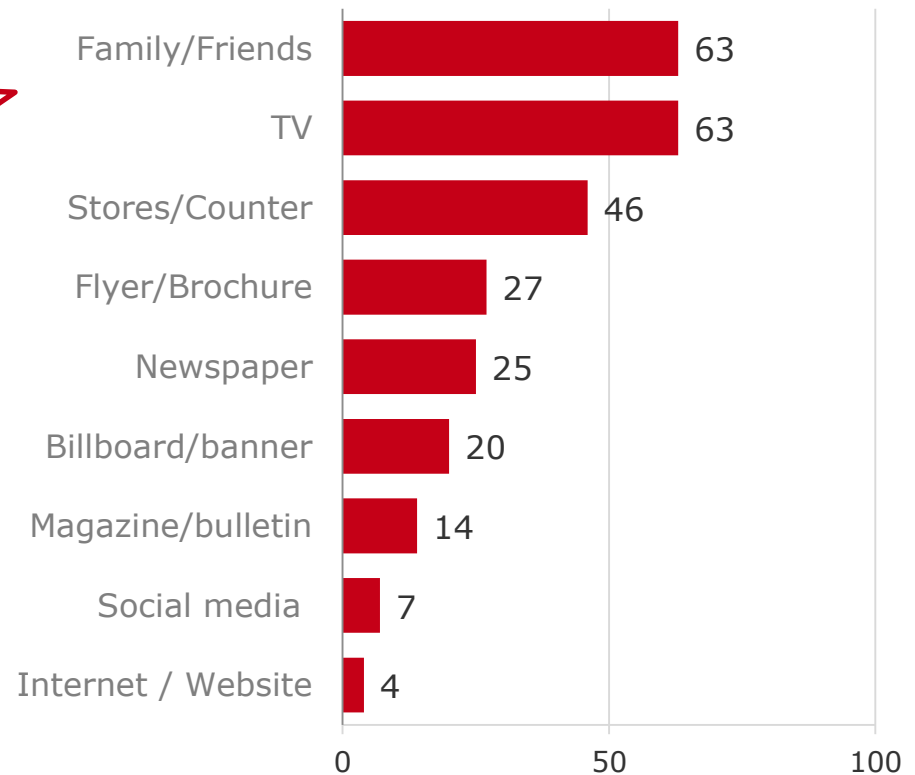
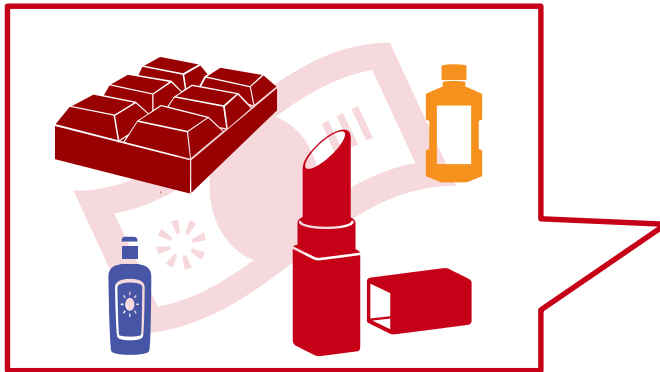
- They buy refill products.
  - To save costs as they are cheaper.
  - Not due to environmental considerations.
  - Only some mentioned that refill products can reduce waste.

Consumers buy products they use daily at an **average price**. A small portion of consumers are willing to pay more for products that are not often bought, such as **lipstick** and **chocolate**.



# For products with prices above average, consumers usually receive information about the products from **TV, friends/family members' recommendation** and **stores**

*\*TV is the most common and widest communication medium that can reach consumers. However, information about premium products are more spread through word of mouth.*



When purchasing products, only a small portion of consumers reads the package, and only for certain products or when first time purchasing the product.

### How often you read the product's packaging?

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Always when first time purchase any products 14

Always for certain products but not for others 14

**Sometimes for certain products 36**

**Rarely 35**

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Consumers tend to read food product packaging more often than non-food products to check the **expiry dates**, **contents** and **halal logo**. Information about the sources, impacts and sustainable certifications of the products is not a concern yet.



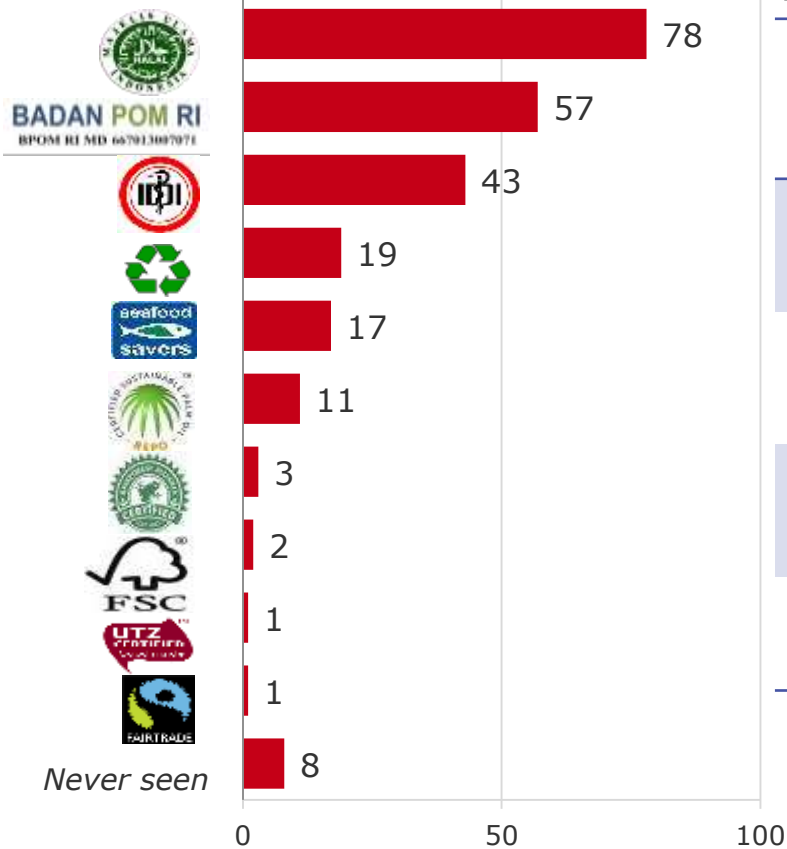
## Do you read the package?

Food	Yes	No
Chocolate	74	26
Biscuit	73	27
Margarine/butter	70	30
Cooking oil	64	36

Non-Food	Yes	No
Lipstick	40	60
Body lotion	40	60
Shampoo	31	69
Toothpaste	29	71
Soap	24	76

The **Halal**, **BPOM** and **IDI** logo are **the most recognisable** logos for consumers, especially on **food** product packaging. RSPO logo is associated with food product packaging such as cooking oil and margarine.

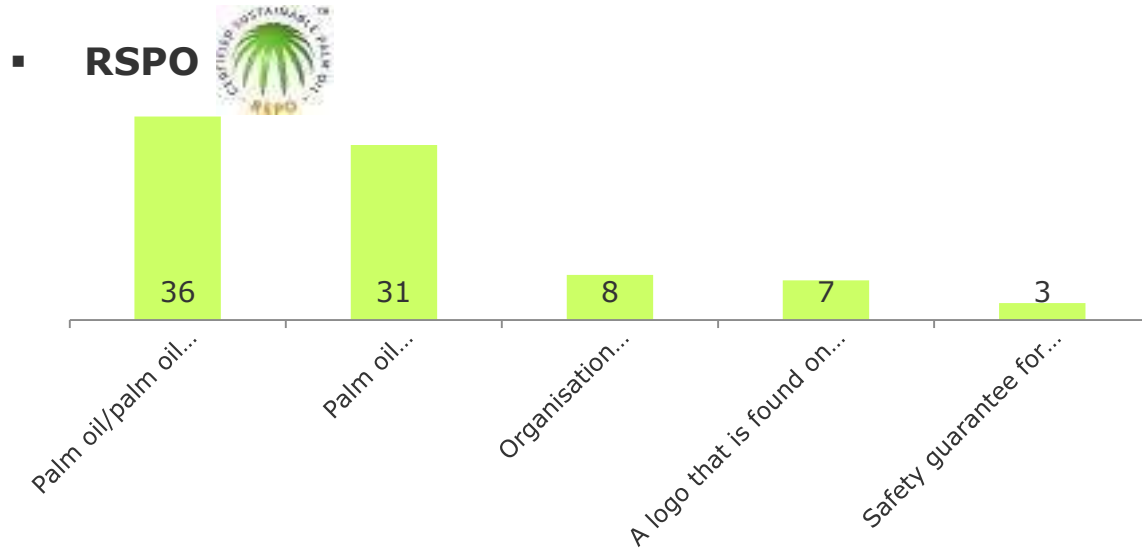
### Recognisable Logos



### Logos are associated with products...

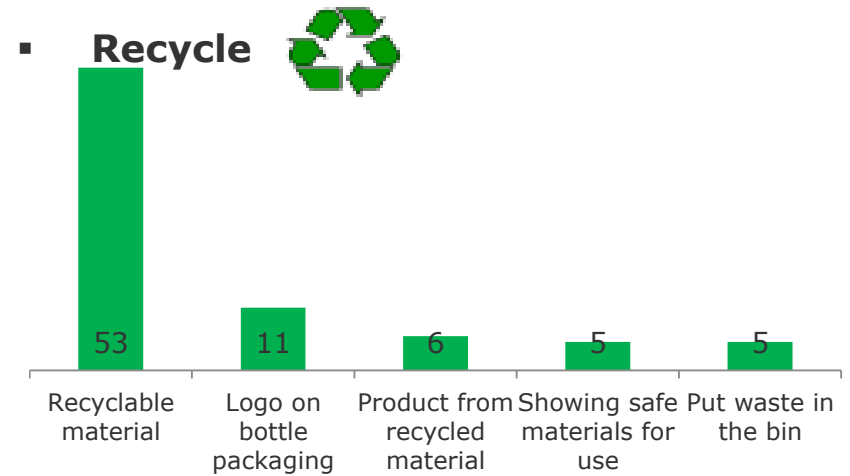
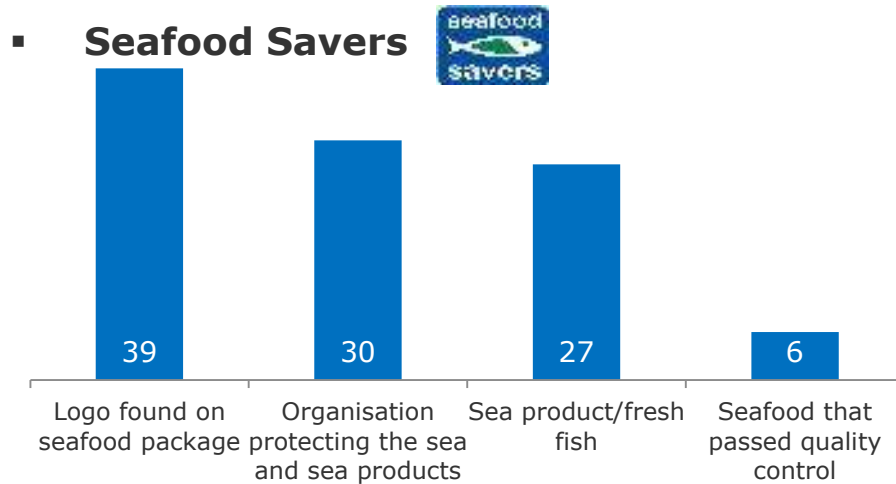
MUI/Halal (465)	BPOM (345)	IDI (169)	Recycle (93)	Seafood Savers (73)	RSPO (59)
Cooking Oil (80%)	Cooking Oil (74%)	Soap (56%)	Body Lotion (42%)	Seafood (37%)	Cooking Oil (95%)
Biscuit (72%)	Biscuit (70%)	Tooth-paste (47%)	Shampoo (34%)	Fast food (26%)	Margarine /Butter (41%)
Margarine/Butter (66%)	Margarine/Butter (62%)	Shampoo (30%)	Cooking Oil (33%)		
Chocolate (52%)	Chocolate (55%)				

# What does the logo mean to consumers?



□ Although there are consumers who have seen RSPO logo, almost everyone has the wrong perception of its meaning. The logo is perceived to represent **palm oil** and **palm oil producer**.

□ Similarly, they have seen the Seafood Savers logo but don't know the meaning. The logo is perceived to represent **seafood product** and **sea and sea product protection organization**.



The majority of consumers **have bought** products with logos they recognize, but **it is not the main reason** why they purchase the products. The role that the logos play in the buying process is bigger amongst office workers and students.

**Have you bought products with logos?**



The logo is the main reason why I buy it



Base: Female respondents N=705



Has nothing to do with the logo



White collar	7.6
Student	7.7

**7.1 - Total Female**

Housewife	7
Entrepreneur	6.9
Blue collar	6.8

Scale 7 means the logo has not become a consideration yet in purchasing the product. Meanwhile, scale 10 means the logo has become the main consideration, e.g. Halal logo.

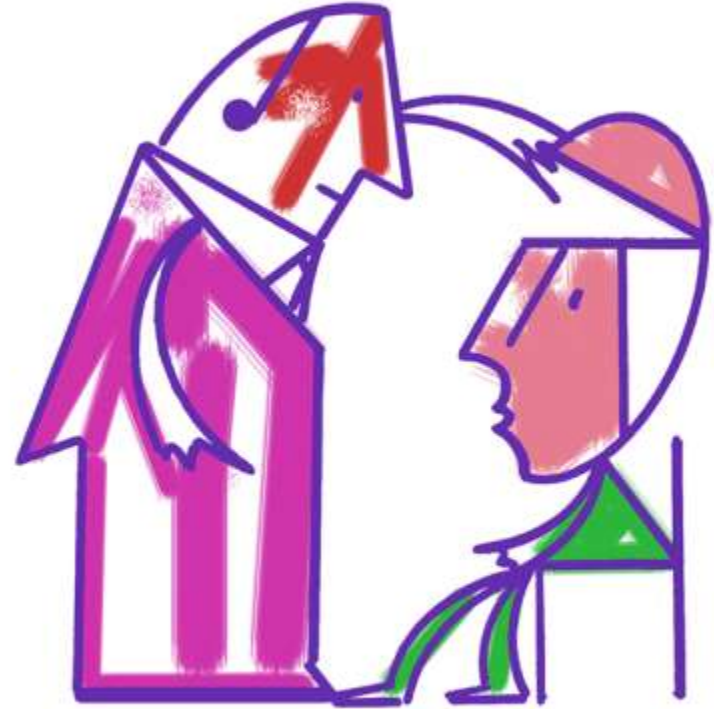


# Summary: Consumption Patterns & Considerations for Everyday Products

- Consumers use a lot of products that use palm oil, mainly cooking oil and body care and beauty products. Because they are everyday products, consumers are highly dependent on them.
- Minimart is the main choice for consumers to buy daily needs. Other than minimarts, consumers often buy cooking oil at traditional markets and small kiosks. These places can become the meeting point with the consumers for sustainable palm oil education.
- Considerations made when purchasing products are consistent with marketing theory, which are quality and product's use, price, promotion and availability in the market. Generally, consumers buy products on an average price. Only for products that are not often bought, such as lipstick and chocolate, a small number of consumers are willing to pay more.
- When buying products more expensive than average, consumers find extra qualities that can be felt immediately, such as higher nutrition, no preservatives, made of natural ingredients, etc. Sustainable logos are not considered yet. Television, friends/family's recommendation and stores are the source of information for products bought on a price higher than average.
- Most consumers rarely or sometimes read the packaging when buying products. The information that is often read only includes the halal logo, contents and expiry date of the product.
- Only a small number of consumers recognized the RSPO logo (11%) and other certification logo. However, they don't know what the RSPO logo mean and consider it as representing oil palm or an oil palm producer.

# 5

## Knowledge of Palm Oil Products



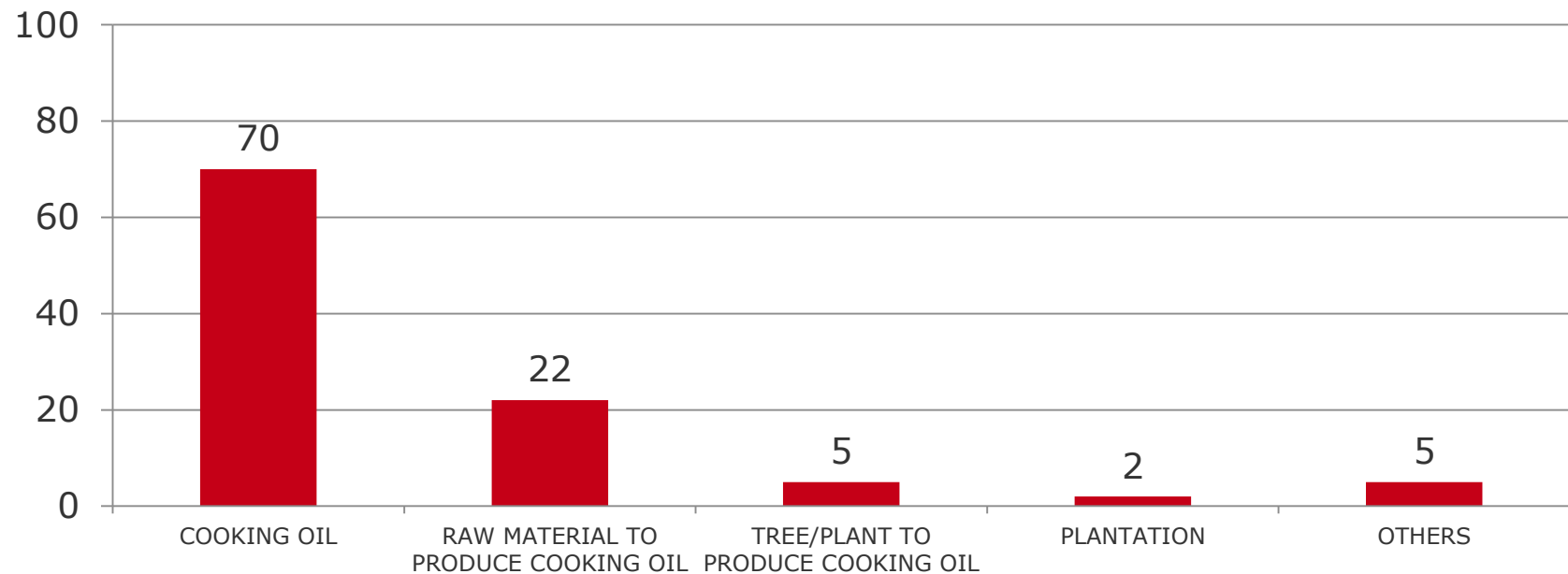
Palm oil has an important role in consumers' daily lives, particularly as cooking oil.

- They **use it every day** and **don't have any alternatives** to this product.
  - Some said it could be replaced with olive oil. However, they know that it is more expensive.
  - Few said it could be replaced with coconut oil and unbranded oil, but these products are not familiar to them and are perceived to be less healthy.

*"Palm oil means cooking oil that we use daily to cook and fry food."  
– female, single, Surabaya*

*"I can't imagine stopping using cooking oil. Olive oil is very expensive to be used daily."  
– female, married, Jakarta*

### Palm oil is... (spontaneously)



# Consumers' knowledge of palm oil is still limited on the physical tree.

Can identify oil palm tree correctly	MEDAN	PALEMBANG	JAKARTA	BANDUNG	SURABAYA
	100%	97%	91%	82%	89%

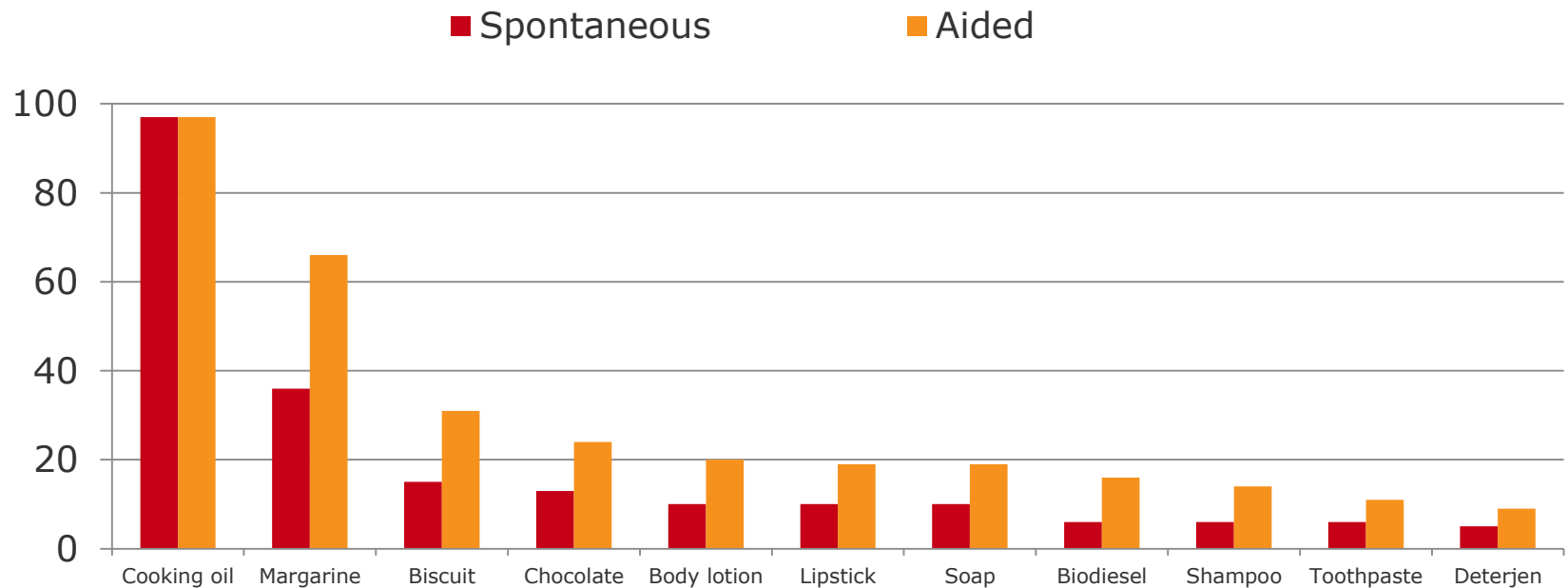
- Consumers unfamiliar with palm oil in Jakarta can guess that it is from the palm family due to the name.

*"Palm oil is the same plant with coconut that I find at the beach, right?"*  
 – female, married, Jakarta  
 Source: Qualitative



Most consumers thought that palm oil is the raw material used mostly only for **food products**. Even when aided by a list of products, consumers in general only mention cooking oil and margarine as products that contain palm oil.

### Knowledge of products containing palm oil



When purchasing products that contain palm oil, well-known/familiar brands and additional benefits (e.g. vitamins) are the most important considerations for consumers.

More important

- **Well-known/familiar brands** → This is one of the ways for respondents to measure the quality of a product. However, they are not loyal to a brand only (e.g. Bimoli, Filma, Sania, Fortune, etc.) and may switch if other brand is cheaper/has offers. The only type they would not buy is bulk oil (minyak curah).
- **Additional benefits** → What respondents get from the products, e.g. health benefit (vitamins, calcium), aside from their main functions (e.g. to cook).
- **Price & offers** → Affordable and cheap price. Most of the housewives in SEC C mentioned that price and offers are very attractive reasons to switch between familiar brands.
- **Advertisement** → Frequent advertisements are effective in increasing respondents' trust in the benefits of a product.
- **Manufacturing process** → Respondents are informed of the manufacturing process of a product, e.g. twice filtered, but not starting from plantation. The information is mainly only from advertisements.

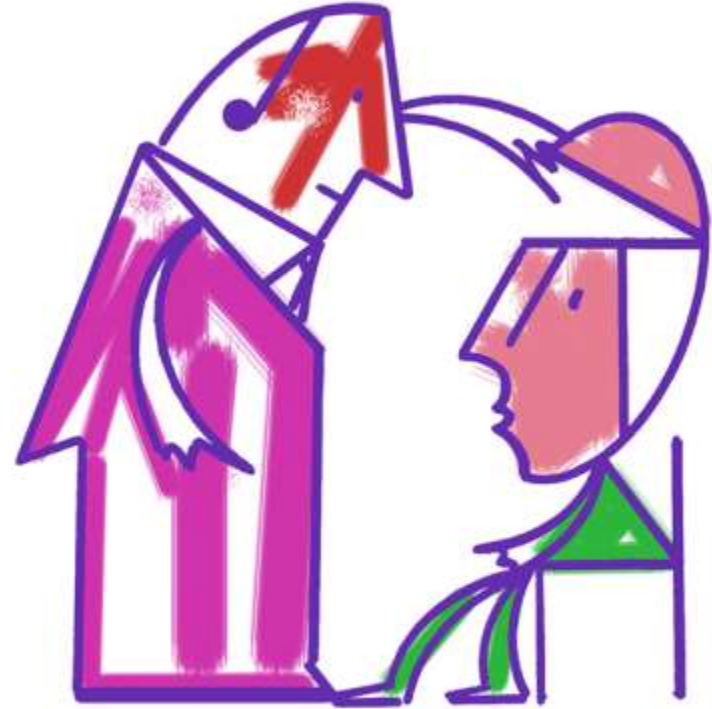
Least important

# Summary: Knowledge of Palm Oil Products

- Cooking oil has a very important role in everyday life because for consumers it is hard to replace cooking oil with a different product.
- For consumers, palm oil is highly identical to cooking oil or products that can be used to fry things, and based on that, for food products. Even when given a list of products that contain palm oil, in general consumers only identify cooking oil and margarine.
- The use of everyday products does not mean there's an understanding of the source of the products. Consumers' knowledge of palm oil is still limited on the shape of the tree. Although every respondent in Sumatra can identify oil palm tree, their knowledge of the use of palm oil in various products is still as low as consumers in Java.
- Consideration factors in buying palm oil products:
  - Well-known/familiar brands
  - Additional benefits from the ingredients
  - Price & offers
  - Advertisement
  - Process to manufacture the product (not starting from plantation)

# 6

## Knowledge and Perception of Palm Oil Impacts





People have little knowledge about palm oil, except that it is used to make cooking oil, and low awareness of its impacts.

- In Jakarta, most of the respondents **have never seen oil palm** plantations.
- Upon prompting, all respondents claimed that palm oil is **the raw ingredient of cooking oil**.
- The majority perceived that palm oil **can only be used for food products**.

*"Palm oil is the same plant with coconut that I find at the beach, right?"  
- female, married, Jakarta*

*"You can find bad palm oil at street food vendors. The color is too dark and they use it multiple times."  
- female, single, Surabaya*

When hearing the term **bad and good palm oil**, they **associate this to the product and its impacts**, not the plantation or the production process and their impacts.

### Bad palm oil

#### ■ **Minyak curah (bulk oil) :**

- Oil that has been used several times: cooking oil used multiple times and frequently being used by middle – low seller. It can cause cancer and other diseases.
- Unbranded oil → cheaper price but less healthy

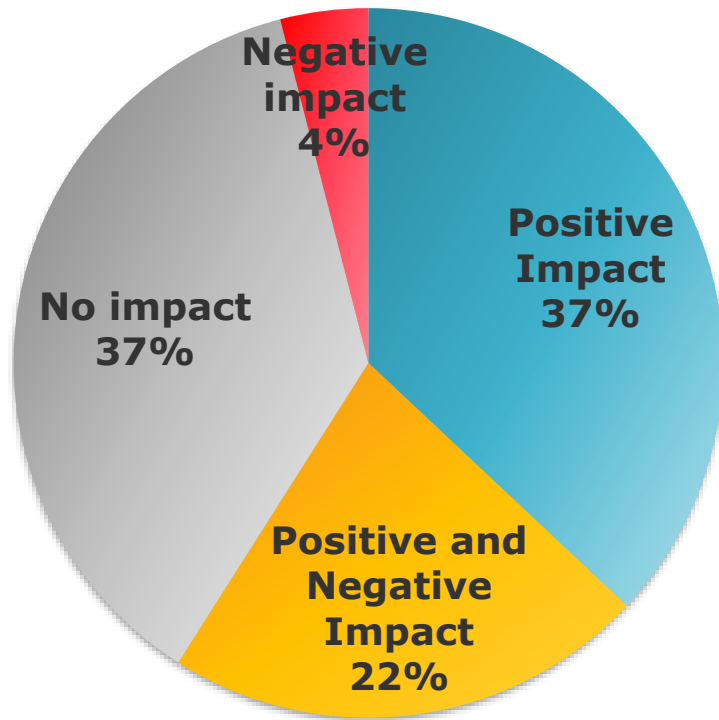
#### ■ **Has negative impacts on health:** Over consumption of cooking oil can cause diseases such as heart attack and high cholesterol.

- Some respondents in Pekanbaru mentioned a bad impact of oil palm plantation, ie that it makes the land dry and people around it suffer water scarcity (e.g. cannot take a bath more than once during dry season)

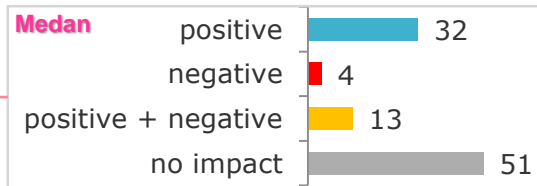
### Good palm oil

- Double filter, less fat/cholesterol
- Contain good quality of seed palm oil (e.g. claim on Sania oil ad and the packaging)
- Some people in Medan and Pekanbaru mentioned that palm oil plantations provide jobs

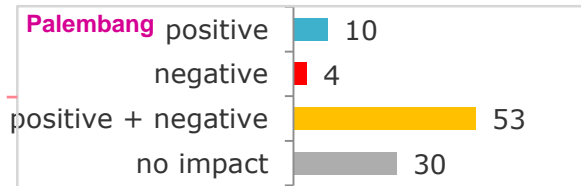
In accordance with the qualitative study result, most consumers do not see palm oil development negatively.



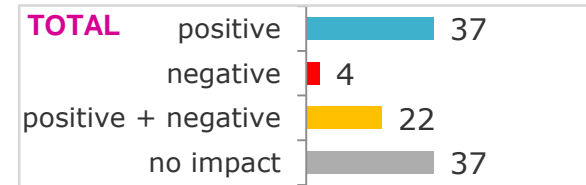
# Consumers' perception of the impacts of palm oil development based on the city.



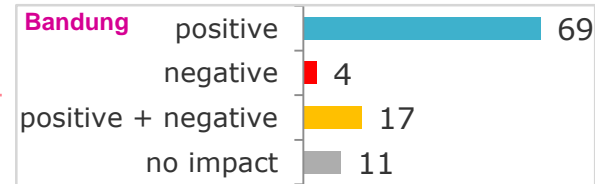
Sample: n=82



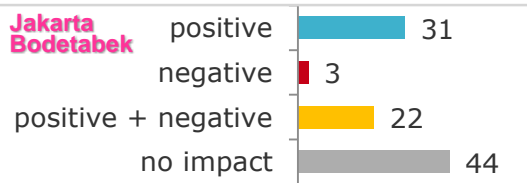
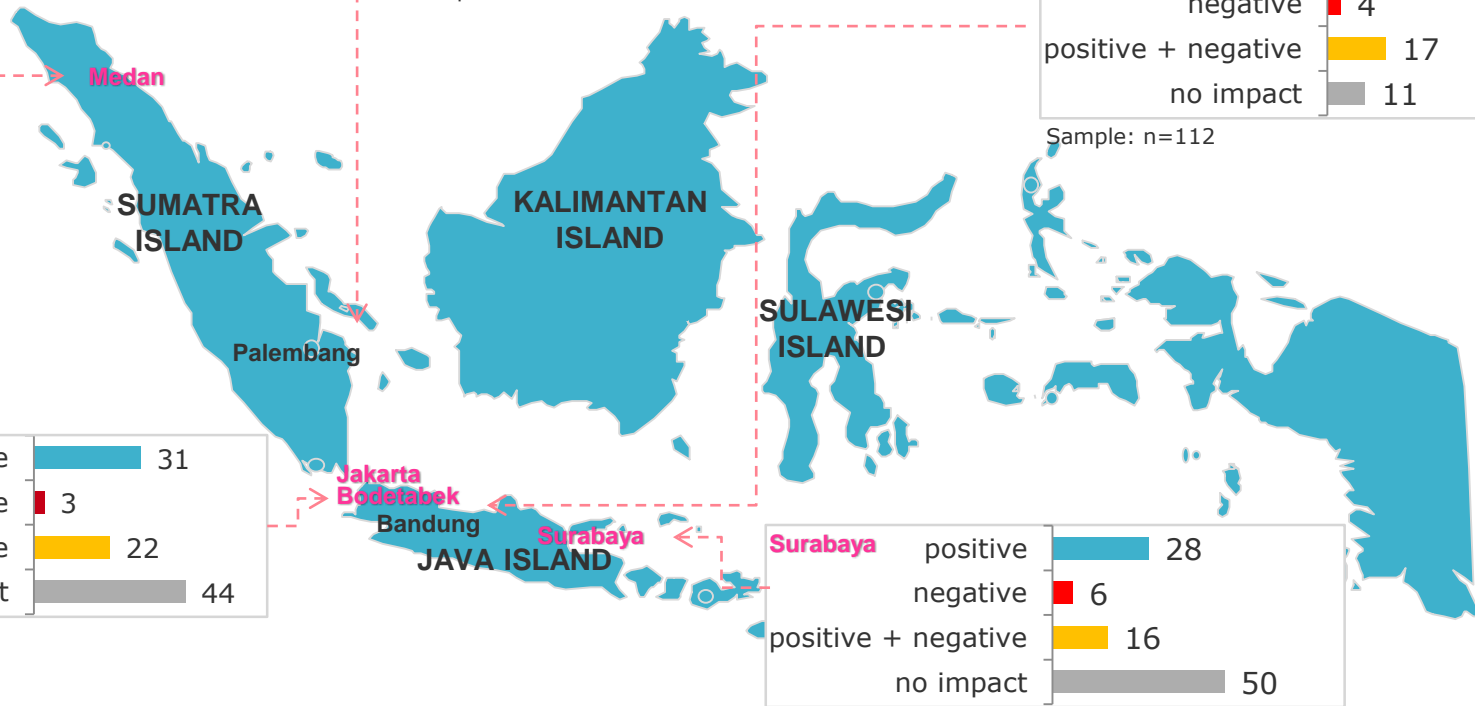
Sample: n=60



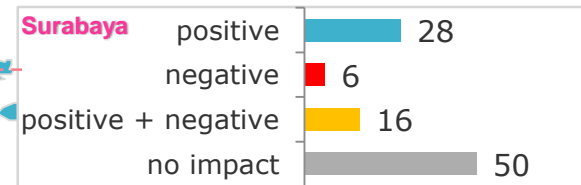
Sample: n=705



Sample: n=112

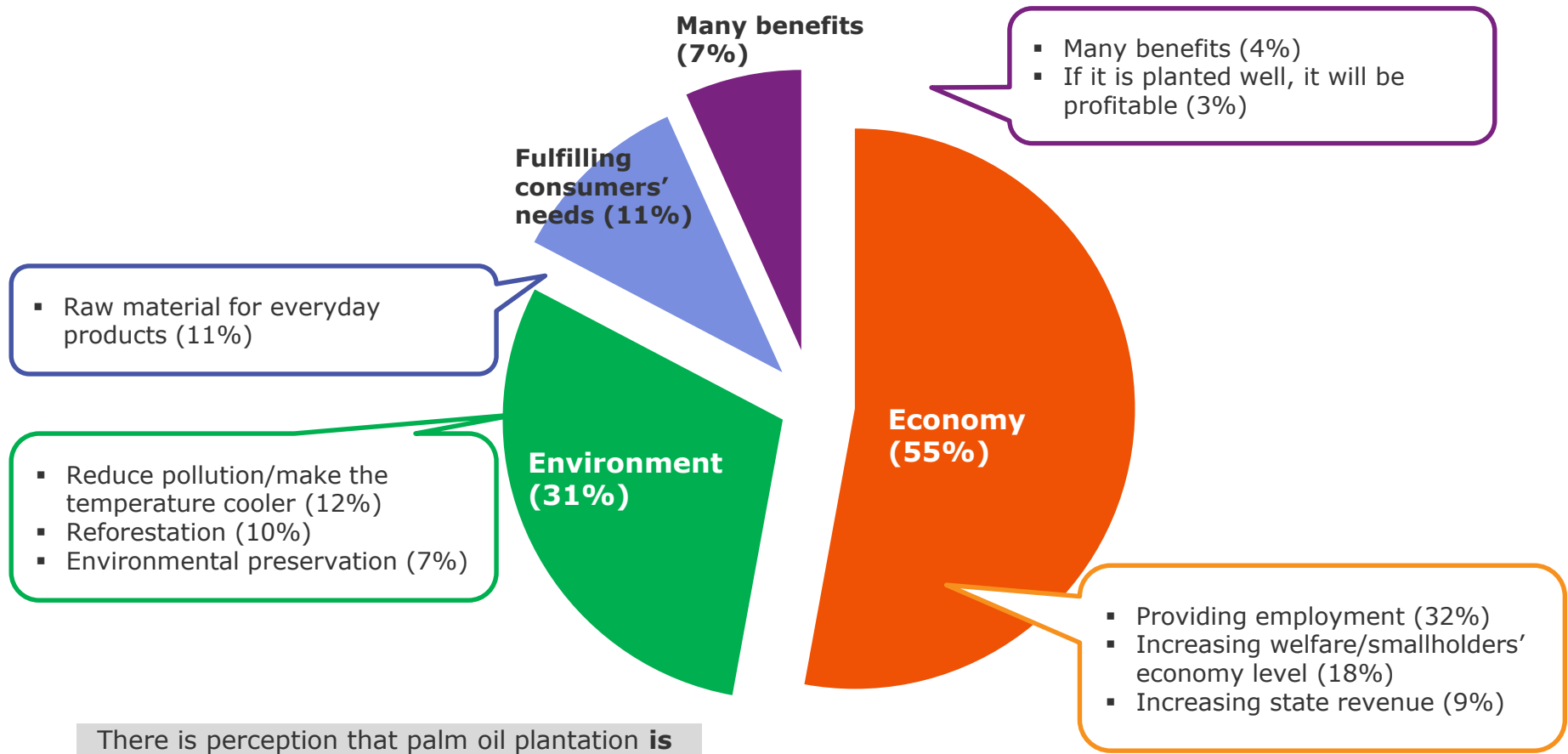


Sample: n=301



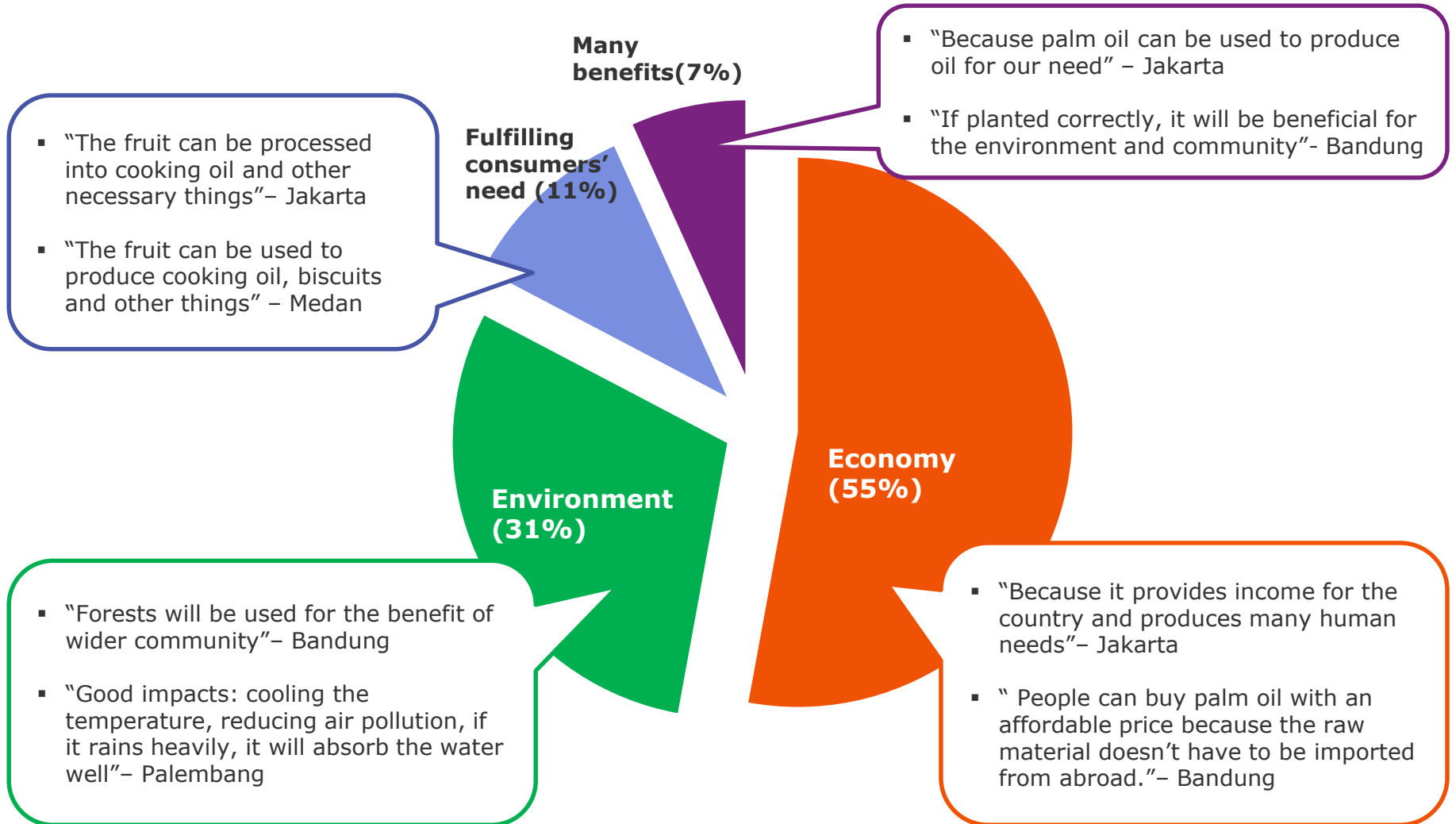
Sample: n=150

**POSITIVE IMPACTS:** Around 59% of consumers\* think palm oil has positive impacts. Economic and environmental issues dominate this view.  
*\*including those who see the impacts as positive and negative*

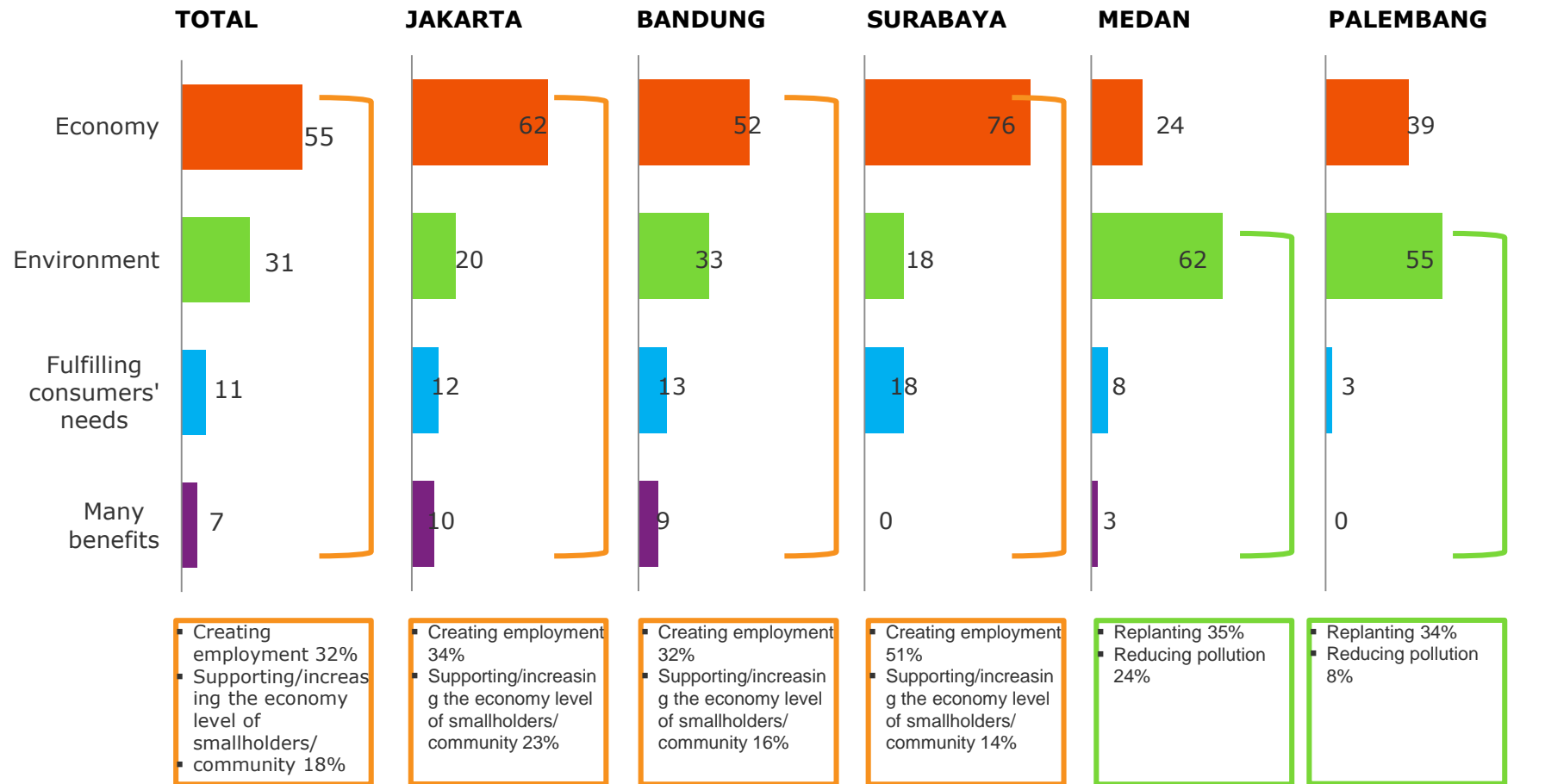


There is perception that palm oil plantation is **good for the environment as it looks green**, and as such must produce oxygen and reduce carbon dioxide.

# What did respondents say?

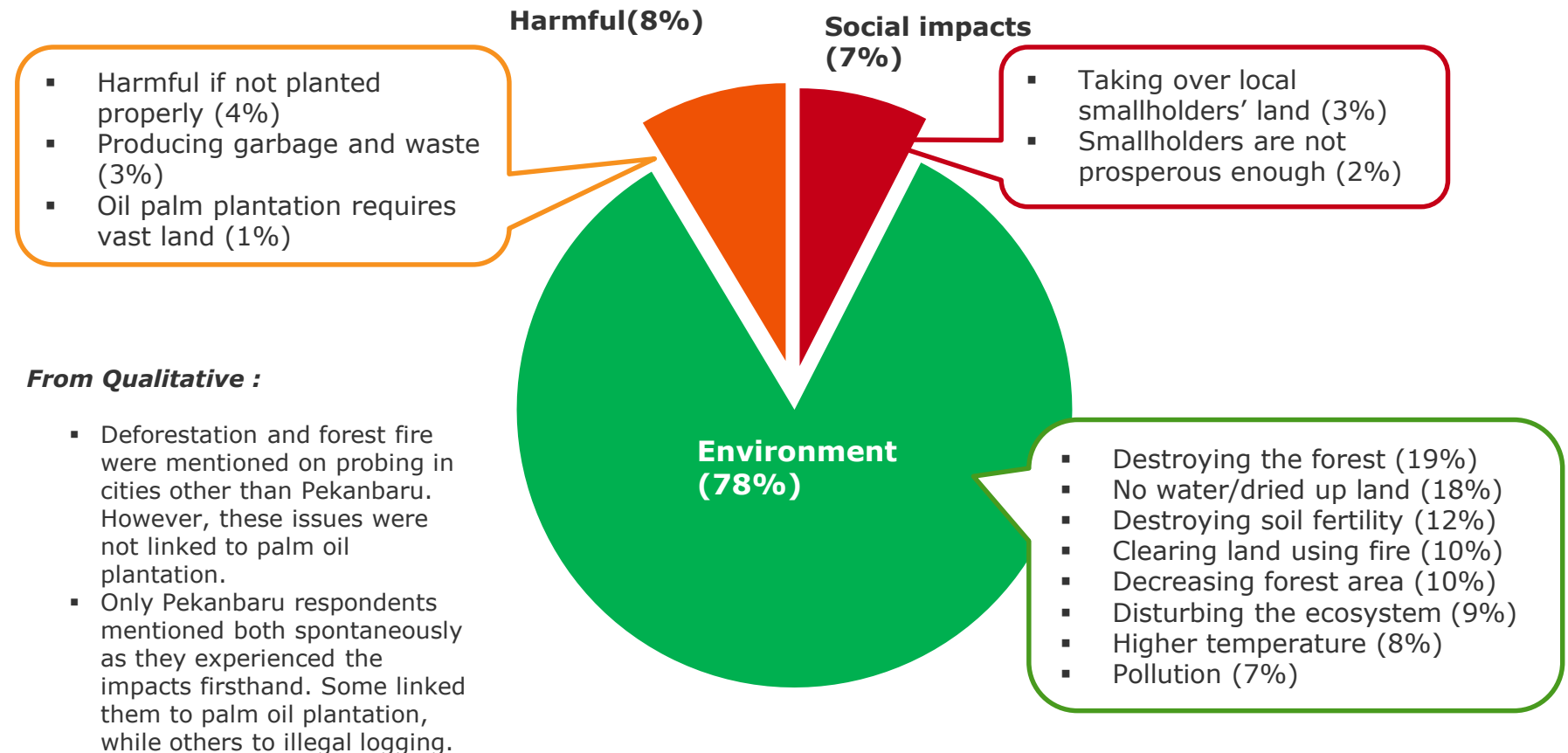


Consumers in Java consider palm oil positively based on its economic impact, while consumers in Sumatra think more about its environmental impact.

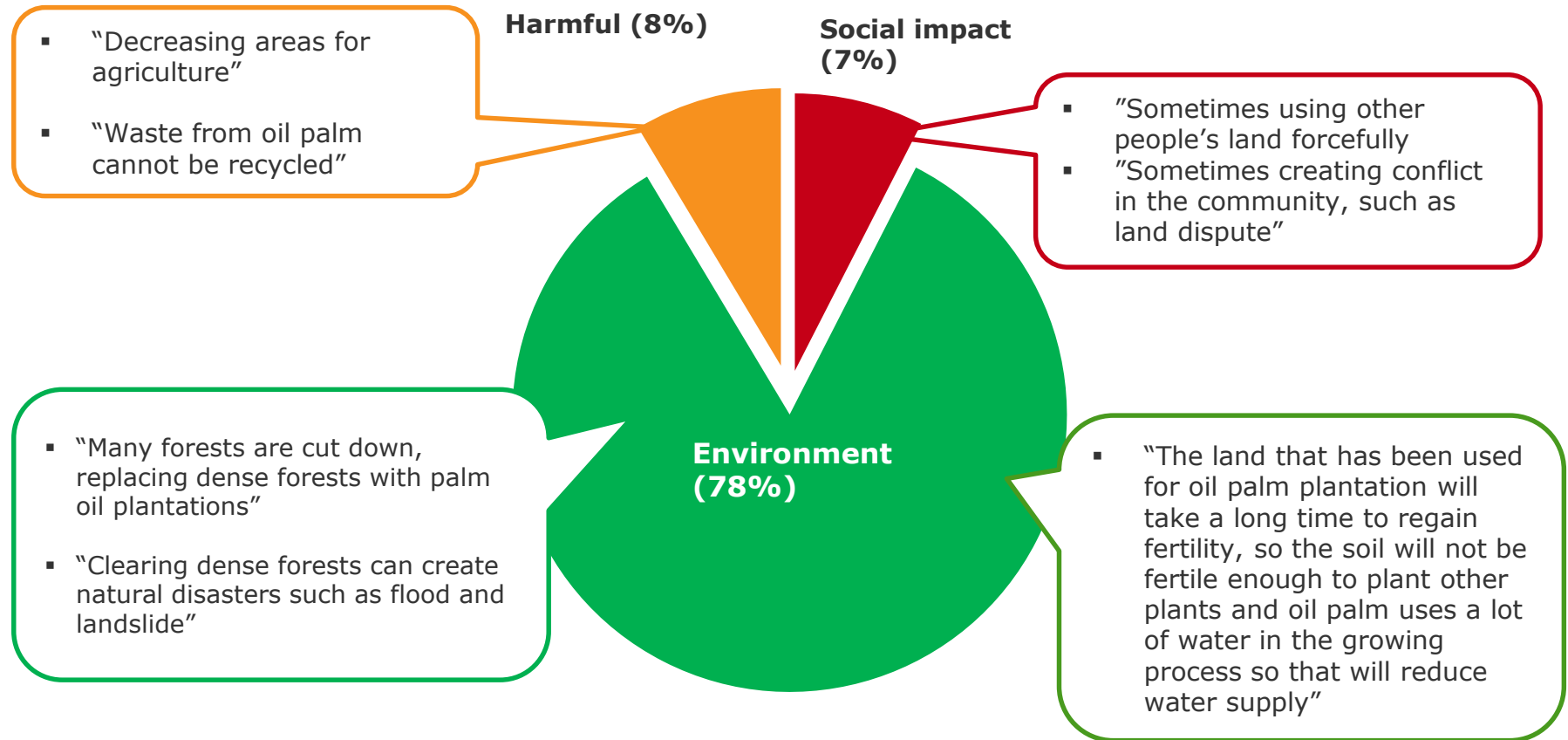


# NEGATIVE IMPACTS: Around 26% of consumers\* think that palm oil has negative impacts. Environmental impacts dominate their argument.

*\*including those who see the impacts as positive and negative*

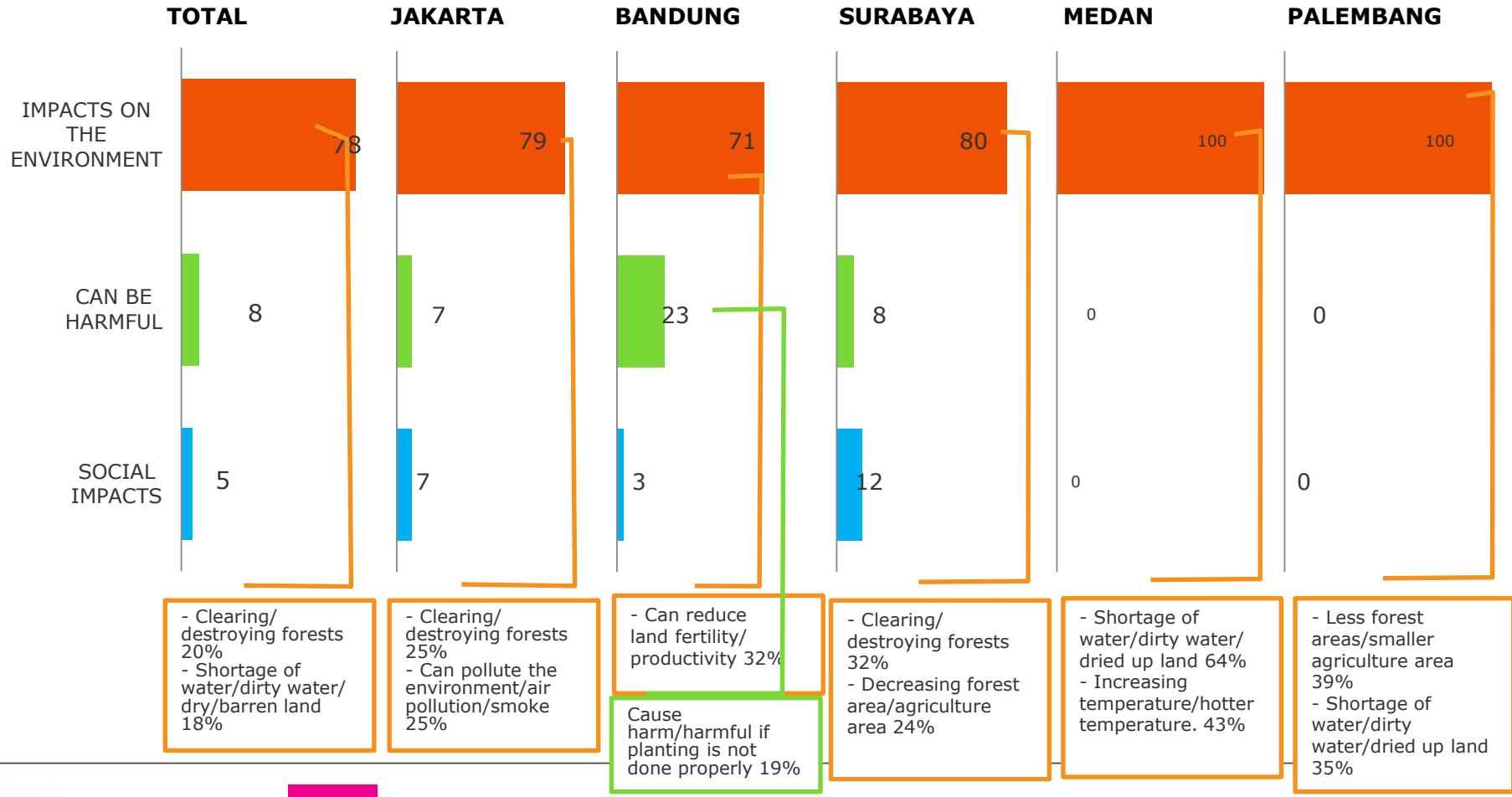


# What did respondents say?





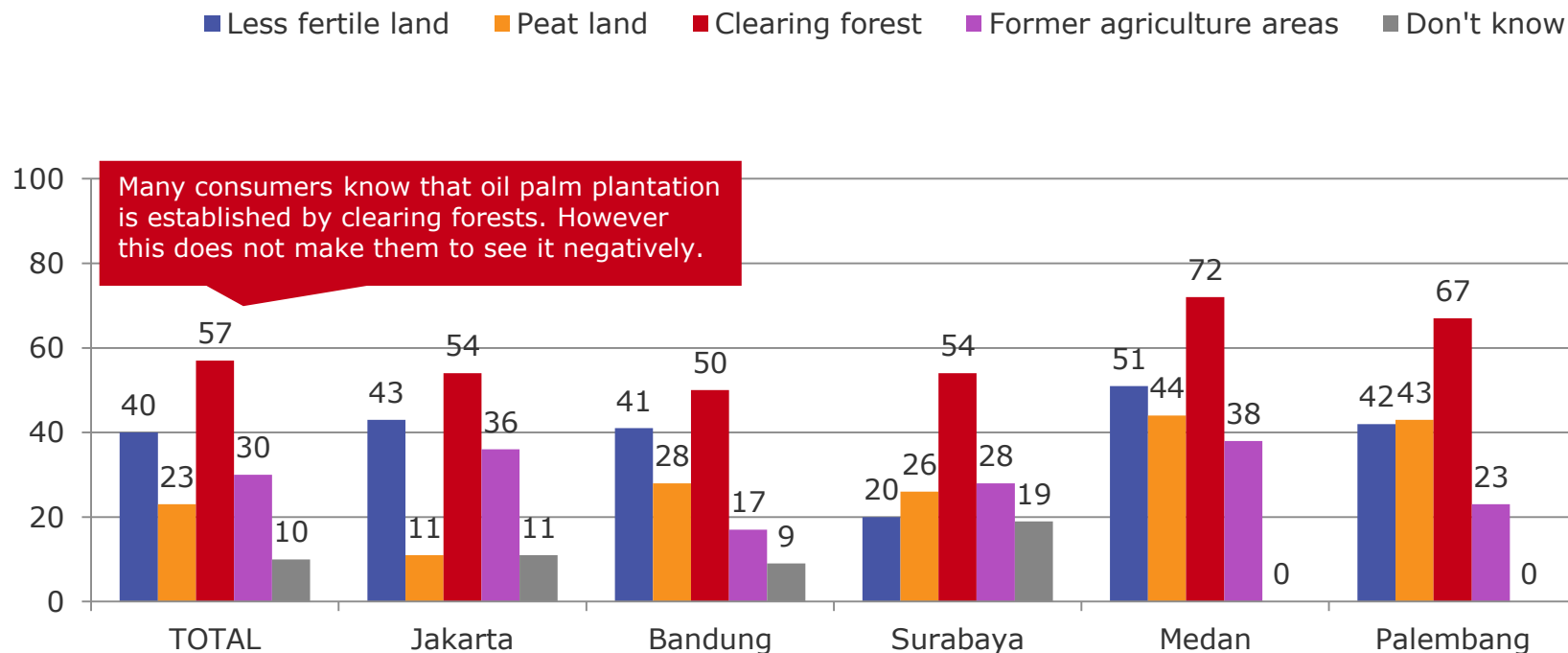
Issues including the lack of water supply and increasing temperature are stated more by consumers in cities in Sumatra, while consumers in Java highlight the general destruction of forests.



F5. If say bad impact: In what way does oil palm give bad impact?  
 Base: Sample who answered negative N=179

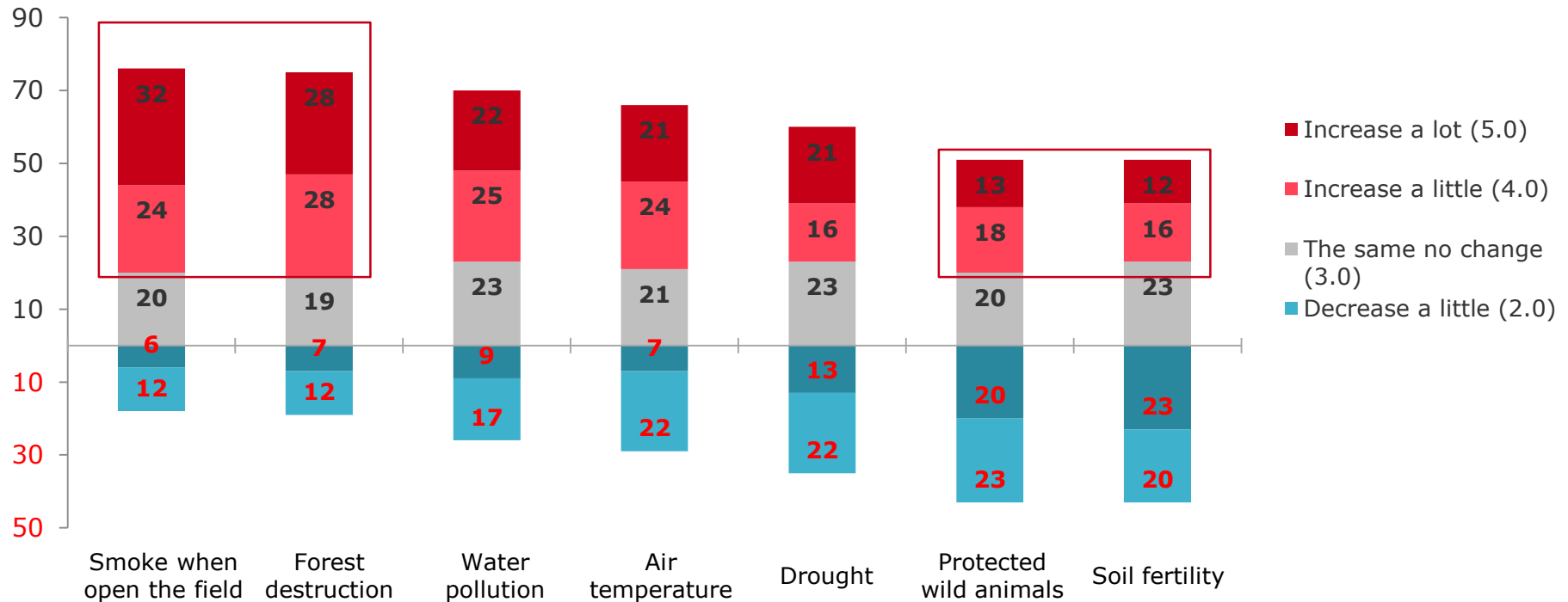
Although more than half consumers know that oil palm plantation is established by clearing forest, only a quarter said that oil palm has negative impacts, indicating lack of understanding on the importance of forests and overstating the environmental benefits of monoculture plantations.

### Where is oil palm planted?



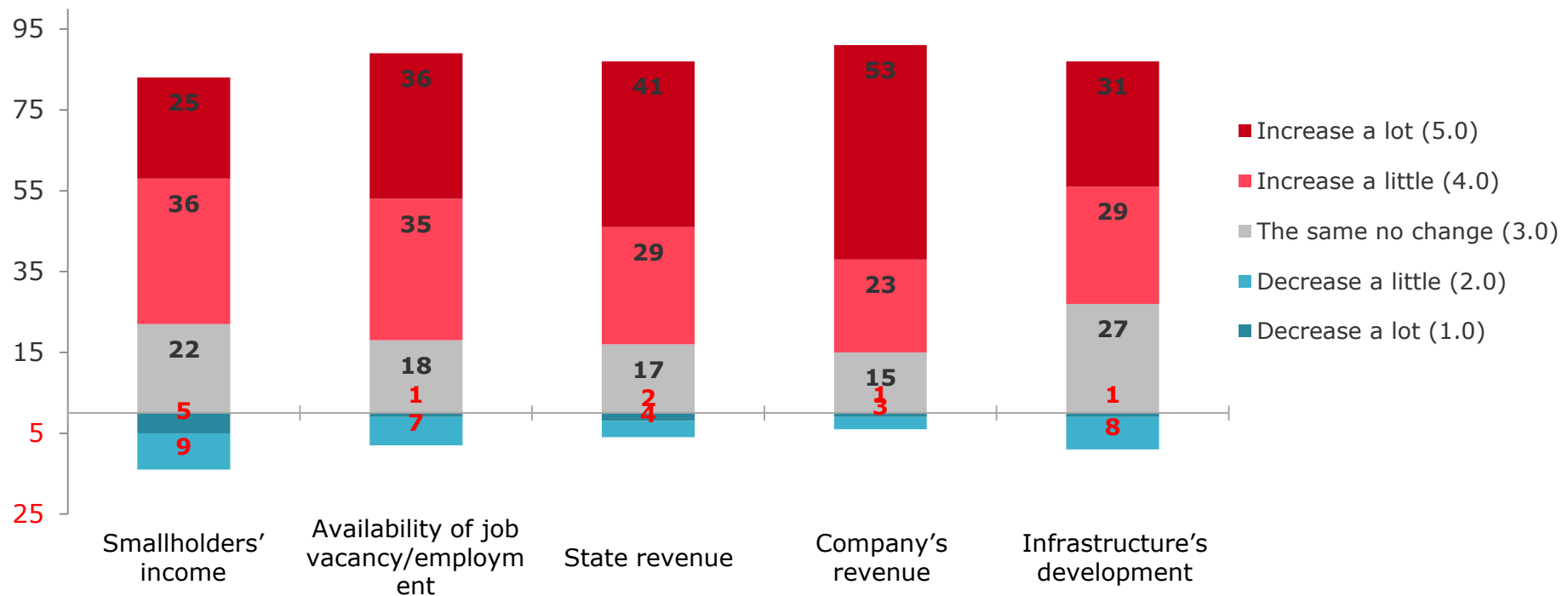
More than half of the respondents sees the impacts of oil palm plantations in destruction of forests and the haze during land clearing. Only a few that relates that to land fertility and decreasing number of wildlife.

### The impacts of oil palm plantation to the environment



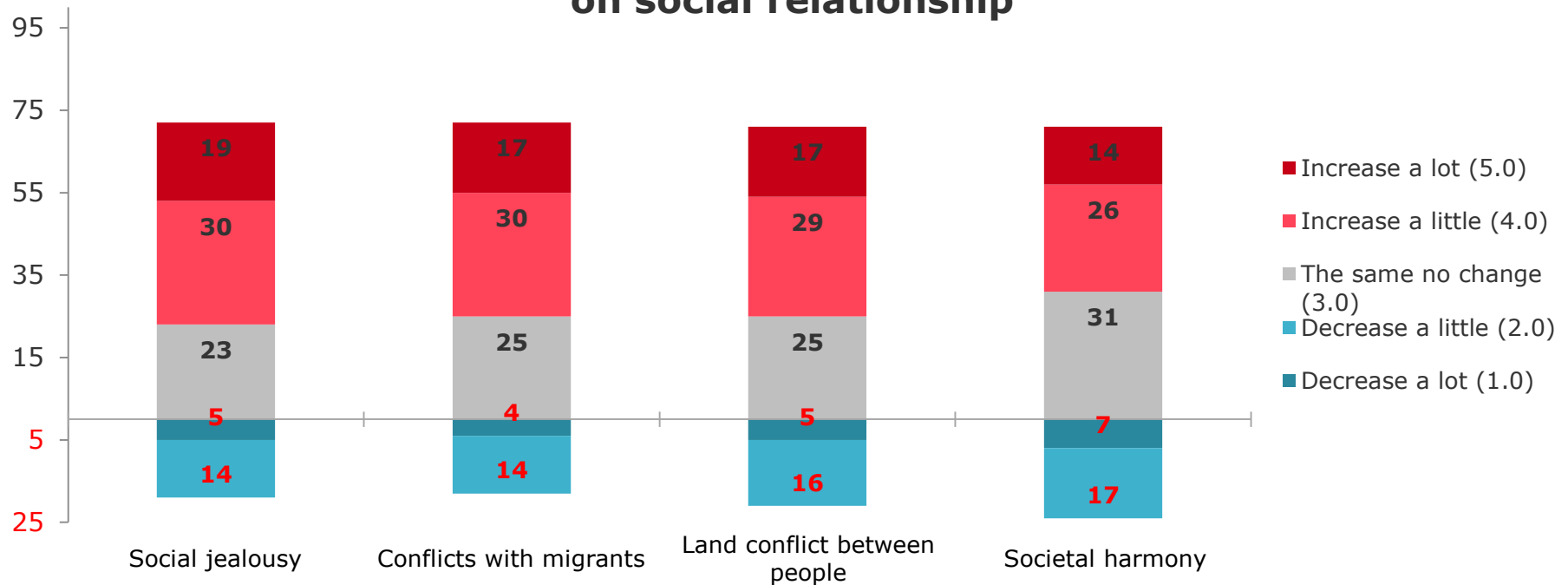
The impact on economic condition is spontaneously considered as the positive impact of oil palm plantation. It is not surprising when consumers were asked to assess the **economic impact of plantation**, the result was very positive especially related to **employment** availability and **company's revenue**.

### The impacts of oil palm plantation on economic condition



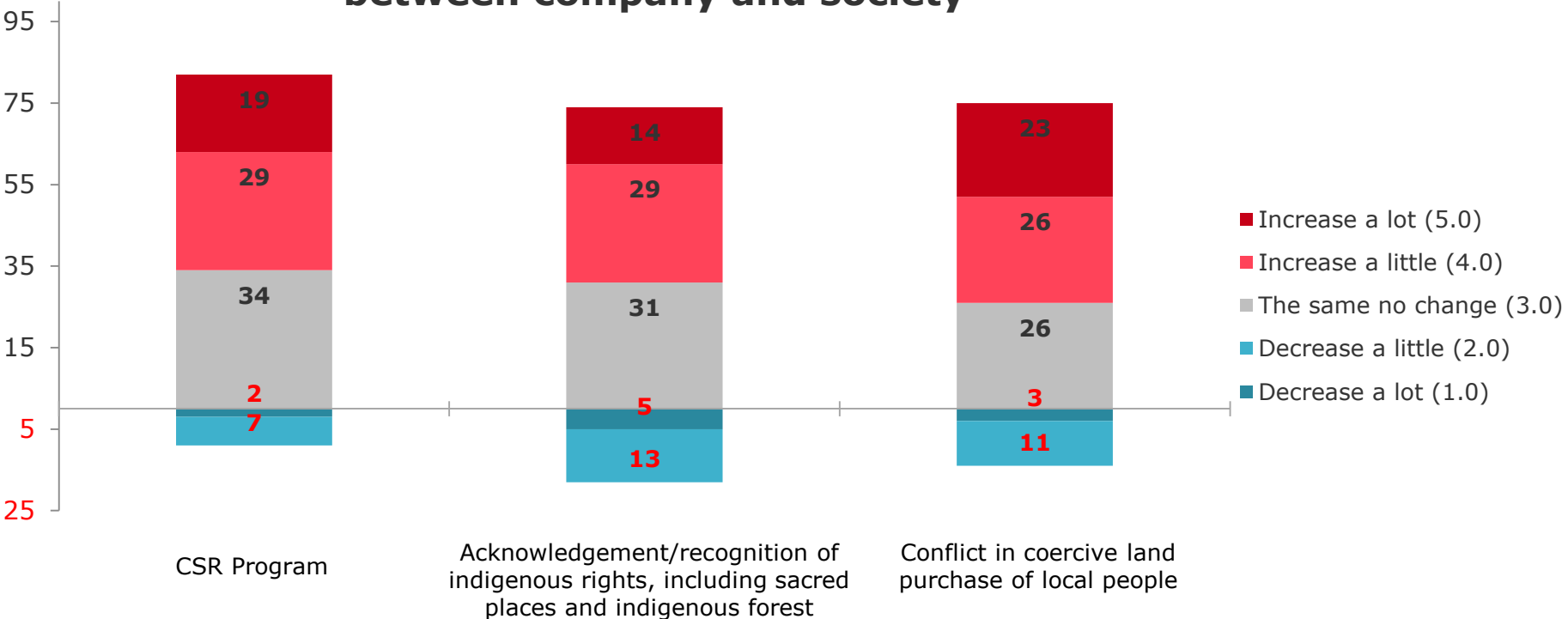
Consumers views on social impact are polarized. It shows that consumers' knowledge in term of the impacts of oil palm plantation on social relationships is not equal.

### The impacts of oil palm plantation on social relationship



The polarization of consumers' views is similarly observed on oil palm plantation impacts on the relationship between company and communities.

### The impacts of oil palm plantation on the relationship between company and society



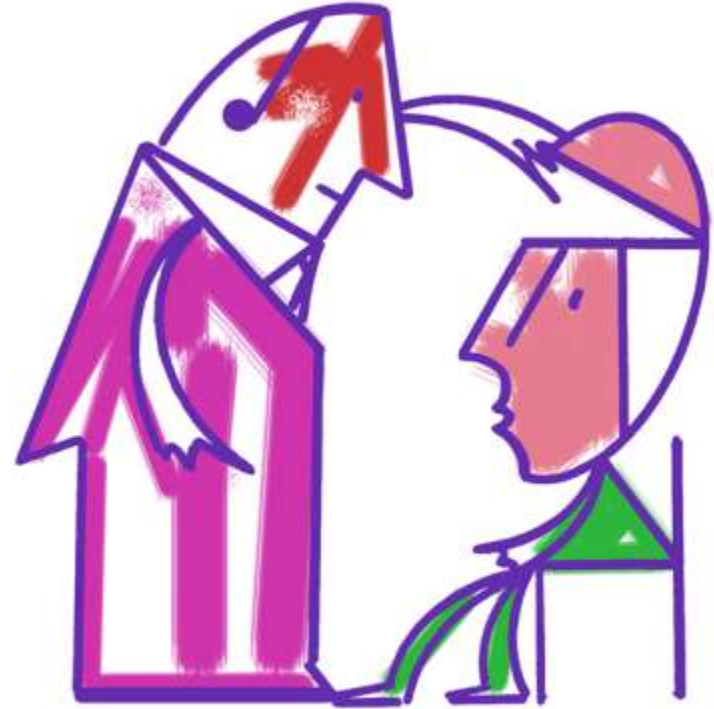
F9. What is the impact of palm tree to relationship between society and company?  
 Base: Female respondents N=705

# Summary: Knowledge and Perception of Palm Oil Impacts

- Consumers' knowledge of the impacts of oil palm, starting from the plantation until it reaches the consumers, is very lacking. Consumers can talk about the positive and negative impacts of cooking oil as a product, but cannot understand the impacts of the manufacturing process of said product.
- Both spontaneous and aided by choices of answers, oil palm plantation in general is seen to have positive impacts. Very few consumers see palm oil as having only negative impacts (4%), while a much larger proportion see it as having only positive impacts (37%), and some having positive and negative impacts (22%).
- The positive impacts mainly center around economic issues, such as employment availability, smallholders' welfare and company's revenue. Consumers also see palm oil to have a positive impact on the environment, mainly because it is thought to reduce pollution and as a form of replanting.
- Consumers in Java see economy as the positive impact of palm oil development, while consumers in Sumatra see positive impacts on the environment.
- The negative impacts are mostly related to the impacts on the environment, such as forest destruction, barren land and environmental pollution.
- About 57% consumers said that oil palm plantations are developed on cleared forests, but the number who viewed oil palm having a negative impact was less than half that. This may indicate that consumers do not view forests as valuable resources, or that the forest clearing is not necessarily negative as the area will be replanted again with trees – even if it is in the form of monoculture plantation.
- Social issues, such as the rights of indigenous people and land conflicts, were not brought up when talking about the impacts of oil palm in the qualitative study, even in Pekanbaru where the community lives next to oil palm plantations. In the quantitative study, there is a polarization of views on social impacts, which shows that consumers do not have equal information on these issues.

# 7

## Reactions to Sustainable Palm Oil



***Notes: Concept shown in qualitative and quantitative stage are different.  
In qualitative stage, aside from the verbal explanation, two videos were shown to illustrate better the impacts of palm oil and respondents were engaged in discussions.***



# CONCEPT SHOWN TO THE RESPONDENTS

Oil palm that is planted properly does only focus on profit, but it is also environmentally friendly and can reduce the negative impacts on the society and environment.

## **Examples of environmentally friendly:**

- Does not clear dense forest that can cause natural disasters such as flooding, landslide and climate change
- Does not clear land by burning because it will cause haze that pollutes the air and disrupt breathing
- Does not plant on or clear riparian land because it will increase the possibility of erosion
- Does not plant on or clear peat land because it will release a lot of carbon emission that will cause climate change
- Protect endangered wildlife's habitat to preserve them for future generation

## **Examples of minimizing social impacts:**

- Respects the traditional rights of indigenous people (avoid clearing land in a natural reserve or sacred place)
- Asks for community's approval before developing a plantation
- Does not start land conflicts
- Does not exploit labor or employ underage children

Qualitative study – it is difficult for respondents to understand what sustainable palm oil is, even after receiving some verbal explanation (1)

**SPONTANEOUS REACTION :**  
**Surprise, and some level of confusion (not 100% clear of the concept).**  
**There is no negative perception about palm oil in general.**

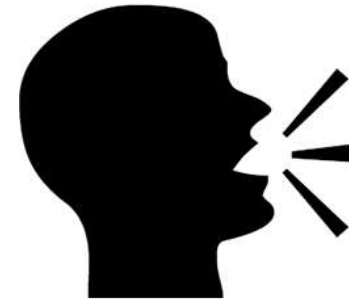
- At first, respondents that live far away from plantation **felt pity and were shocked** when they heard about the impacts of unsustainable palm oil.
- Even though Medan is considered close to plantation, their understanding of palm oil is at the level of Jakarta and Surabaya, the cities considered far from plantation.
- Respondents had no clue that many of the products they use contain palm oil and unsustainable practices in palm oil could cause so much harm.
- Spontaneously, a few claimed that palm oil produced unsustainably could affect them indirectly, such as in the form of global warming (temperature become hotter, less oxygen) and would directly impact those who live near the plantations and cause animal extinction.
- **Ramah lingkungan (environmentally-friendly)** is a word that can be used to describe sustainable palm oil to make it more familiar to people (even as it does not cover the whole meaning of sustainable palm oil). However, they still found it difficult to grasp the whole meaning.

*"Wow really? Palm oil is planted that way? I've never thought about it, really."  
(Wah, masa sih? Emang sekarang penanaman kelapa sawitnya seperti itu?  
Nggak pernah kepikiran kaya' gitu sih) – female, Surabaya, married*

# Qualitative study – it is difficult for consumers to understand what sustainable palm oil is, even after receiving some verbal explanation (2)

**RELEVANCE: Lower for those who live away from plantation, have questions about whether price and quality will change**

- Upon prompting, those who lived far away from plantations perceived that sustainable palm oil has low relevance for them.
  - Based on their understanding after verbal explanation, unsustainable palm oil would give direct bad impact to the environment and communities that lived nearby the plantation.
  - Those who lived far away from plantation seemed indifferent towards sustainable and unsustainable plantation.
- The only difference between sustainable and unsustainable palm oil for them **could be the product quality**. Some **assumed that products that used sustainable palm oil would be better quality** because in their understanding the production process would be more hygienic and safe. As such, the price could also be higher than unsustainable product (no mention of environmental and social factors).



*"Sustainable or not will not make any changes for my life in Jakarta"*  
- female, Jakarta, married

*"I think big palm oil factories already know about sustainable issues and considered those points."*  
- female, Medan, married

*"Maybe people who live in near plantation knows about sustainable or unsustainable issues better."* - female, Jakarta, married

Female consumers find practices that **minimize social impacts** and **not clearing land by burning** the most appealing from sustainable palm oil concept.



It's unsurprising if they feel they can't help reducing the practice and don't feel responsible to reduce the problem

Minimize social impacts  
(30%)

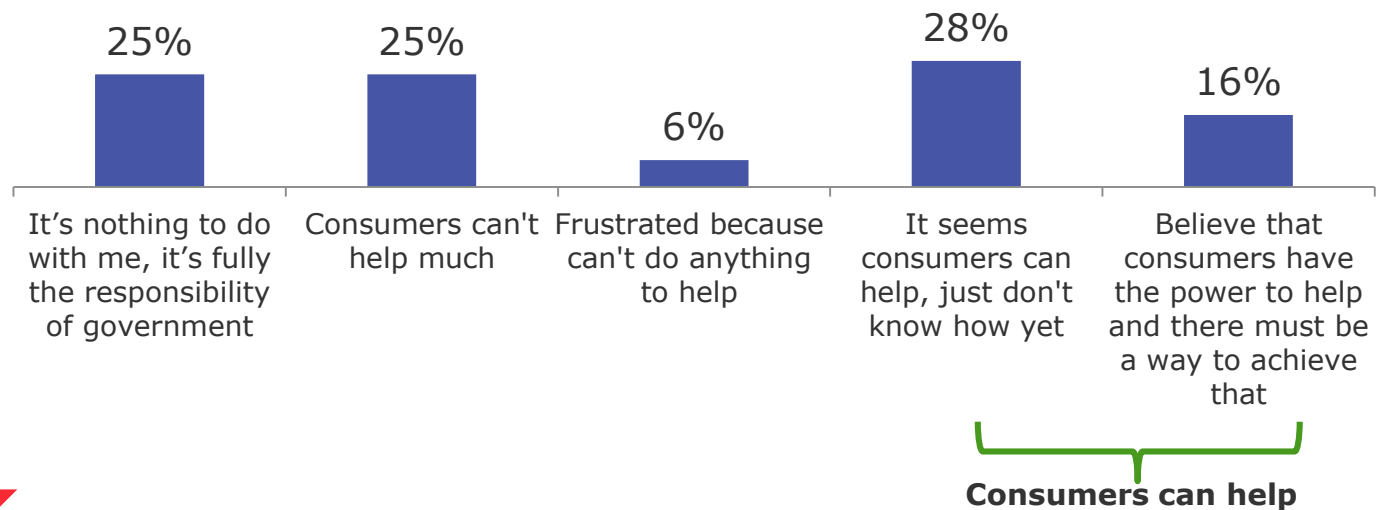
Not clear land with burning  
(19%)

Environmentally friendly  
(16%)

Protect endangered wildlife  
(13%)

Does not clear dense forest because it can cause natural disasters  
(10%)

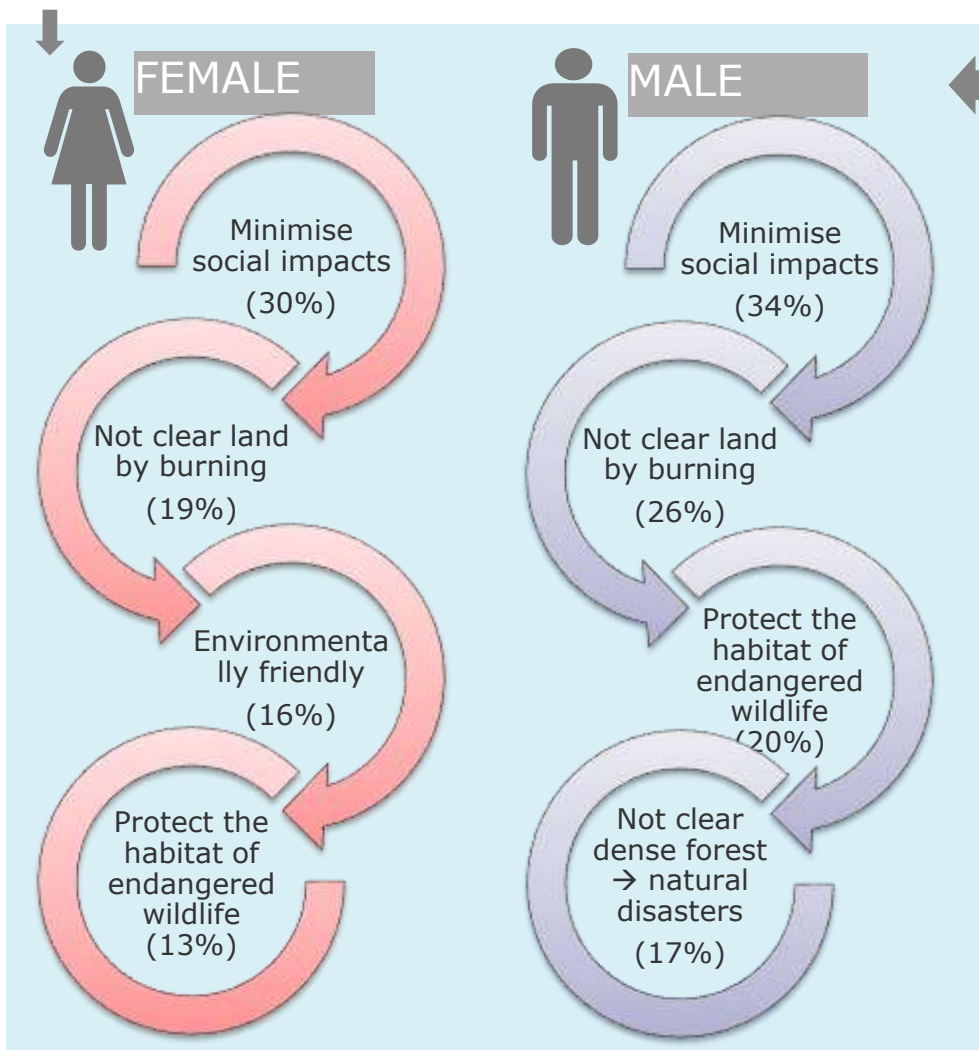
### What crossed your mind after reading the concept



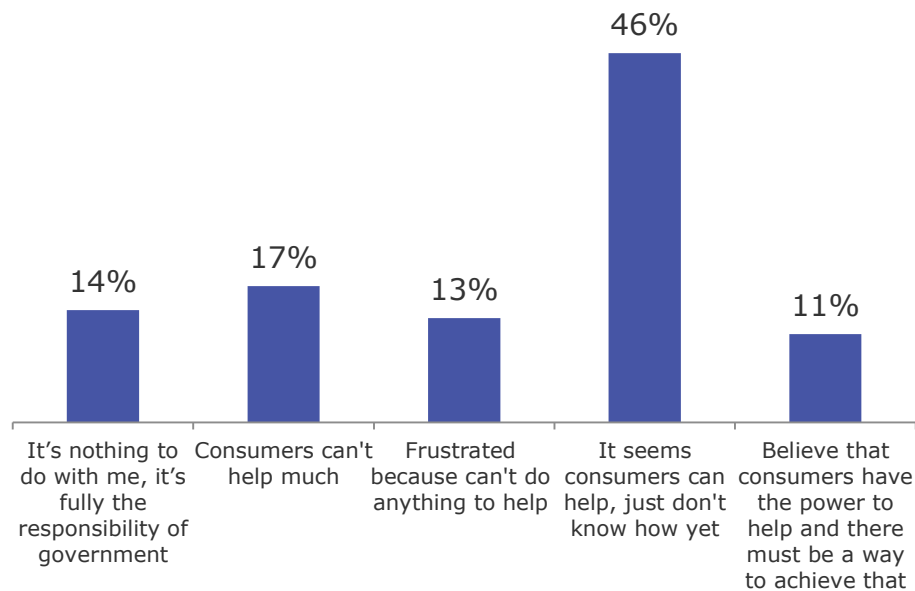
**Social impact** is a bigger concern for female consumers than land clearing by burning.

Meanwhile, male consumers have a **balanced** concern between land clearing by burning and social impacts.

Men tend to be more optimistic in thinking about consumers' participation.

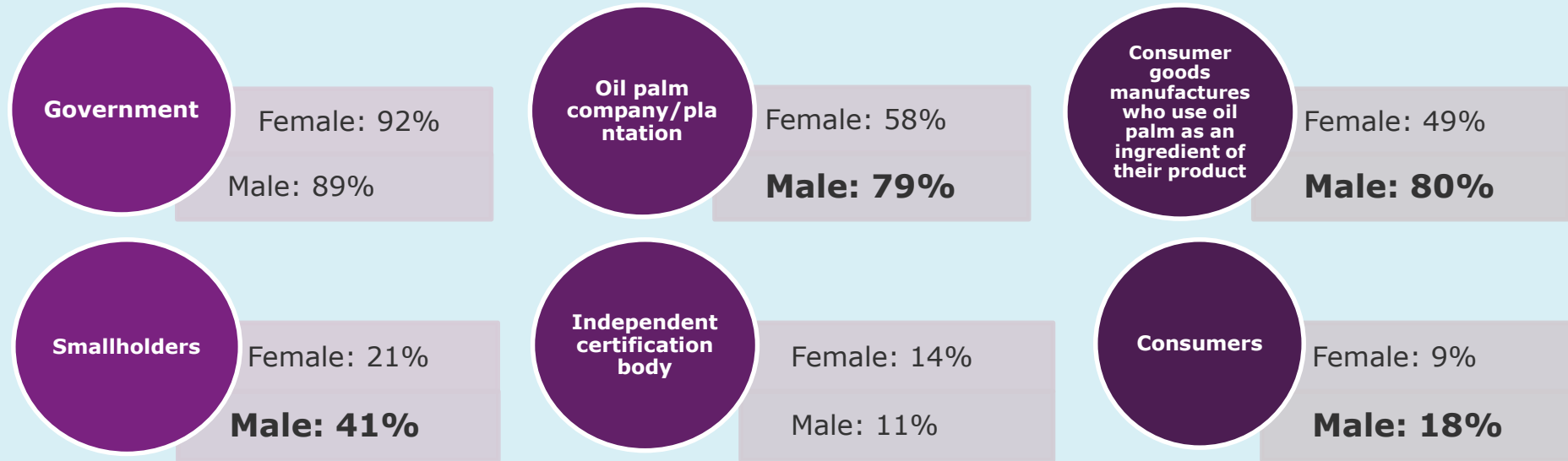


**What crossed your mind after reading the concept**



In general, female respondents consider the government holds the biggest responsibility, while male respondents see palm oil company and consumer goods manufacturer as **having the same responsibility** as the government. Male respondents are more aware about consumers' responsibility.

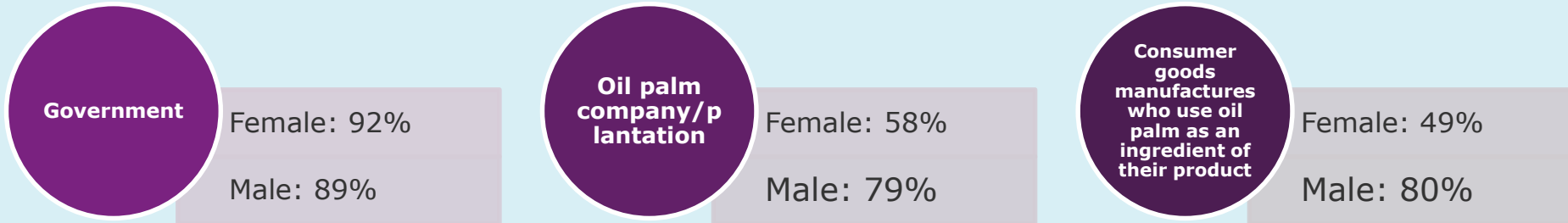
Who is responsible to ensure that oil palm does not harm the environment and society?  
*(Before the concept was shown, male respondents are just comparison)*



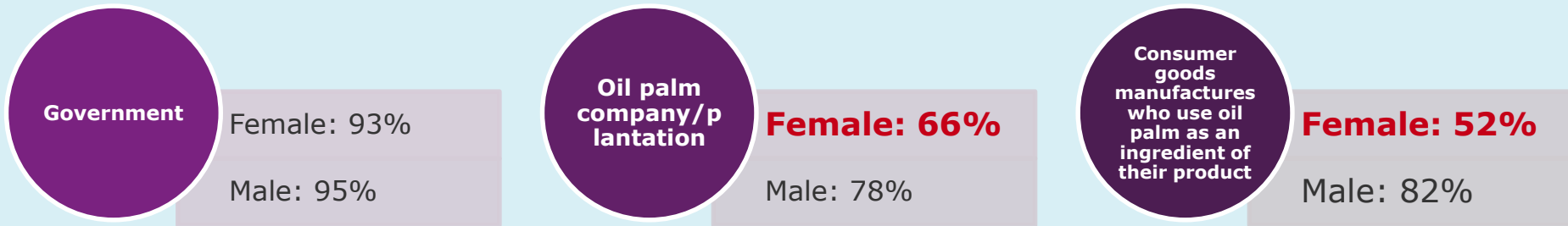
After seeing the concept, an increased number of consumers hold companies responsible for ensuring that palm oil does not harm the environment and people.

Who is responsible to ensure that oil palm does not harm the environment and society?

**BEFORE SEEING THE CONCEPT**

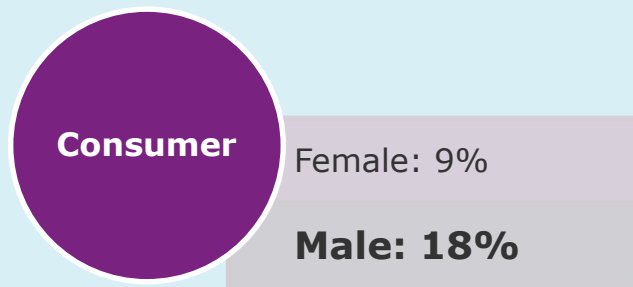


**AFTER SEEING THE CONCEPT**

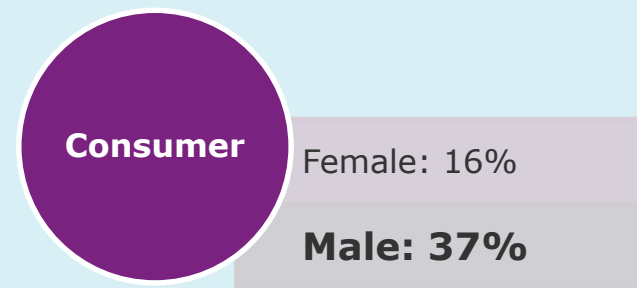


However, more respondents also see their responsibility as consumers after seeing the concept of sustainable palm oil, indicating the potential for information to raise their awareness and sense of responsibility.

## BEFORE SEEING THE CONCEPT



## AFTER SEEING THE CONCEPT





Consumption behaviour may be difficult to change because of high dependence, lack of alternative products, and feeling of helplessness.

Respondents claimed that their behaviour **will be difficult to change** after being exposed to information about unsustainable palm oil because:

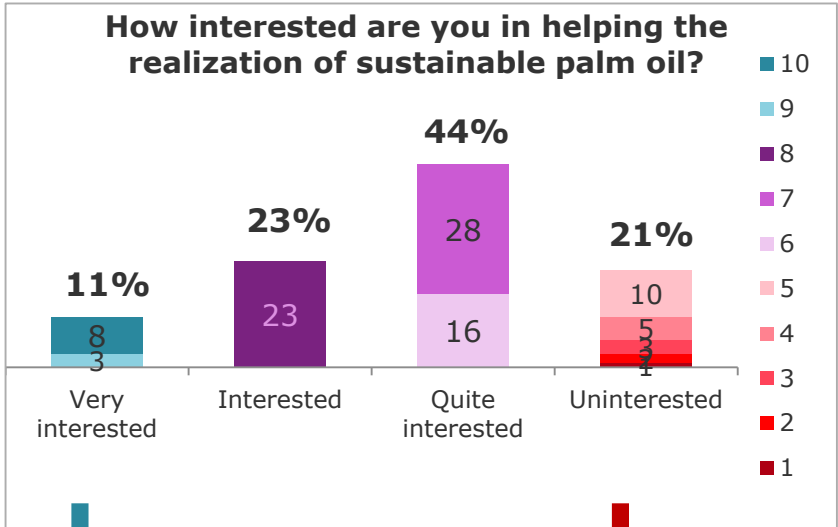
- **There is nothing to differentiate between sustainable and unsustainable products.** They couldn't tell which is which when they were making purchasing decision.
- **High dependence on the product.** Palm oil products are part of their daily basic needs. They cannot stop using the product easily and they cannot find a substitute, even if they want to change products.

*"Even though it has bad impacts on the environment, it is my daily product, how can I not use it?"*  
– female, married, Surabaya

*"I don't think I can change to using sustainable palm oil. I don't know what products in the market contain sustainable palm oil."*  
– female, married, Jakarta

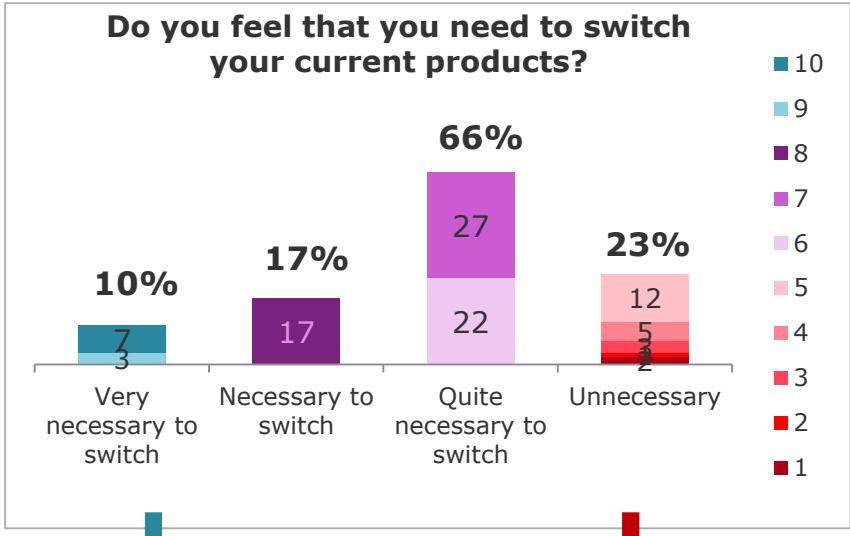
*"If I stop using that product, I think it won't significantly change anything. It's like 1 person compared with 100 people."*  
– female, single, Surabaya

There are some consumers that are interesting in helping to realize sustainable palm oil and to switch to sustainable palm oil products (if they are available). See Section 9 for more data and analysis on this.



CITY	<b>Medan – 45%</b> Jakarta – 9% Bandung – 3% Palembang – 3% Surabaya – 2%
EDUCATION	<b>University – 21%</b> High School – 9%

CITY	<b>Jakarta – 28%</b> <b>Bandung – 24%</b> Medan – 15% Surabaya – 14% Palembang – 8%
EDUCATION	<b>High School – 23%</b> University – 8%



CITY	<b>Medan – 37%</b> Jakarta – 11% Bandung – 3% Palembang – 3% Surabaya – 1%
EDUCATION	<b>University – 23%</b> High School – 8%

CITY	<b>Jakarta – 32%</b> <b>Medan – 26%</b> Bandung – 24% Surabaya – 16% Palembang – 5%
EDUCATION	<b>High School – 23%</b> University – 8%

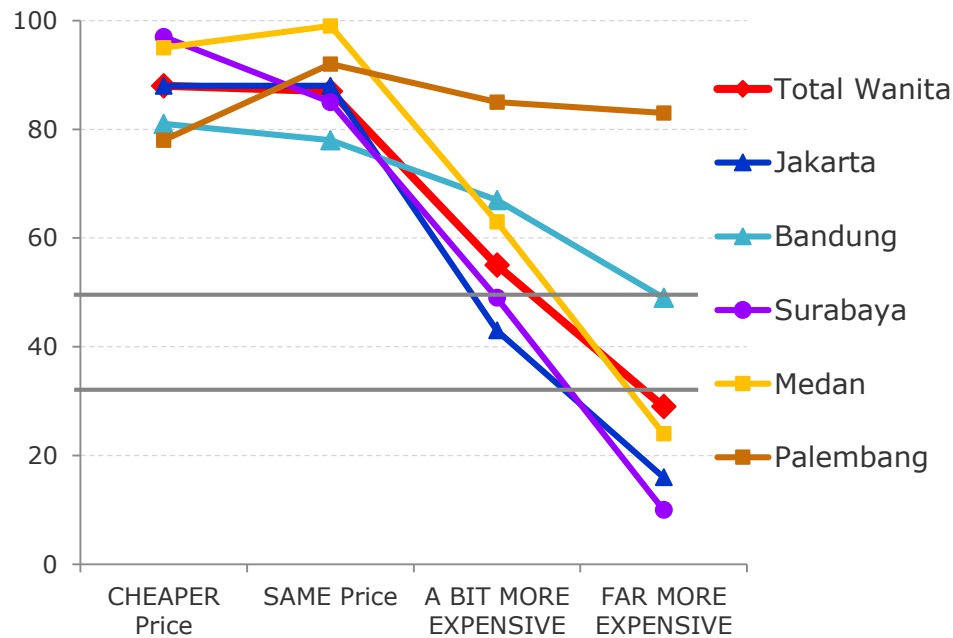
Highly educated consumers are markedly more interested in helping to realize sustainable palm oil .



G12. As consumers of palm oil products, how interested are you help the realization of sustainable palm oil?  
 G13. After hearing the definition of sustainable palm oil, do you feel that you need to switch your current products with sustainable palm oil products?  
 Base: Female respondents N=705

Almost every consumer is willing to buy 'sustainable palm oil' products if the price is the **same or cheaper** from the current products

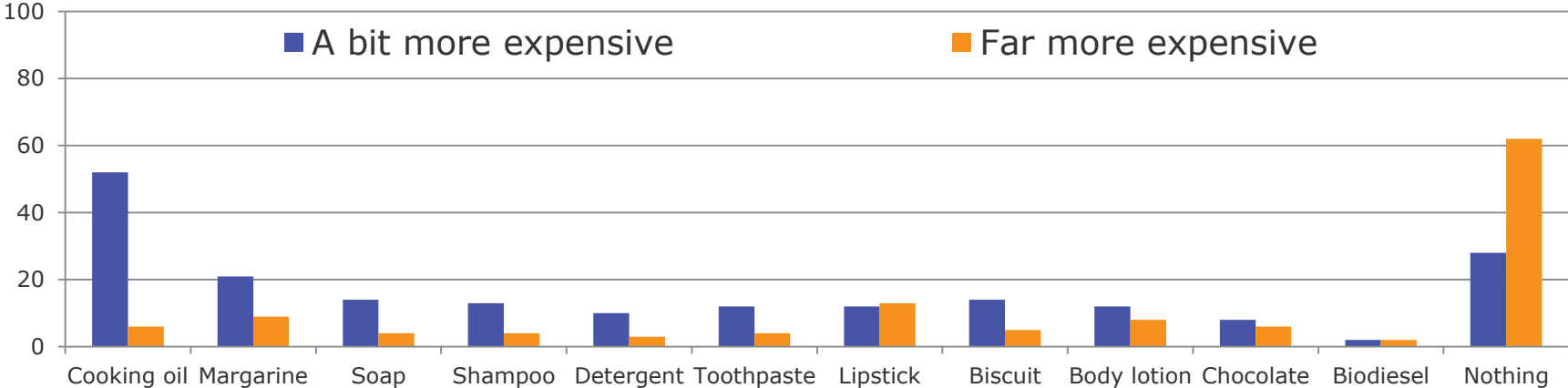
**Prices of 'Sustainable' Products that People Would Pay – By City**



Half of the consumers are willing to buy cooking oil from sustainable palm oil with a bit more expensive price, but only a few who is willing to pay far more expensive.

**However, qualitative study indicates that if they pay a higher price, they also wanted SPO products to have better quality or added values, e.g. healthier or with vitamins, aside from less negative environmental and social impacts, compared with regular palm oil products.**

### Products that people are willing to pay more for



Average price paid now (Rp)	22,366	9,649	4,877	15,700	12,438	9,999	46,497	12,229	20,585	14,787
Additional % that people want to pay	6%	13%	31%	22%	20%	27%	24%	20%	23%	23%

# Summary: Reactions to Sustainable Palm Oil

- It is difficult for consumers to understand what sustainable palm oil is, even after receiving some explanation, and watching videos (in qualitative study). Relevance and impact increases as more explanation is given.
- Even after this explanation, most respondents think that their behaviour would be difficult to change, because of high dependence on the product and they don't know of alternatives products that contain sustainable palm oil.
- The majority of consumers also feel it is the responsibility of the government (>90%), plantation companies (58-66%), and consumer goods manufacturers (49-52%) to ensure that palm oil's negative environmental and social impacts are minimized.
- After getting explanation about sustainable palm oil, the number of respondents who see their role in supporting this almost double from 9% to 16%, indicating the potential of raising awareness.
- Some consumers are interested in supporting and realising sustainable palm oil. They will be discussed more in Section 9.
- Almost all consumers are willing to buy sustainable palm oil products if the price is the same or cheaper from the current products. More than half are willing to pay a little more, if the products are available. However, they feel that for the premium, these products need to have better quality or added benefits aside from less negative environmental and social impacts.

# 8

## Informing Consumers about Sustainable Palm Oil



Respondents feel that palm oil is a very new issue for them. It is difficult for consumers to understand what sustainable palm oil is.

- **They feel that raising awareness on these issues is mainly the responsibility of the government and manufacturers/producers.**

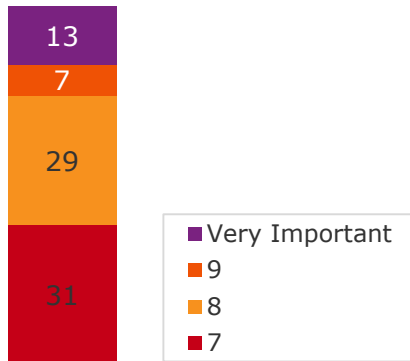
- Respondents felt that they need a strict government regulation

Top  
priority

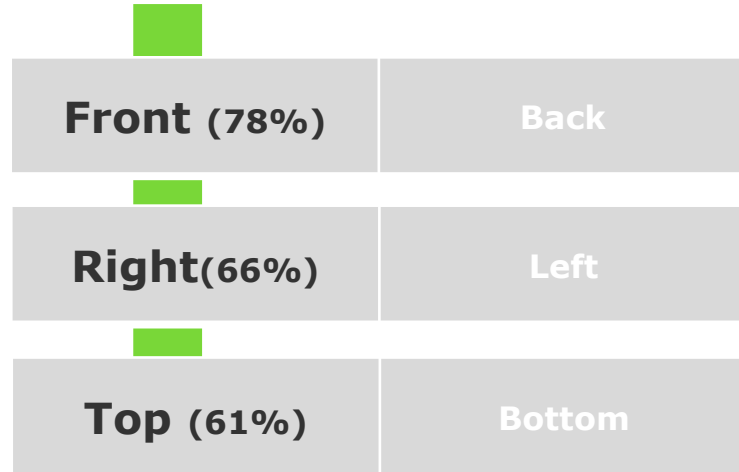
- Respondents (in qualitative study) think they need to be informed about:

- **Definition of sustainable and unsustainable palm oil**
- **Negative impacts of unsustainable practices**
- **What they have to do/action plan to end the product.**
- Get introduced to alternative products that use sustainable palm oil.
  - Aside from information in the media, logos on packaging are helpful to make them know which product use sustainable palm oil.
  - They prefer to read Bahasa Indonesia instead of English

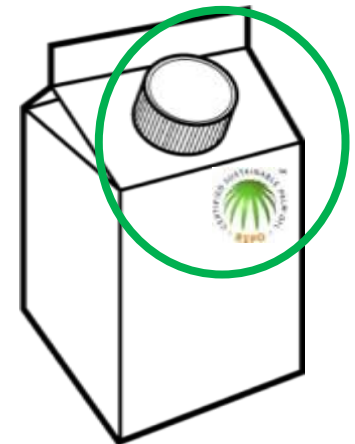
# SOCIALIZATION of Oil Palm Logo



**80% of respondents** thinks that it is **IMPORTANT** to socialize oil palm logos that show the product does not harm the environment and society.

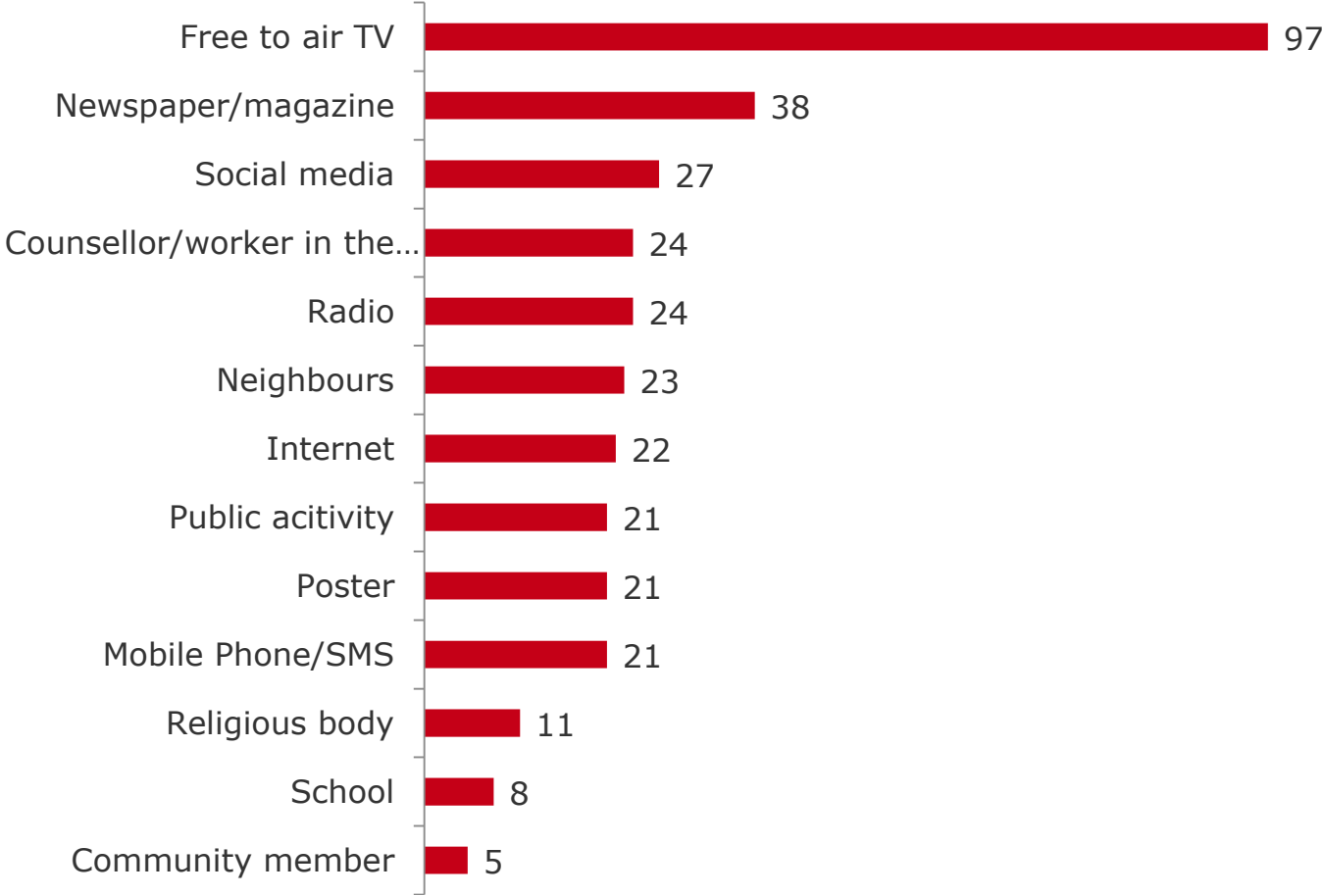


To ensure logo is easily identified, many respondents choose it to be placed on the **front upper right** side of the package (36%)





The mass media (TV, newspaper, radio) and **social media** are deemed the most effective to introduce the logo.



Consumers mostly want to know the positive impacts of palm oil, while 35% want a balanced view of positive and negative impacts. Only 6% want to get information solely on the negative impacts of palm oil.



Consumers' level of commitment and how the information is conveyed likely influence what type of messages will be well-received. In the quantitative study (one way information, no discussion), consumers found positive images more appealing to encourage them to shift.

Green oil palm plantations (50%)



Prosperous smallholders (46%)



Dense forests (40%)



Wild and endangered animals (such as tigers or orangutans) that live safely in their original habitat (40%)



Wild and endangered animals that lost their habitat (e.g. from human conflicts) (39%)



Consumers' level of commitment and how the information is conveyed likely influence what type of messages will be well-received. In the qualitative study (stimulus, two-way conversation and lively discussions, negative images had stronger impacts and respondents say they want information about positive and negative impacts of palm oil.

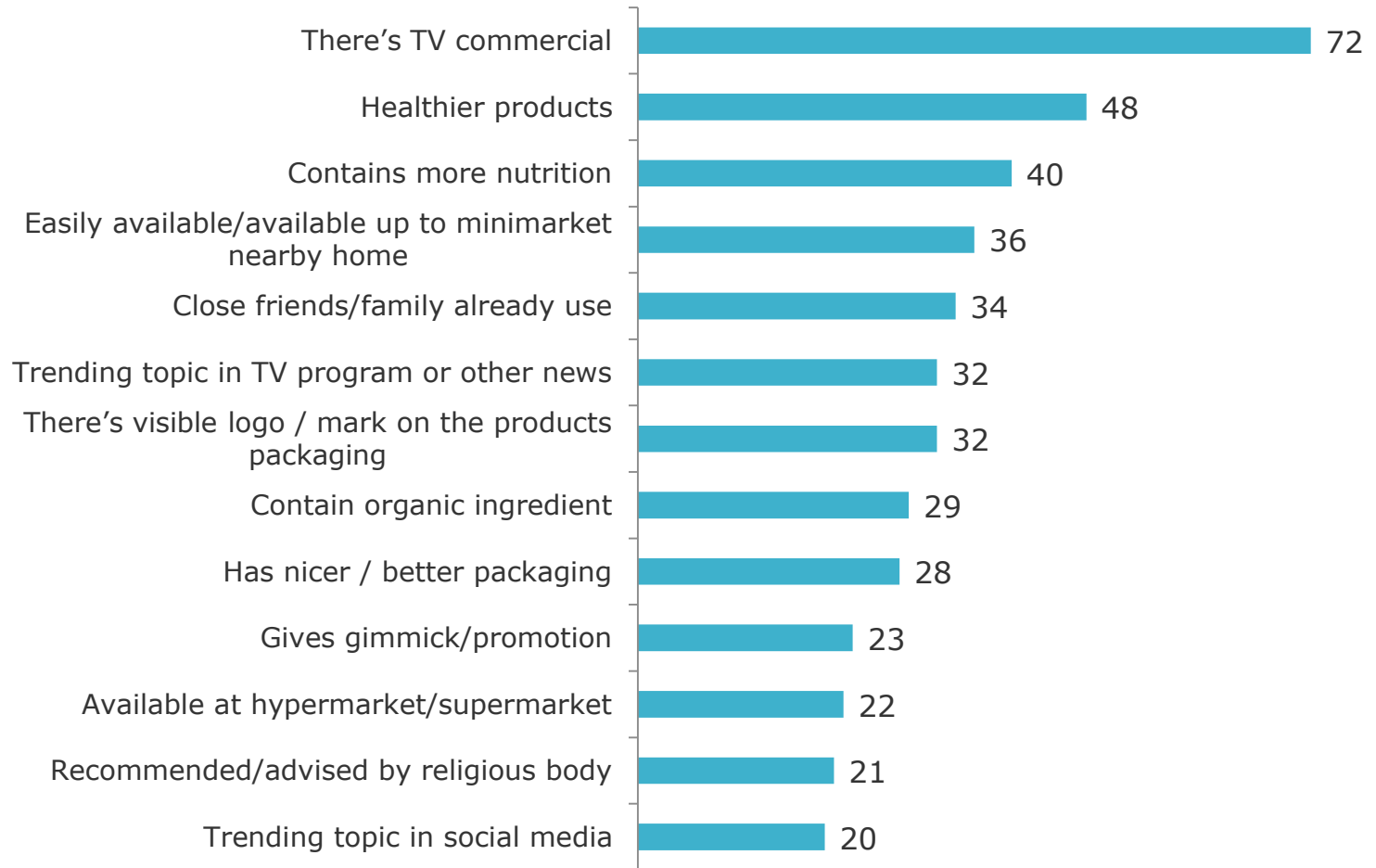


Less impactful

More impactful

Consumers are more motivated to purchase sustainable palm oil products if they are **advertised on TV\***. **Sustainable products that are perceived as healthier** can also motivate consumers.

\*TV is the generic information source for everyone.



# Summary: Informing Consumers about Sustainable Palm Oil

- Consumers consider logo placement very important to inform them about sustainable palm oil (i.e. that does not harm the environment and people). To help consumers identify the RSPO logo, it should be placed on the front upper right side of the packaging.
- Because sustainable palm oil is new to consumers, they think that it is the responsibility of the government, palm oil company and consumer goods manufacturers to help the society to become aware of this issue.
- Consumers' level of commitment and how the information is conveyed likely influence what type of messages will be well-received. In the quantitative study, where information was provided one way and without discussion, consumers found positive images more appealing to encourage them to shift. In the qualitative study, where respondents were provided with more stimulus and engaged in lively discussions, negative images had stronger impacts and respondents say they want information about positive and negative impacts of palm oil
- Consumers are more motivated to purchase sustainable palm oil products if they are advertised on TV. However, this must be done carefully since TV is the generic information source for everyone. Healthier products that contain more nutrition can also motivate consumers to buy sustainable palm oil products.



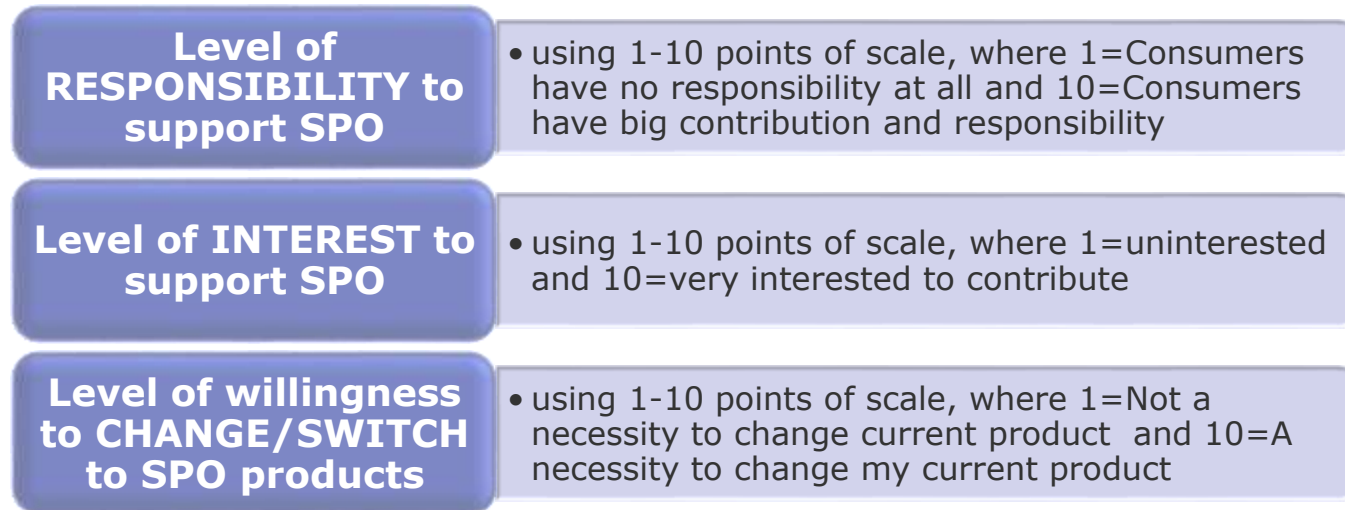
# 9

## Typology of Consumers



# Note on Typology [1]

- Consumer typology is developed based on 3 questions:

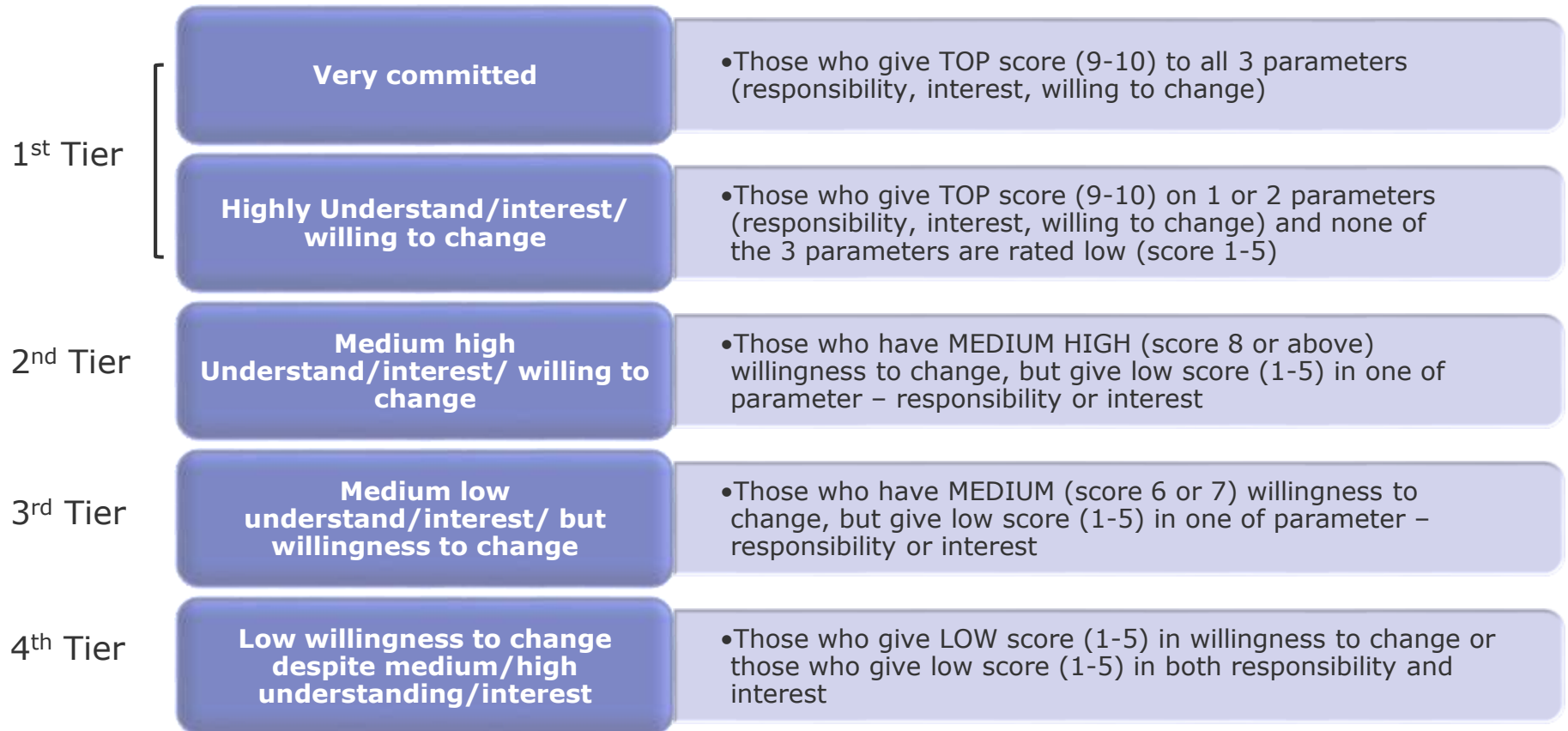


- The Rating/score classification:
  - Score 9-10: Is the highest score and classified strong statement/strong indication
  - Score 8: Is high but not very high score, hence classified as Medium high statement/ medium high indication
  - Score 6-7: Is medium score, hence classified as Medium statement/ medium indication
  - Score 1-5: For Indonesian who tend to be generous, score 1-5 already considered low, hence classified as low statement/ low indication

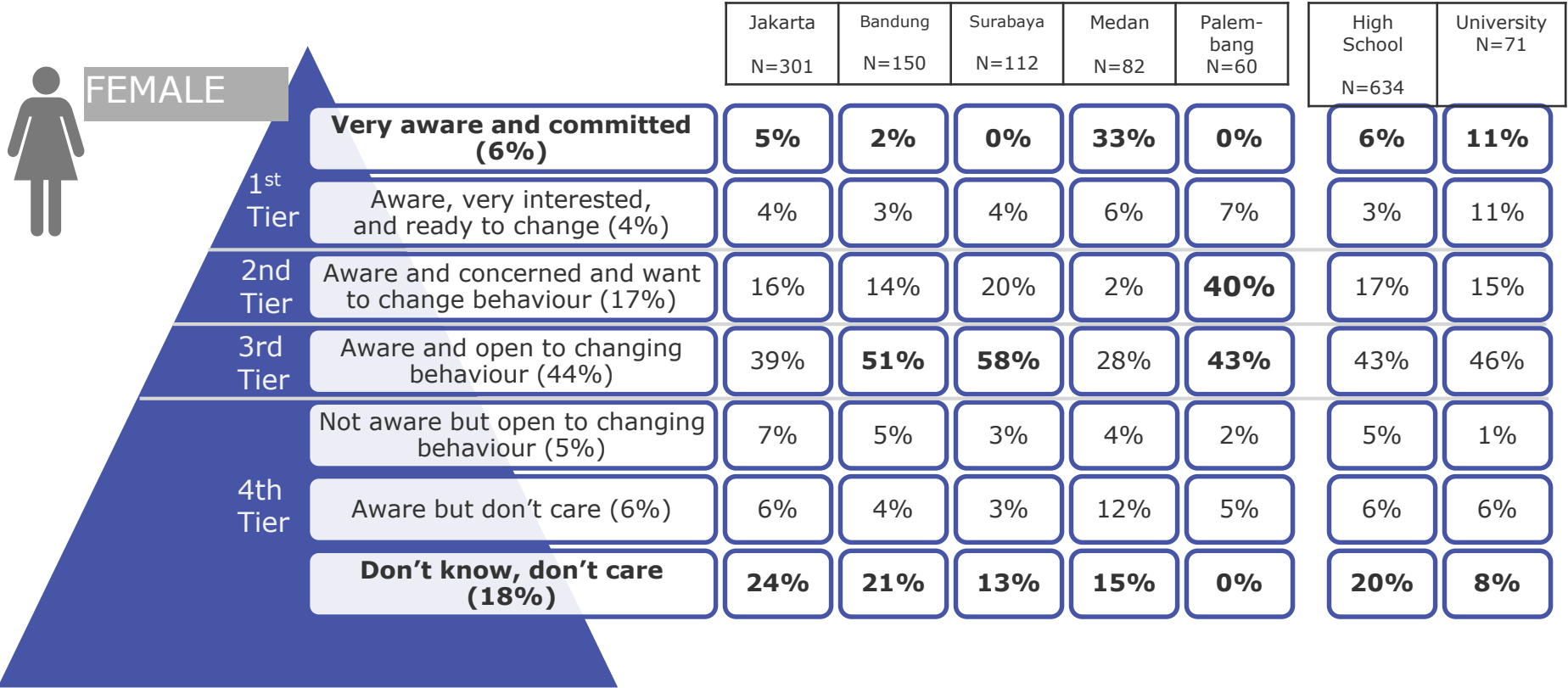


# Note on Typology [2]

- Consumer typology definition:



Consumers typology based on the understanding, interest and willingness to switch the products to support Sustainable Palm Oil. About 10% can be considered highly-committed, while another 17% are ready to change if there's a supporting trend.



G9. As consumers of palm oil products, do you think consumers are responsible to realise sustainable palm oil?  
 G12. As consumers of palm oil products, how interested are you to help realise sustainable palm oil?  
 G13. After hearing the definition of sustainable palm oil, do you feel that you need to switch your current products with sustainable palm oil products?  
 Total sample: N=705 female

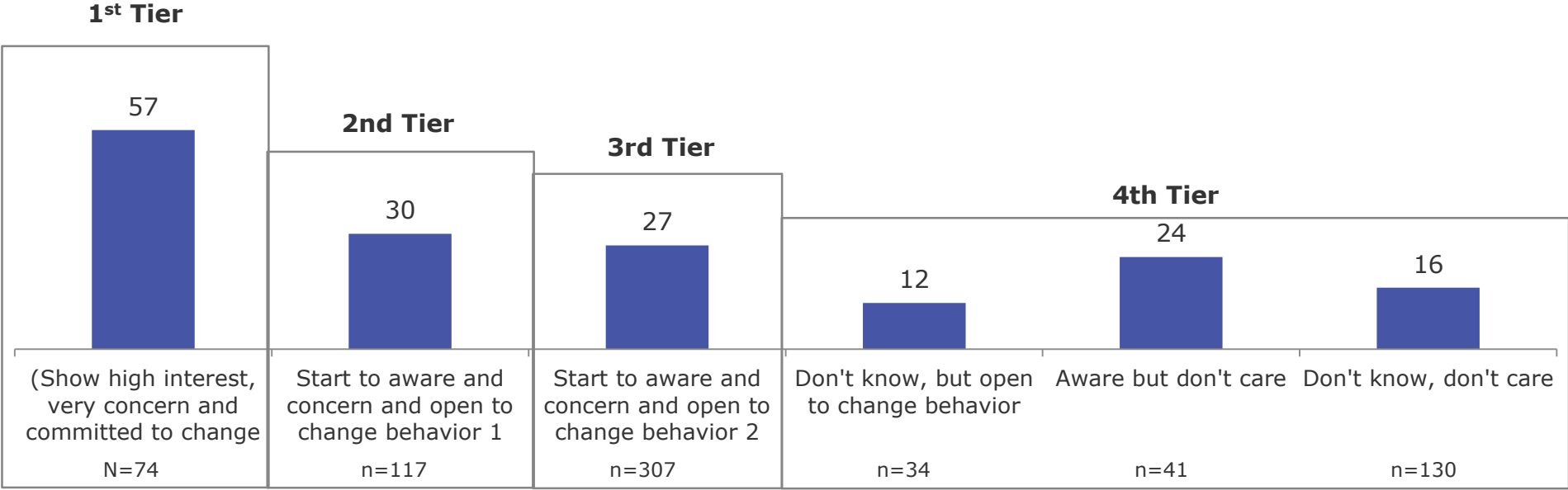
Highly-committed consumers (10%) have higher education (diploma and university). Level of income does not affect their commitment level.

	Total	Show high interest, very concern and committed to change*	Aware and concerned and want to change behaviour	Aware and concerned and open to change behaviour	Not aware, but open to change behaviour	Aware but don't care	Don't know, don't care
Base	705	74	117	307	34	41	130
		10%	17%	44%	5%	6%	18%
Jakarta	43	34	41	38	59	46	56
Bandung	21	11	18	25	21	15	24
Surabaya	16	7	19	21	9	7	11
Medan	12	43	2	7	9	24	9
Palembang	9	5	21	8	3	7	0
SES A1	3	4	2	5	0	2	3
SES A2	18	18	33	15	9	17	12
SES B	32	35	30	31	38	39	28
SES C1	31	18	25	31	35	29	45
SES C2	16	26	10	18	18	12	12
20 - 29 yo	32	26	32	31	30	27	37
30 - 39 yo	37	38	36	38	42	43	36
40 - 49 yo	20	22	22	22	15	19	17
50+ yo	10	8	10	10	15	6	12
High School	90	78	91	89	97	90	95
Under Graduate/Diploma	6	14	3	6	3	7	3
S1	4	8	5	5	0	2	2
S2/S3	0	0	1	0	0	0	0

\* Combined between those who "show high interest, concern, and open to change behaviour" and "those who are very concern and committed to change".

Consumers in the first tier (highly-committed) generally enjoy outdoor activities more and consider them as very important

**'Enjoying outdoor activities' is 'very important'**



B1. From all the values mentioned, which are the most important for you? SA  
 Base: Female N= 705

# Highly-committed consumers also do more environmentally-related activities than other consumers.

	Total	Show high interest, very concern and committed to change*	Aware and concerned and want to change behaviour	Aware and concerned and open to change behaviour	Not aware, but open to change behaviour	Aware but don't care	Don't know, don't care
<i>Base</i>	705	74	117	307	34	41	130
		10%	17%	44%	5%	6%	18%
Community activity	62	64	48	66	71	63	62
Never throw litter	49	39	43	54	38	61	48
Plant trees at home	49	59	39	52	56	51	41
Donate to activities that work in social issues**	22	31	21	19	21	20	24
Participate in activities to plant trees in public areas	21	30	18	20	12	27	19
Separate organic waste and non-organic waste	19	30	19	22	15	15	8
Donate to activities that work in environmental issues	16	18	18	17	15	12	12
Reduce the use of plastic bag	15	31	23	12	3	10	11
Prioritized buying products with environmentally-friendly logo	14	27	16	16	12	10	5
Have biopori holes for water catchment	11	16	12	11	3	15	11
I'm member of group/community/organization working in social issues**	10	14	11	11	9	12	5
Prioritized products that support farmer/society when shopping	8	19	12	6	3	5	5
Refuse to buy products that are not environmentally-friendly	8	16	14	6	9	2	6
I'm a member of group/community/organization working in enviro issues	7	15	10	7	0	0	4
<i>Number of activities</i>	<b>3.11</b>	<b>4.09</b>	<b>3.04</b>	<b>3.19</b>	<b>2.67</b>	<b>3.03</b>	<b>2.61</b>



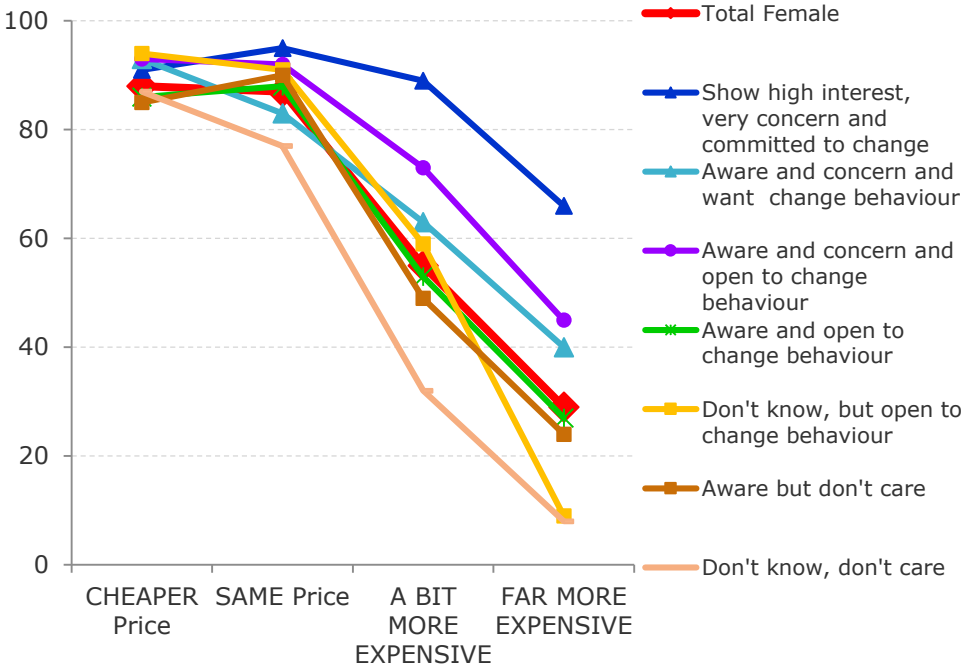
\* Combined between those who "show high interest, concern, and open to change behavior" and "those who are very concern and

\*\*Social activities

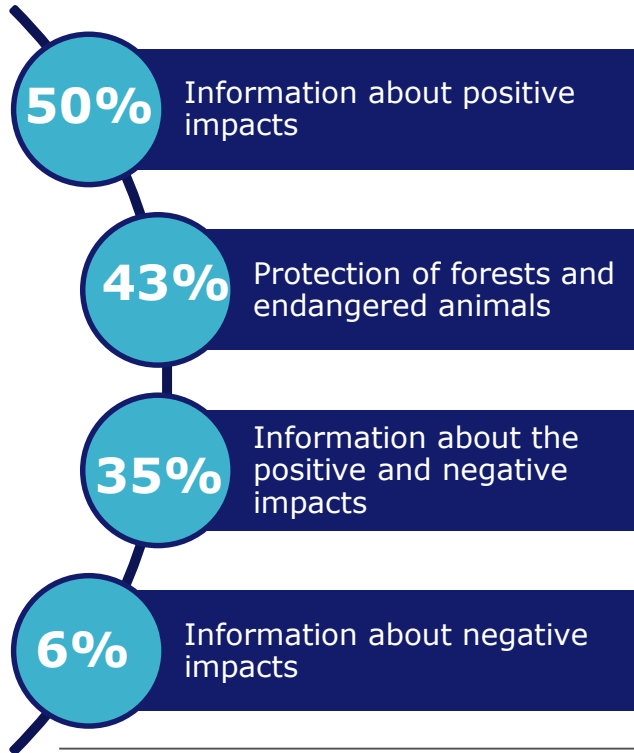
Environmental activities

Most highly-committed consumers are willing to pay far more for sustainable palm oil products. In comparison, consumers on average are mainly willing to buy such products only at the same price or cheaper.

### Prices of sustainable products that people would pay (by typology)



Highly-committed consumers want to receive information about the **positive and negative** impacts, protection of forests, and only negative impacts. The majority of consumers do not want only information about negative impacts, and prefer positive impacts.



	Show high interest, very concern and committed to change	Aware and concern and want to change behaviour	Aware and concern and open to change behaviour	Don't know, but open to change behaviour	Aware but don't care	Don't know, don't care
	74	117	307	34	41	130
	10%	17%	44%	5%	6%	18%
	32	49	55	56	56	48
	59	32	46	44	54	36
	59	30	33	29	20	37
	4	3	7	-	3	6

Highly committed consumers access multiple media channels daily, including newspapers. The use of digital media such as Instagram, Path and cable TV is higher than average.

	Total	Show high interest, very concern and committed to change	Aware and concern and want to change behaviour	Aware and concern and open to change behaviour	Don't know, but open to change behaviour	Aware but don't care	Don't know, don't care
	705	74	117	307	34	41	130
		10%	17%	44%	5%	6%	18%
Free to Air TV	97	96	97	97	97	100	99
FB (Facebook)	28	26	28	26	41	22	31
Newspaper	24	35	18	25	18	29	22
Radio	20	30	11	21	29	27	16
WA (whatsapp)/Line	12	12	14	11	9	15	12
Instagram	8	16	12	6	0	2	8
Twitter	7	8	8	7	3	5	8
Online News	6	8	9	6	0	2	4
Path	4	7	9	1	0	2	4
Pay TV	3	8	3	3	0	0	1
Online Shopping	3	3	3	3	3	2	2



Consumers want to receive information about sustainable palm oil from **mass media** (TV, newspaper, radio) and **social media**. Consumers with high commitment also get information from the internet.

	Total	Show high interest, very concern and committed to change	Aware and concern and want to change behaviour	Aware and concern and open to change behaviour	Don't know, but open to change behaviour	Aware but don't care	Don't know, don't care
	705	74	117	307	34	41	130
		10%	17%	44%	5%	6%	18%
Free to Air TV	97	96	97	98	100	98	95
Newspaper/magazine	38	35	38	38	35	32	42
Social Media	27	41	26	27	15	34	19
Radio	24	24	15	25	32	24	26
Counselor/worker in the health sector	24	26	20	23	21	22	32
Neighbor	23	23	15	26	26	32	18
Internet	22	32	18	19	15	24	26
Mobil phone/SMS	21	11	15	30	15	17	15
Poster	21	26	9	19	21	44	26
Public activity	21	19	22	21	12	24	25
Religious body	11	8	6	16	9	12	7
School	8	3	10	8	3	15	10
Community member	5	5	4	4	0	7	8

Consumers who already have a high commitment in sustainable palm oil can be motivated to purchase environmentally-friendly palm oil-based products with TV ads and programs, and also good packaging and religious body's suggestion.

	Total	Show high interest, very concern and committed to change	Aware and concern and want to change behaviour	Aware and concern and open to change behaviour	Don't know, but open to change behaviour	Aware but don't care	Don't know, don't care
	705	74 10%	117 17%	307 44%	34 5%	41 6%	130 18%
There's TV commercial	72	84	71	68	68	76	78
Healthier products	48	64	39	50	47	56	43
Contains more nutrition	40	57	36	41	41	34	35
Easily available/available up to minimarket nearby home	36	42	37	35	44	39	32
Close friends/family already use	34	38	30	37	41	29	29
There's visible logo / mark on the products packaging	32	30	29	29	35	37	42
Trending topic in TV program or other news	32	57	27	26	41	29	35
Contains organic ingredient	29	43	32	26	21	20	26
Has nicer / better packaging	28	53	28	21	29	27	31
Gives gimmick/promotion	23	30	19	22	21	29	24
Available at hypermarket/supermarket	22	39	26	21	24	20	14
Recommended/advised by religious body	21	31	11	24	24	15	18
Trending topic in social media	20	28	13	19	21	24	25

# Summary: Typology of Consumers

- Consumer typology is based on the awareness, interest and willingness to switch products to support sustainable palm oil.
- Highly-committed consumers, termed “ambassadors”, understand and aware of sustainable palm oil and want to change behaviour by using sustainable palm oil products, covering 10% of total respondents. These highly committed consumers have higher education (diploma or university) and are spread across income classes.
- Aside from this group, there is a further 17% of consumers who have shown concerned and intention to change. They could be the “accelerators” after the first tier consumers are reached. See recommendations for further details.
- Highly committed consumers in general enjoy outdoor activities and consider them as very important. They also engage in more environmental activities than other types of consumers.
- Highly committed consumers access multiple media channels daily, including newspapers. The use of digital media such as Instagram, Path and cable TV is higher than average. They want to receive information about both positive and negative impacts of palm oil to encourage them to shift to using sustainable palm oil products.
- Mass media (TV, newspaper/magazine) and social media are the main three sources of information where consumers receive information about sustainable palm oil.

# 10

## Observation and Analysis



# Observation and analysis: general

- The research hypothesis was that there would be a different level of understanding on the impacts of oil palm between cities that are far and near of palm oil plantations. This assumption was disproven, as **consumers' knowledge level appeared to be similarly low across Java and Sumatra**. Consumers' interest and commitment to environmental issues is not influenced by level of income, but education.
- There is a difference in terms of environmental issues related to palm oil mentioned by consumers, where consumers in Sumatra talk about lack of water and increased temperature, while those in Jakarta highlighted forest destruction in general.
- The word "lingkungan" (environment), which many palm oil stakeholders will translate as environment, is often understood by consumers as the environment around them (surroundings), not as nature and landscape environment at large. This might be because environmental campaigns often try to bring the issue to household levels, which although useful as an initial phase to raise awareness, might form a narrower perspective for the word.
- Data show that consumers with higher education (diploma/university) are more interested in environment and social issues. As such, **formal education channels or school activities should be considered as a meeting point with consumers and potential consumers**.
- About 21% consumers have engaged in tree planting activities at public places, 19% separate organic and non-organic waste, and 15% have tried to reduce plastic use. Although there are no data from previous years to compare with, **these data are encouraging and show some awareness** among consumers towards environmental issues/initiatives. Five or 10 years ago, these figures would have been much lower.
- Consumers in general mentioned TV as their main source of information and where they would like to receive more information. **This finding needs to be taken with a grain of salt, as 'television' is a default answer** for information for consumers, and for this medium to be effective in delivering a message, the cost would be astronomical. Other channels should be considered for communicating messages.

# Observation and analysis: palm oil impacts

- The media seem to be abreast with discourses of social and environmental issues. A survey of online news in English in Indonesia and globally shows more than half of the articles related to sustainable palm oil mentioned deforestation, and around 10% talked about social issues such indigenous peoples' rights (Daemeter, 2014). **Such information in media and campaigns from sustainability stakeholders seem to not have reached the regular consumers.** Very few respondents (less than 10%) mentioned deforestation or the loss of forests spontaneously as an impact of oil palm. None mentioned biodiversity protection spontaneously, despite orangutan being a conservation icon. In terms of knowledge on social issues, during the qualitative study, most respondents failed to mention any social issues. Only a few respondents in Pekanbaru mentioned indigenous people, although they did not discuss this further. The data on consumers' perception on the social impacts of palm oil in the quantitative study were inconsistent, indicating further the lack of understanding on social issues.
- Most consumers view palm oil having positive impacts due to its economic benefits, such as employment and smallholders' welfare. This is in line with their important life values, where the welfare of family and making money are two of the top three priorities.
- About 57% consumers said that oil palm plantations are developed on cleared forests, but the number who viewed oil palm having a negative impact was less than half that. **This may indicate that consumers do not view forests as valuable resources,** or that the forest clearing is not necessarily negative as the area will be replanted again with trees – even if it is in the form of monoculture plantation. This hypothesis will need to be further studies. It is also possible that **consumers perceive any kind of trees as good** due to government campaigns to 'protect the environment/forests' by planting trees (e.g. 1 million trees programs), instead of focusing on forest protection.
- Consumers in Sumatra view palm oil as positive more due to environmental impacts, i.e. perceiving the plantations as replanting/reforestation and reducing pollution. This indicates that there is a disconnect (at least at the time of the data collection in August 2015) of forest fire and haze with clearing land for palm oil. This could be because haze is a seasonal issue, while oil palm plantations, which consumers see anytime they go outside city boundaries, look green throughout the year.

# Observation and analysis: delivering messages

- It is difficult for consumers to understand the concept of sustainability, with its three pillars of people, planet and profit. **It is important that this concept is unpacked and delivered separately**, e.g. education of the environmental impacts are not combined with social impacts, **to avoid confusion** and not to undermine the impacts to non-living things (e.g. forests). Indonesian consumers will generally side with humans than to nature, as shown by the finding that 'minimizing social impacts' is the most appealing concept in sustainability to them. Information could be unpacked further, e.g. what does sustainable palm oil mean in terms or environmental impacts, e.g. that it will protect forests.
- After getting limited one-way explanation about sustainable palm oil, the number of respondents who see their role in supporting these efforts almost double from 9% to 16%. This indicates the potential of information and education to move consumers.
- **How and what type of information is conveyed affects the level of understanding.** In the qualitative study, where respondents were provided with more stimulus and engaged in lively discussions, negative images had stronger impacts than positive ones. However, in the quantitative study (where limited information was provided one way and without discussion), almost all consumers found positive images more appealing to encourage them to shift to sustainable palm oil products (although half of consumers also wants the information about negative impacts). Highly committed consumers, on the other hand, want to receive information about both positive and negative impacts of palm oil, indicating a more balanced view. Other studies have also shown that face-to-face interaction (e.g. discussions) is a preferred medium for complex information. These tendencies should be considered when designing the messages and medium for specific target audiences.
- To make it relevant for consumers, **communication and messages should be developed with consumer collaboration** (particularly ambassadors and accelerators, see Slide 14 onwards), as it will help to capture average consumers perspective and language.
- Messages for consumers need to be repeated in various communications channel. This is in line with other studies that show people need to hear company information 3-5 times to believe messages.

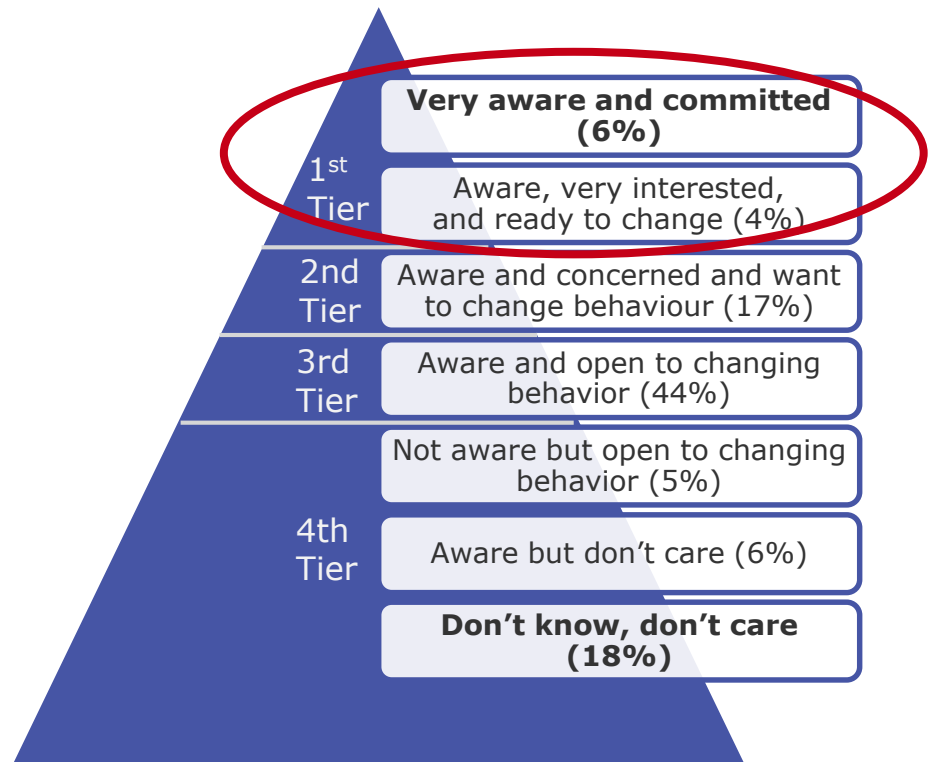
# 11

## Consumers to Target and Recommendations





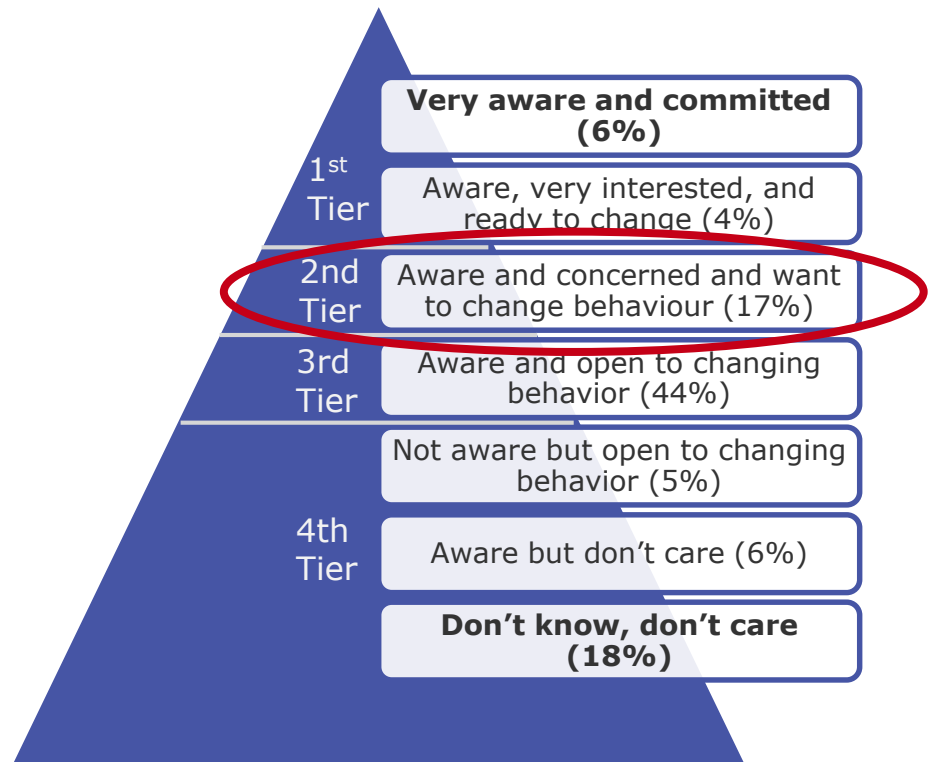
# Primary target: Ambassadors



# Primary target: Ambassadors

- This segment represents consumers that are highly committed and ready to promote sustainable palm oil. There are **10% respondents in this category, which equals to 2.9 millions people** (urban women of 20+ years old from middle to upper class). They are ready to change and contribute, although although they do not fully understand what sustainable palm oil is and what steps to take. .
- This group of consumers can be found across all cities, however their number is higher in Medan and Jakarta, with **education level above high school**, and have participated in many activities related to environment. They tend to enjoy outdoor activities and consider that as an important part of their life.
- These consumers want easy access to sustainable palm oil products, for instance available in most of public markets like hypermarket/supermarket and minimarket. With an appropriate strategy, those places of purchase can be used by consumers as source of information regarding sustainable palm oil.
- This type of consumer will be **more likely to join communities or groups to initiate activities or movements** – these should be facilitated and accommodated.
- The highly-committed consumers like to get information about both positive and negative impact of palm oil and related sustainability practices (59%), and on forest and species protection (59%).
- These consumers can be the **ambassadors** of sustainable palm oil activities and promote a lifestyle trend towards sustainability, which later on can encourage other consumers to do the same. They could be engaged **to collaboratively develop communication and messages** to capture average consumers perspective and language.
- TV (96%) and newspapers are reliable sources of information for this type of consumer. Their use of social media (41%) and internet (32%) for information are higher than average. Moreover, ad, TV program, good packaging, and recommendation from religion institution can reinforce these consumers to purchase the products and realise sustainable palm oil.
- More than 60% claim that they are willing to pay “much more” for sustainable palm oil products.

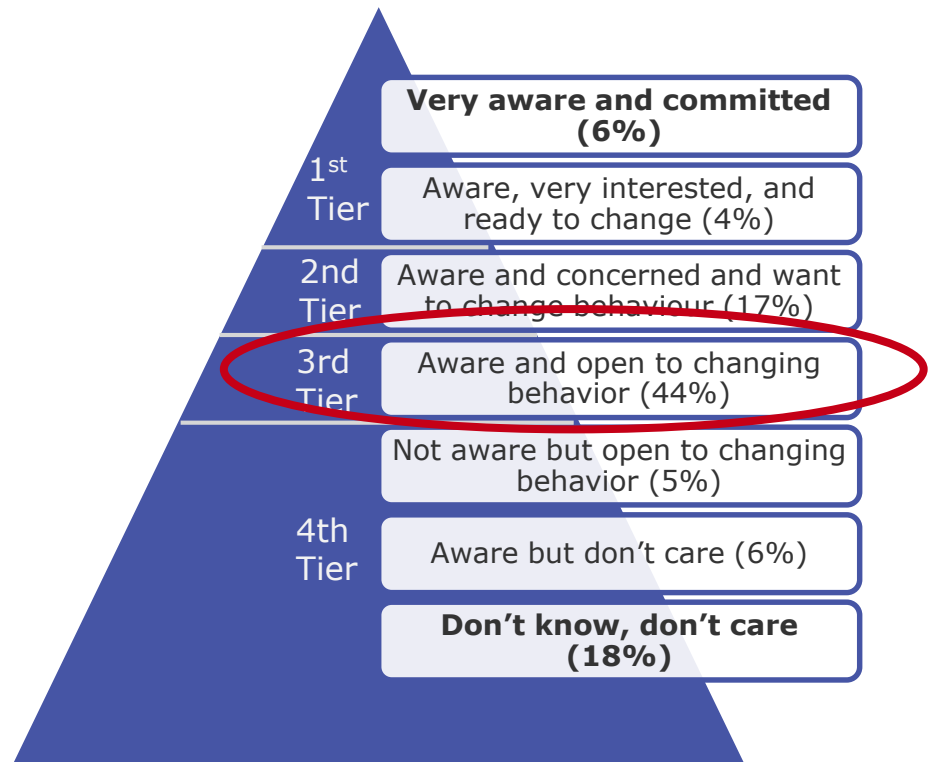
## Secondary target: Accelerators



# Secondary target: Accelerators

- These consumers represent **the second tier of target audience**, who shows a high desire to change, but still need to be stimulated or moved, because their interests and feeling of responsibility are not as developed as the highly-committed consumers. The percentage of this type of consumer is quite high at around **17% of respondents, or at par with 5 millions people** (urban women of 20+ years old from middle to upper class).
- This type of consumer exists in almost all big cities, specifically Palembang, Surabaya, Jakarta, and Bandung, and come from higher social class.
- These consumers are not as active as the highly-committed consumer in terms of initiating activities related to environment. **They tend to contribute by purchasing products**, e.g. they will support a product that empower farmers or local communities and refuse a product if they know that it is not environmentally-friendly. They are also willing to spend a little more for sustainable palm oil products.
- **Access to and visibility of sustainable palm oil products and information** are very important for consumer of this typology. Supermarket, hypermarket, minimarket or other places of purchase will be the main point of entry to reach this consumer. The availability of banner or other visible information (not only printed on the packaging), e.g. booth in the place of purchase will create interaction with this segment.
- As these consumer will be more likely to refuse a product if they know it is not environmentally-friendly, they need to be introduced to current impacts of palm oil development, both the positive and negative impacts. They want information about positive impacts of palm oil (49%), forest and species protection (32%), and balanced information on positive and negative impacts (30%).
- More than 70% of this segment say they are willing to pay “a bit more” for sustainable palm oil products.
- These accelerators could be engaged **to collaboratively develop communication and messages** to capture average consumers perspective and language.

## Tertiary target: Followers



# Tertiary target: Followers

- The third tier is the biggest segment of consumers, comprising **44% of target respondents or equals to 13 millions people** (urban women of 20+ years old from middle to upper class). This segment is the largest, and as such reflect the consumers in general. This type of consumer exhibits medium level of interest, sense of responsibility, and eagerness to make change towards sustainable palm oil. They are commonly found in the big cities in Java.
- These consumers are not really attracted to sustainable palm oil, but they are also open/don't refuse change. As there is no intrinsic need to participate or change, they tend to follow trends outside.
- In order to influence this type of consumer, **a collaboration with informal institutions** close to them/they are familiar with, for example community units, religious institution, potluck/*arisan*, work place, or education institution, is needed. Because generally they go with the flow, when they see the people around them shift, they will do the same.
- Apart from collaboration with informal institutions, **a massive campaign will be needed to attract and convince them** that sustainable palm oil is relevant with current situation. **Respected and popular celebrities may be useful to introduce**, promote, and accelerate familiarity with sustainable palm oil in this consumer segment.
- They want mainly information on positive impacts of palm oil (55%) and forest and species protection (46%).
- Because they are followers, the introduction and information of the logo of sustainable palm oil is important. The use of billboards or TV campaigns in a large scale will help attain this objective and convince consumers.
- This type of consumer has **low willingness to purchase sustainable palm oil products at a premium**.

# Main recommendations

- Companies should start producing sustainable palm oil products, particularly cooking oil, and actively market them as such. Making such products available for purchase will give consumers an easy-to-do, tangible action.
- It is difficult for consumers to understand the concept of sustainability, with its three pillars of people, planet and profit. The concept must be unpacked and messages delivered separately, focusing on specific issues, e.g. deforestation, peat, and indigenous people's rights.
- Campaigns should be tailored to specific target consumers by creating narratives, formulating storylines, and identifying the channels and activation modes. Highly-committed consumers want balanced information and could be engaged through activities and initiatives to act as message ambassadors. Another consumer sub-group ('accelerators') prefer positive messages and would likely participate through buying sustainable palm oil products.
- The development of messages and a communications strategy should involve collaboration with the target consumers to capture their perspectives and language. Messages for consumers need to be repeated in various communications channel. This is in line with other studies that show people need to hear information 3-5 times before they believe messages.
- Further studies should be conducted regularly, e.g. every two years or less, to monitor the success of campaigns in building demand for sustainable palm oil among Indonesian consumers.
- Studies on other fundamental issues, e.g. the value consumers and other stakeholders place on forests, are also needed to further inform strategies and campaigns around environmental and social issues.

# Recommendations: Three stages of information

## 1

### **RAISING 'AWARENESS' TO PRODUCT WITH PALM OIL**

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- There is little awareness on how palm oil is a critical and crucial content of MANY daily products consumed (apart from cooking oil).
- So the first step is to introduce consumers on any type of daily products using palm oil as ingredient.
- This can be done through 'creative' approach than conventional news method on TV or print. For instance offer a prize or other interactive activation.

## 2

### **RAISING 'AWARENESS' ON WHERE PALM OIL COMES FROM**

---

- This will be the next step after consumers familiar with palm oil products. They need to be informed on both positive and negative impact of palm oil plantation.
- Messages and campaigns need to be sharp, because the topic is very fuzzy, and lacks clarity even with explanation.
- At the same time, RSPO need to introduce their logo so consumer are familiar with the logo.

## 3

### **INSPIRING 'ACTION'**

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- In the absence of any discernable quality differences for sustainable products, paying a premium or expecting people to 'make an effort' to find such products may be unrealistic.
- It's necessary to make sustainable palm oil products easy to get and include a 'call to action' in campaign.
- This will help those who ready to change to take action.



# Recommendations: Sequential/phased awareness drive

1

## What is 'sustainable' palm oil – Initiate some thinking about issue

- The issue seems 'difficult to comprehend' and needs to be explained – respondents did not get a real/complete sense of the issue until they were shown a video.
- Hence, it is imperative to design an easy and complete explanation of the issue (consider to break down the explanation of 3P, i.e. people, planet, profit).

2

## How does it 'impact' us – Establish relevance

- People today cannot imagine the impacts of unsustainable palm oil plantations, and need to be educated.
- Hard hitting facts and showing consequences seems to work better because there is very little awareness on the issues.

3

## What difference can I make – Establish how their contribution matters

- Many consumers, esp. away from plantations, may feel they do not have a role and cannot imagine how they can make a difference
- Giving them tangible actions which they can do and establishing how their role matters is important.

4

## How to get more participation from average people

- Religion and Family is the utmost important value for consumer. This can be used for starting point to reach consumers.
- Working together with religious leaders / organization to disseminate awareness to the issue and ask for active participation.



# Thank you

For more information on the study, please contact:

**Leony Aurora**, Project Manager of the baseline study, at [leony.aurora@daemeter.org](mailto:leony.aurora@daemeter.org)

**Astiti Suhirman**, Director, at [Astiti.Suhirman@tnsglobal.com](mailto:Astiti.Suhirman@tnsglobal.com)

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