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

MAIN FINDINGS

About a fifth of respondents have been involved in environmental activities, which is an encouraging sign.

Consumers identify palm oil as cooking oil. They are highly dependent on palm oil products and don't want to shift to other vegetable oils.

Consumers' understanding about the impacts of palm oil on the environment and communities is very low. This is true for consumers in cities far from or near to plantations.

59%

Consumers view palm oil mostly as positive, particularly as it provides jobs and increases smallholders' welfare and state revenue.

The government, oil palm plantations, and consumer goods manufacturers are responsible for ensuring sustainable palm oil.

26%

Forest destruction and water depletion are the negative environmental impacts of palm oil mentioned by more than one-quarter of consumers.

Overall, consumers prefer positive images and messages. Only highly-committed consumers want balanced information about the positive and negative impacts of palm oil.

27%

About 27% consumers are ready to support and shift to sustainable palm oil products, if available. They claim they are willing to pay a higher price.

The baseline study on Indonesian consumers' perception on sustainable palm oil was commissioned by the Roundtable on Sustainable Palm Oil (RSPO) and conducted by Daemeter Consulting and TNS Market Research. Data was collected between May and August 2015.

RESEARCH METHODOLOGY

STUDY SUBJECTS:

- Adult females (20+yo) as the main decision makers for daily needs in households
- Middle income to high income
- Major cities near and far to plantations

QUALITATIVE

May 2015

Six In-home observations and in-depth interviews with members of the audience

Six Focus Group Discussions (FGDs) with members of the audience

QUANTITATIVE

August 2015

800 Respondents

700 + 100

700 Female respondents as main sample

100 Male respondents to be used as comparison

RESEARCH LOCATIONS

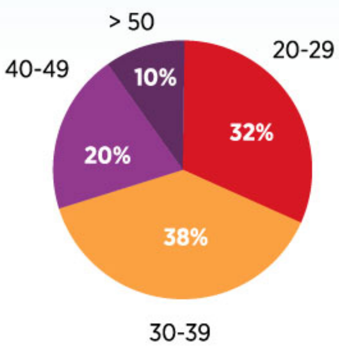
Red represents the cities in qualitative study

Blue represents the cities in quantitative study

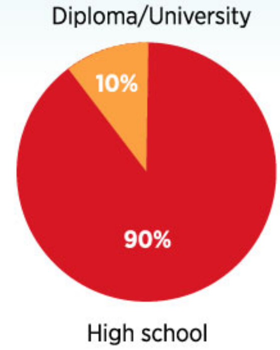
PROFILE OF MAIN RESPONDENTS

CITY

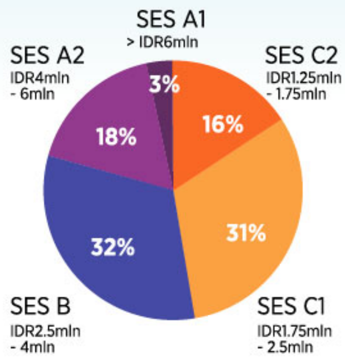
AGE GROUP



EDUCATION



SOCIAL CLASS BY EXPENDITURE



THE URBAN CONSUMER

IMPORTANT LIFE VALUES

Religion	Family	Money	Environment
78%	71%	61%	52%

LIFESTYLE & INTERESTS

- Fashion 57%
- Culinary 57%
- Environment 28%
- Social 20%

URBAN-CENTRIC

Consumers mostly notice only environmental changes that occur in cities

- 80% Increasing waste
- 76% Increasing pollution

Minimart is the main choice for consumers to buy daily needs

MINI MART

PRICING

Consumers buy daily products on an average price

71%

Consumers **rarely** or **sometimes read** the packaging

Consumers read packaging only for certain products on the first time they purchase them

28%

CHOCOLATE

Content

حلال

HALAL

Dec 2015

SOCIAL & ENVIRONMENTAL ACTIVITIES

Passive involvement

- Communal Service **62%**
- Doesn't litter **49%**
- Planting trees at home **49%**

Active involvement

- Planting in public places **21%**
- Separating waste **19%**
- Reduce plastic use **15%**

A small number of consumers recognised the RSPO logo — more than most sustainability trademarks — but they don't know what it means

CERTIFIED SUSTAINABLE PALM OIL RSPO ™

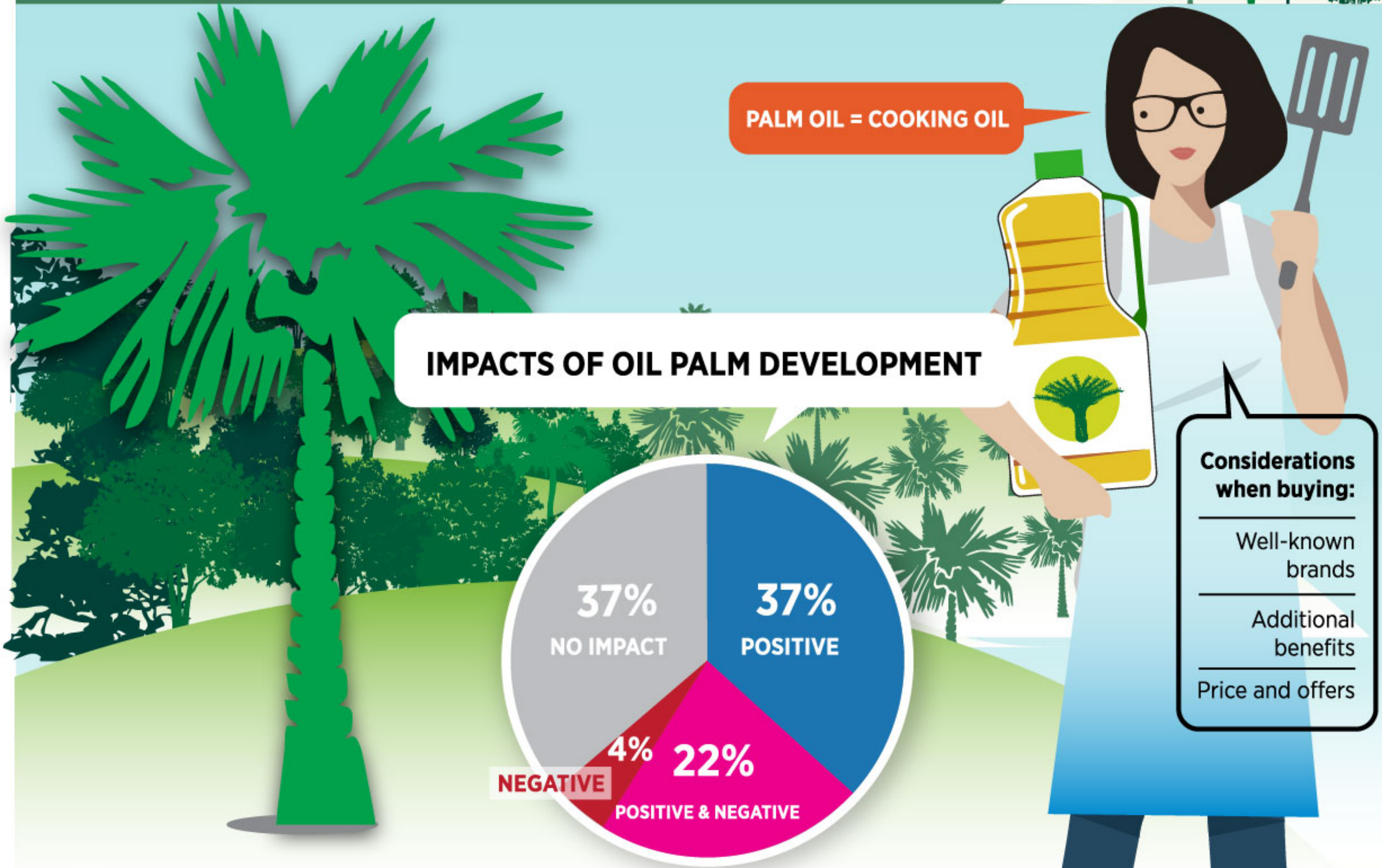
11%

SOURCE OF INFORMATION

- **97%** TV
- **28%** Facebook
- **24%** Newspaper

65% Soap operas | **65%** News | **52%** Gossip shows

PALM OIL = GOOD OR BAD?



NEGATIVE IMPACTS

Environment Destroying forests (19%) Reducing soil fertility (18%) Destroying soil fertility (12%) Clearing land using fire (10%)	78%
Harmful Harmful if not planted properly (4%) Producing garbage and waste (3%) Oil palm plantation requires vast land (1%)	8%
Social Impacts Taking over local smallholders' land (3%) Smallholders are not prosperous enough(2%)	7%

POSITIVE IMPACTS

55%	**Economy** Improving welfare/economic condition (32%) Increasing welfare economy level (18%) Increasing state revenue (9%)
31%	**Environment** Reducing pollution (12%) Reforestation (10%) Preserving the environment (7%)
11%	**Consumers' needs** Raw material for daily products (11%)
7%	**Others** Many benefits (4%)

WHO IS RESPONSIBLE?*

*After respondents see the concept of sustainable palm oil

- Government — 93%
- Oil palm plantations — 66%
- Consumer goods manufacturers — 52%
- Consumers — 16%

TALKING ABOUT SUSTAINABLE PALM OIL

SUSTAINABLE PALM OIL IS DIFFICULT TO UNDERSTAND

Elements of sustainable palm oil concept that respondents find most appealing

- **30%** Minimise social impacts
- **19%** Not clear land by burning
- **16%** Environmentally friendly
- **13%** Protect the habitat of endangered wildlife

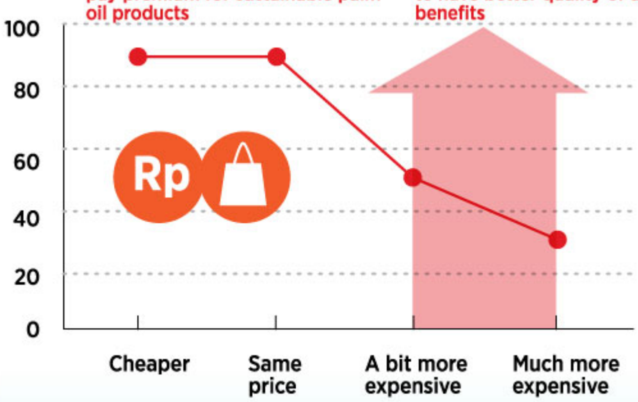
What crossed your mind after reading the concept

This is the government's problem, it's none of my business	Consumers can help, but the impact will be small	Feel frustrated because cannot help much	Consumers can help, but they still don't know how	Believe consumers holds a lot of power to force companies and farmers
25%	25%	6%	28%	16%

PRICE & LOGO

Average customer is not willing to pay premium for sustainable palm oil products

More expensive products need to have better quality or added benefits



80%

respondents think it's **IMPORTANT** to socialise sustainable palm oil logo

TYPE OF INFORMATION CONSUMERS WANT

Positive impacts of palm oil	Protection of forests and wildlife	Positive and negative impacts of palm oil	Negative impacts of palm oil
50%	43%	35%	6%

What will make consumers buy sustainable palm oil products?

- **72%** TV advertisement
- **48%** Healthier products
- **40%** Contains more nutritions
- **36%** Available at nearest minimarkets

CONSUMERS TO TARGET

27% About 27% consumers are ready to support and shift to sustainable palm oil products. They are willing to pay a higher price.*

*combined data measuring level of responsibility and interest to support SPO and level of willingness to shift to SPO products.

1st | 10% | 2.9 million potential buyers | Ambassadors

- More than average have higher-level education (diploma/university).
- Enjoy outdoor activities and do more environmental and social activities.
- Ready to contribute, although they do not fully understand what sustainable palm oil is and what steps to take.
- More likely to join communities or groups to initiate activities or movements.
- Most want balanced information about positive and negative impacts of palm oil (59%) and on forest and species protection (59%).
- TV (96%), social media (41%) and newspapers (35%) are reliable source of information. Their use of social media and internet (32%) to get information are higher than average.
- Want easy access to sustainable palm oil products.
- More than 60% claim they are willing to pay "much more" for sustainable palm oil products.

2nd | 17% | 5 million potential buyers | Accelerators

- Tend to contribute through purchasing power, e.g. by supporting products that empower farmers or local communities and refusing to buy non-environmentally friendly products.
- Show a high desire to change, but need to be motivated because their interests and sense of responsibility are not as developed as the ambassadors.
- Want easy access to sustainable palm oil products.
- Need visible information, e.g. banners and booths, not just on packaging.
- 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% claim they are willing to pay "a bit more" for sustainable palm oil products.

3rd | 44% | 13 million potential buyers | Followers

- Are not really attracted to sustainable palm oil, but are open to change.
- Tend to follow trends, and as such a massive campaign is needed to attract them. A celebrity ambassador may be effective to introduce sustainable palm oil.
- Introduction and information of sustainable palm oil's logo is important.
- Collaborations with institutions, e.g. community units, *arisan*, or education institution, could prompt them to change
- Want mainly information on positive impacts of palm oil (55%), forest and species protection (46%), and balanced information on positive and negative impacts (33%).
- Have low willingness to pay more for sustainable palm oil products.

OBSERVATION AND RECOMMENDATIONS

OBSERVATION AND ANALYSIS

- Consumer understanding on palm oil impacts appears to be similar in cities near to or far from plantations.
- Consumers with higher education (diploma/university) are more interested in environmental and social issues. Level of income does not influence their interest.
- Male consumers seem to show more interest in environmental and social issues and are more confident about their role as consumers. This requires further study, as the sample size of male consumers was very small.
- Although media is awash with news about social and environmental issues, such information seems not to reach the average consumer. Very few respondents (less than 10%) spontaneously mentioned deforestation or loss of forests as an impact of oil palm, and almost none mentioned biodiversity or social issues.
- About 57% of respondents understand plantations often replace forests, but only 26% of consumers viewed oil palm as having a negative impact. This may indicate that forests have low intrinsic value to most consumers, or they see the negative impacts of deforestation as a transitional state, with mature plantations delivering the same environmental benefits as natural forest. This subject requires further study.
- The content of messages and mode of communicating with consumers affects their level of understanding. When respondents were provided with stimulus and engaged in discussions in the qualitative study, negative images affected their views more strongly than positive ones. However, when messages were communicated one-way without dialogue in the quantitative study, most respondents found positive images more appealing to encourage a shift toward sustainable palm oil products.

MAIN RECOMMENDATIONS

- 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.
- 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.
- 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.

FOR MORE INFORMATION

To download the full report of the study in English and Indonesian, go to **www.rspo.org** and **www.daemeter.org**

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