

# The Effectiveness of the RoundTable on Sustainable Palm Oil Certification System for Helping Consumers Make Informed Decisions

Wilder, M.<sup>1</sup>, Aldred, L.<sup>2</sup> & Rennie, K.<sup>2</sup>

<sup>1</sup>Curator, Wingham Wildlife Park

<sup>2</sup>Education department, Wingham Wildlife Park

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**Abstract.** 165 participants were asked to ascertain purely from the RoundTable on Sustainable Palm Oil certification system how much sustainable palm oil is in the product, along with being asked whether they would like to see more information on packaging (and if so what type). This simple study showed that our hypothesis that as the level of certification (from credits, through mixed, to certified) increases, the ability for members of the public to correctly identify the level of sustainable palm oil increases. We further investigated the impact which the certification has on whether people are left wanting more information about the sustainability of the product.

**Keywords:** Palm Oil, RoundTable on Sustainable Palm Oil, RSPO, Sustainability

**Abbreviations:** RoundTable on Sustainable Palm Oil (RSPO); Wingham Wildlife Park (WWP)

## 1. Introduction

Palm oil as a globally sustainable vegetable oil, and its impact on the environment has been a hotly debated topic for a number of years as the environmental impacts of palm oil plantations just in Malaysia for example covering over 57,400 km<sup>2</sup> (Kushairi Din, 2017) and as much as 120,000 km<sup>2</sup> in Indonesia (Nepcon, 2019), and that much of this expansion is a result in rainforest destruction (Gaveau et al, 2013). However, on the other hand palm oil does not only have the highest yield of oil per hectare of any vegetable oil (Koh & Wilcove, 2007), it is also an international industry worth in excess of US\$17 billion per year in Indonesia alone (United Nations Statistics Division, 2013). As such it is likely that palm oil production is not going to become a thing of the past and it is more important than ever to establish whether sustainable palm oil production can have a tangible impact on the environment, society and the economy, and to ensure that the practices which we strive for are future proof.

It is already well established that oil palm (generally *Elaeis guineensis*, *Elaeis oleifera* or hybrids of the two) plantations which are certified by a sustainability scheme, of which the RSPO one has the most stringent controls (RSPO, 2017), have a lesser impact on the local environment (Cattau et al, 2016 & Noojipady et al, 2017). This impact may be from decreasing forest fires, an on-going issue in Kalimantan due in part to the draining of peat swamps, through to illegal deforestation in areas around such plantations. When it comes to an economic impact it has been reported that profitability amongst RSPO certified plantations was higher than in non-certified plantations due to a better fruit yield

and being able to command a higher price (Preusser, 2015). A multiple criteria study looking at all of these factors including environmental (both orangutan numbers and fires), social (poverty and health care) and economic (yield and profits), found that the only real winners with the RSPO scheme are the plantation owners and governments as economic improvements were the only ones found. There was no significant improvement for orangutan numbers, fire numbers or services for locals around certified plantations and that the economic impact needs to be further used to tighten controls and requirements for certification (Morgans et al, 2018).

Even though it appears that perhaps in-situ these certification systems do not have the impact which we may hope for or believe are being made, there is an impact on consumer habits through the use of a certification system for various sustainability issues including fair trade, forest stewardships and the soil association to name just a few. However even amongst these the most commonly known one, Fairtrade, which as many as 82% of consumers are aware of, only has a product uptake rate of 29% amongst the same sample.

With palm oil certification through RSPO however no significant impact on consumer behaviour is achieved as only 5% of consumers were aware of the certification system, which is equal to the percentage who claimed to be aware of a fictitious palm oil certification system (Ostfeld et al, 2019).

Amongst the population in the UK, whilst only around 5% of people may recognise the RSPO certification logo, 41%

of people recognise that palm oil can have a negative effect on the environment (which is relatively high when considering that only 77% of people are aware of the existence of palm oil) (Ostfeld et al, 2019).

Between improvements being necessary in the way in which certified plantations need to be managed and make a contribution in their local area, consumer knowledge of RSPO being low while knowledge of environmental impact is high and consumers seemingly preferring to shop for segregated products rather than mass balanced products, is there a solution which can improve all of these factors?

It has already been established that the increased revenue from certified plantations could be used to further aid the social and environmental improvements in those areas, while consumers want products which they can see use sustainable palm oil, but wanting to still keep their own budgets down (Gassler & Spiller, 2018). Gassler & Spiller suggested that there is a trade off between transparency and retail price depending on economic position. With people who can afford sustainable chocolate bars being uncomfortable with the unknown level of sustainable palm oil in the mass balanced products. However we wish to take this a step further and question whether people actually have any idea of how much sustainable palm oil is in their products based purely on the type of certificate which a company has.

## 2. Materials & Methods

### 2.1 Study sample

A study was carried out at WWP of 165 randomly selected individuals visiting the park for a day out. There were no specific requirements thereby eliminating factors such as sex, ethnicity, age, family status etc. In situations where a family or other group of people were present only 1 person that social grouping was asked to take part in the study as not to influence the results of other members of the group.

### 2.2 Study method & tools

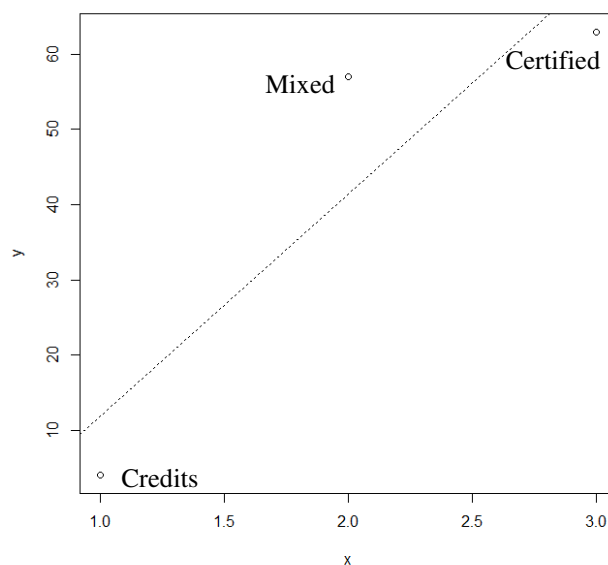
12 variations of the RSPO certification logos were printed out in equal sizes (3 of these for certified products, 3 for credits products and 6 for various versions and types of mixed products) as shown in figure 1. People entering WWP were then selected at random and shown just one of these logos. They were then asked how much sustainable

palm oil they thought was in a theoretical product would be, based purely on the information given on that logo. This answer was then categorised as 100% sustainable, partly sustainable (which they were asked to accompany with a percentage) or no sustainable content at all. An interviewer would mark these answers down along with asking them whether they were surprised by the content level when told, whether they want to see more information on the packaging and finally whether they had any suggestions or ideas about what they would like to see. This final one was an open ended question.

### 2.3 Data analysis

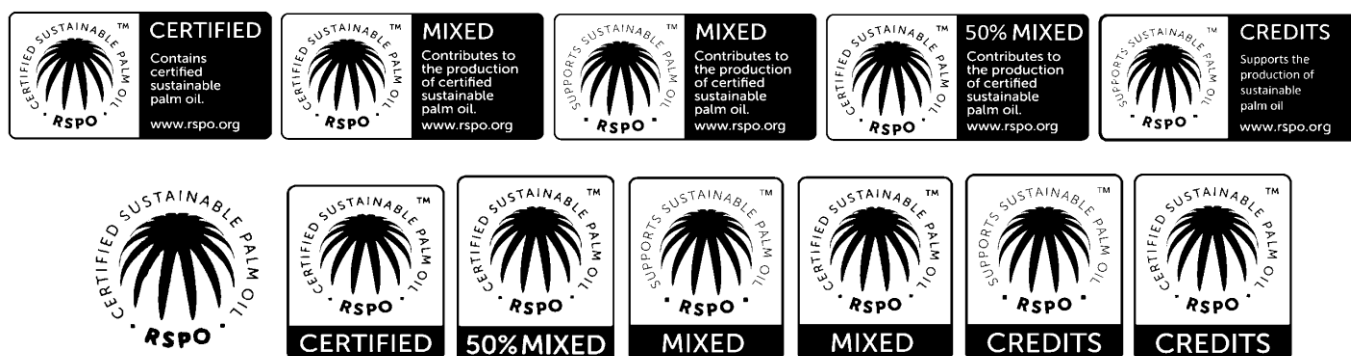
For our hypothesis that as the level of certification (from credits, through mixed, to certified) increases, the ability for members of the public to correctly identify the level of sustainable palm oil increases the results were found to be significant after a simple linear regression was calculated to predict how many people could correctly identify how sustainable a palm oil product was based on the type of certification level they were presented with. A significant regression equation was found ( $F(1) = 4.727, p < 0.2744$ , with an  $R^2$  of 0.8254).

Figure 2.1: Linear regression for correct answer results



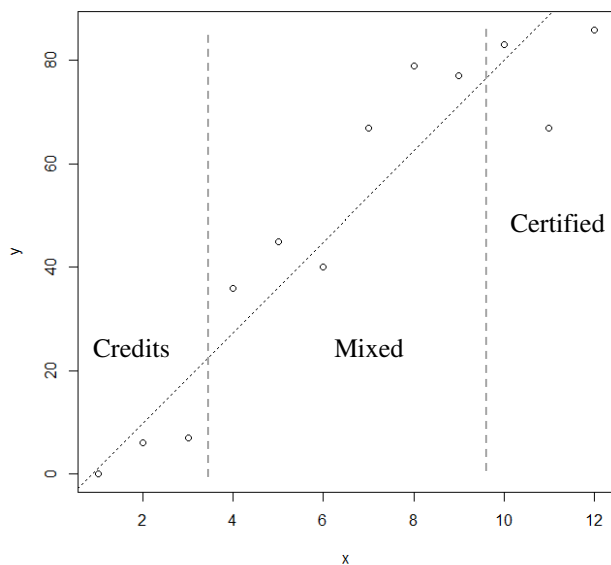
A further simple linear regression was calculated to predict how many people could correctly identify how sustainable a palm oil product was based on the type of certification level

Figure 1: Selection of RSPO certification logos used.



they were presented with, using the full set of 12 cards displayed to people. A significant regression equation was also found at this level ( $F(1,10) = 70.13, p < 7.871e-06$ , with an  $R^2$  of 0.8752).

**Figure 2.2:** Linear regression for correct answer results



### 3. Results & Discussion

#### 3.1 Lower certification levels decrease transparency

As shown in table 1 and confirmed by the data analysis above as the level of certification decreases from certified through mixed and down to credits, the number of people able to answer correctly about how much sustainable palm oil is likely to be in a product decreases. It decreases to such a degree in fact that amongst the credit cards only 4% of correspondents answered correct (that the actual palm oil content of the product itself was not sustainably sourced), with this increasing to 57% for mixed content (which actually goes as high as 78% when a percentage is added to the logo), and 64% overall for certified products.

For the purposes of this study we accepted 100% sustainable for certified products as this is the highest type of sustainability certification available at this time for palm oil products. However, products only technically need to have a sustainability content level of 95% in order to qualify (RSPO, 2017), with the extra 5% being very difficult to trace and / or confirm in some cases. However, again this points to even more transparency needed as only accepting 95% as an answer would have likely decreased the correct answers column for the certified products.

It is vital that this type of transparency is increased as it has been shown that “relationship transparency”, an individual’s perception of how transparent a product or company is about what the consumer is buying does have an effect on the trust which that consumer has in the product in question (Eggert & Helm, 2003). Further research suggests that this consumer trust is an important building block for ensuring brand loyalty amongst consumers (Rampl et al, 2011). As such it would appear imperative that brands (sustainability groups, in this particular case RSPO) ensure that their

product (the certification system they use) is as transparent as possible to increase that brand trust and encourage brand loyalty. Consumers need to be loyal to the certificate / trademark in order to seek out products which bare these logos.

**Table 1:** Number & percentage of correct answers given

Card Number	Card Type	Number of Correspondents	Correct Number	Correct %
1	Cert	14	12	86
7	Cert	15	10	67
10	Cert	12	10	83
11	Mixed 50%	13	10	77
12	Mixed 50%	14	11	79
6	Mixed Support	12	8	67
9	Mixed Support	15	6	40
2	Mixed Cert	11	5	45
4	Mixed Cert	14	5	36
3	Credits	15	1	7
5	Credits Support	16	1	6
8	Credits	14	0	0
<b>Total</b>		<b>165</b>	<b>79</b>	<b>48</b>

#### 3.2 A need for more information

**Table 2:** Number & percentage of people wanting more information on packaging

Card Number	Card Type	Number of Correspondents	Want more Number	Want more %
1	Cert	14	14	100
7	Cert	15	14	93
10	Cert	12	12	100
11	Mixed 50%	13	10	77
12	Mixed 50%	14	13	93
6	Mixed Support	12	10	83
9	Mixed Support	15	15	100
2	Mixed Cert	11	11	100
4	Mixed Cert	14	14	100
3	Credits	15	14	93
5	Credits Support	16	15	94
8	Credits	14	14	100
<b>Total</b>		<b>165</b>	<b>156</b>	<b>95</b>

As many as 96% of people believe that their personal actions at home can make either a big (51%) or some (45%) difference to the world as a whole, whether it be recycling, making donations or buying responsibly (Futerra, 2018),

whilst 81% of people feel that companies should also help make the world a better place by improving the environment (Nielsen.com, 2017). The idea that 96% of consumers believe that their actions can have a positive impact run in line with the 95% of people in our survey who wanted to see more information on their products, allowing them to make a better informed buying decision in their everyday lives.

The area where this was the lowest was for mixed products (98%), and in particular mixed products which had a 50% label (85%), showing that the percentage supplies much of the information which the consumer wants to see.

When being asked which suggestions people had for RSPO only 40% of people gave us a suggestion with 43% of these (16% of all participants) wanted a clearer message and 26% of answers (10% of the total) specifically wanted to see a percentage on the logo. Other suggestions included a numbering system or traffic light system, however these suggestions still leave the system open for greenwashing (based on the Seele & Gatti, 2015 interpretation of the term to include both misleading information and incorrect interpretation of that information by consumers), especially in the case of the credits classification.

### **3.3 Improving certification requirements & enforcement**

From a consumer perspective it seems that the most important steps which RSPO could take to ensure that their experience with the system is as positive as possible, allowing them to vote with their wallets as it were. After all it is consumer demand and their eventual spending habits which shape the market requirements for producers and suppliers. If consumers are able to see their sustainable spending habits more clearly, they may be willing to pay a premium for such products (Nielsen.com, 2018), in turn encouraging demand for a higher priced product which these growers can further profit from.

Even though it is only around 49% of people willing to pay a premium for sustainability, with the percentage who actually will change their behaviour likely being lower still, based on 49% this still makes the sustainable portion of the palm oil trade, a potential US\$45.49 billion slice of the 2021 predicted market (Zion Market Research, 2019). This percentage increases even further if finances are taken out of the equation (so if the price of sustainable palm oil could decrease with demand), with 73% of consumers claiming that they would like to change their consumption habits to benefit environmental impact (Nielsen.com, 2018).

However, the above changes in consumer behaviour and the effects this will have, other than to line the pockets of sustainable palm oil growers will be null and void if improvements are not made to the way in which the certification is implemented and enforced, as suggested by Morgans et al (2018). The certification system has the potential to force far wider reaching environmental and social benefits, with these currently not apparently being met to the standard which is advertised by RSPO (2017), perhaps these environmental and social responsibilities need to be further built in to the accreditation structure.

## **4. Limitations & Implications**

### **4.1 Limitations of Theoretical Products**

The question of what the product is came up a couple of times which we did not anticipate. We felt that not having a product attached to the logo will remove any variables such as whether the correspondent has a history with a certain type of product or brand, however it appeared that it perhaps hindered the ability of some participants to visualise the product or logo in a real life setting.

### **4.2 Implications for Future Research**

Due to the improvement in being able to correctly identify the percentage of sustainable palm oil in a product and the decreased wishes for more information, it would be interesting to repeat this experiment using only logos which had a percentage written on them, using a wide range of percentages, and potentially doing so using real products, even if in the form of photoshopped images to display the new logo in-situ.

## **5. Conclusions & Recommendations**

From this research we conclude that the information which is given or implied by the certification system by RSPO causes more uncertainty than it takes away from consumers, and as such may have a negative effect on consumer trust in the RSPO brand. Consumers want to see a clearer message, potentially with a percentage on the logo which clearly states to the consumer the percentage of the palm oil which is sustainably sourced.

Classifications such as mixed (without any further information) and in particular the credits option leaves consumers believing that they are getting a product which is far more sustainable than it is in reality.

We recommend that changes should be considered by RSPO to change consumer trust in their brand, to allow it to better fulfil the role which it has set out to play in the global production of palm oil and its products.

## **6. Acknowledgements**

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