



Fear Factor or Feel Good Factor: Harnessing Key Drivers to Move CSPO Market

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Managing Expectations

Myths and Facts: Market Uptakes and Roles

- ❖ *Myth: Low market uptakes of $\pm 52\%$*
- ❖ *Facts: CSPO uptakes are far greater than reported*
 - ✓ Portion of CSPO is also ISCC-certified and absorbed by biodiesel market
 - ✓ CSPO is absorbed by own downstream (not reported)
 - ✓ Some are not interested in selling CSPO
- ❖ *Myth: Premium price as the main determining factor*
- ❖ *Facts: Credibility matters most*
 - ✓ Fear of lost of investors' confidence and face value
 - ✓ Transformation of investment climate and supply chains
 - ✓ Public and NGOs pressures: instigate fear among growers

Managing Expectations

Growers' Perceptions

- ❖ RSPO and CSPO are good for business:
 - ✓ Green credentials
 - ✓ Efficient use of resources
 - ✓ Higher yield and productivity
 - ✓ Minimizing the negative externality

- ❖ Challenges: majority will remain non-RSPO members
 - ✓ Lopsided on production-focused; victim mentality
 - ✓ CSPO is niche products for niche market
 - ✓ Hard to catch up to ever-evolved stringent standards



CSPO Productions: Transformation in Indonesia

Agent of Change

- ❖ Key issues: transparency, social and environment
- ❖ Key drivers: market and financial institutions
- ❖ Key influencers: NGOs and media
- ❖ Key advocates: Sustainability paragons
- ❖ Key motives: **fear** and “**feel good**” factors

*Donna Jeanne,
2/26/2014*



Source: shutterstock.com

How Did It Change?

- ❖ From fear to “feel good:” the making of RSPO-committed company
 - ✓ Risks aversion and mitigation
 - ✓ Secure favorable credit ratings and financial supports
 - ✓ Competition for niche markets to get premium
- ❖ External pressures are institutionalized to drive change: commitment, business values and practices
- ❖ *When fear is overcome, “feel good” factor shapes the commitment*

CSPO Productions: Transformation in Indonesia

Transformation Stage

- ❖ 2004-2007: *Exploratory* → awareness
- ❖ 2007-2010: *Experimentation* → adaptation: supportive, “wait and see,” indifference and skeptics
- ❖ 2010-2013: *Determination* → adoption & natural selection; the converts and unconverted
- ❖ 2013 - onwards: *Maturity* → niche growers grouping

Indonesian Growers: Outcomes of Transformation

1. Fully committed champions of sustainability aiming for **RSPO++**
2. Committed to **RSPO** standards
3. Committed to sustainability standards (**RSPO-**)
4. Traditional growers



Kubler-Ross change curve

Key Drivers to Move CSPO Market

Building Critical Mass

- ❖ Clearly distinguish between CPO and CSPO
- ❖ Create a movement and campaign for use of CSPO: focus on consumers as the key driver to move the market
- ❖ Equal focus on production and market transformation
- ❖ Open up new markets for CSPO

How To Change The Market?

- ❖ Create champions of CSPO market: **models & advocates to pull the market**
- ❖ NGOs, media, government and general public to stimulate **consumer movement (*fear factor*) to push the market**
 - ✓ Galvanize public support on CSPO market
 - ✓ Stir up fear or promote “feel good” sentiments
 - ✓ Introduce incentives for the committed
 - ✓ Regulatory framework

Moving CSPO Market Forward

- Market segmentation scenario:
 - (1) Platinum market for CSPO+ and CSPO++ (EU)
 - (2) Gold market for CSPO (EU and European companies)
 - (3) Silver market for CSPO- (China & India – export)
 - (4) Traditional market for non-CSPO (domestic)

- CSPO market is at ***development stage***, potential to gradually grow
 - ✓ CSPO is a niche product for niche markets: premium price is a necessity
 - ✓ Market growth to determine CSPO productions → set Sustainability agenda



Moving CSPO Market Forward

- Create new equilibrium and **shared responsibility between productions and market uptakes**
- Build **CSPO credibility and attractiveness** in the markets to spur demands and boost productions
- **Fear factor and “feel good” motive to be capitalized to move the market:** Consumer -key driver and shaper of the market- is to be advocated for CSPO use



<http://lobby-advocacy.ro/>



Thank You