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

Edi Suhardi

PT Agro Harapan Lestari
(A Goodhope Company)
Outline

1. Managing Expectations
   → Myths and Facts: Market Uptakes and Roles
   → Growers’ Perceptions

2. CSPO Production: Transformation in Indonesia
   → Agents of Change
   → How Did It Change?

3. Key Drivers to Move CSPO Market
   → Building Critical Mass
   → How To Change The Market?

4. Moving CSPO Market Forward
Managing Expectations

Myths and Facts: Market Uptakes and Roles

- **Myth:** Low market uptakes of +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

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
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/