

Project *brief*

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Consumer preferences for sustainable, deforestation-free palm oil

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- In Germany, products without palm oil are predominantly preferred to products with certified, sustainable palm oil.
- With the help of targeted consumer information, the demand for sustainable products containing palm oil could be strengthened.
- However, voluntary certification alone is not sufficient to achieve sustainability goals such as deforestation-free supply chains.

Background and objectives

In order to obtain land for cultivation of agricultural products (e.g. palm oil, soy), forests with high biodiversity are cleared and other vulnerable ecosystems are converted, especially in tropical regions. A large share of these "forest risk commodities" is traded internationally, and the European Union (EU) is a major importer. As a result, some state as well as private actors have committed to "deforestation-free supply chains". Despite this progress, the goal of establishing deforestation-free supply chains has not yet been achieved. So far, this measure has been largely limited to voluntary commitments and the implementation of voluntary sustainability certification. The Roundtable on Sustainable Palm Oil (RSPO), for example, has developed standards for sustainable palm oil cultivation that also include criteria for forest protection. However, a large proportion of sustainably certified products are sold in the EU without a price premium and marketed without appropriate labelling. This could be due to a lack of demand for certified products.

As part of our research on the organisation of deforestation-free supply chains, we therefore analysed how consumers in Germany feel about palm oil. The main objective was to better assess the potential demand for certified, sustainable palm oil and to derive recommendations for possible policy measures.

Research Approach

As a first step, we conducted several group discussions to capture the range of opinions and attitudes towards palm oil. Half of these group discussions were conducted in person, the other half online in written chat format to reach people in different regions of Germany. The discussions were then analysed using the qualitative content analysis method. Based on the results, we developed concrete research hypotheses and a questionnaire.

In the second step, a nationwide online survey was conducted with 1,000 people and analysed quantitatively. Part of this online survey was a choice experiment. Here, the respondents were presented with several decision-making situations in which they had to choose between different chocolate biscuits. The products differed, among other things, in whether they contain certified palm oil, conventional palm oil or no palm oil, which was indicated by corresponding product labels (Figure 1).

Figure 1: Example of a choice situation



Source: Thünen Institute/Cordula Hinkes (2020)

The Choice Experiment was conducted in two parts. In the first part, the participants were not given any further information apart from general instructions on how to conduct the experiment. Afterwards, information about palm oil and the different certification labels was provided before the second part of the Choice Experiment was conducted with further decision-making situations.

Results

Both the group discussions and the online survey revealed that the participants' attitudes towards palm oil are rather negative. In particular, the deforestation of rainforests for the cultivation of palm oil, but also the feared negative health effects of palm

oil consumption have a negative influence on attitudes and preferences. On the other hand, the fact that palm oil also has advantages over alternatives, such as requiring less land, is hardly known. The standards of the RSPO and the corresponding product seals also have a very low level of awareness among the population.

Without palm oil or with certified palm oil: What is purchased?



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The results of the quantitative data analyses show that the majority of respondents prefer palm oil-free biscuits to biscuits with certified palm oil. Possible reasons for these preferences include health concerns and a general distrust of certification. In the discussions, some people stated that they doubted the credibility of product labels due to the large number of them and that they could not understand the criteria behind a certification.

In order to find out to what extent the respondents differ in terms of their attitudes and preferences, a latent-class analysis was conducted. Six groups were identified and characterised for the first part of the choice experiment (before information was provided). The *Palm Oil Avoiders* clearly prefer palm oil-free biscuits and see no benefit in RSPO certification without further information. The *Palm Oil Neutrals* are relatively indifferent to whether a biscuit contains palm oil and if so, whether it is certified. The *Basic Biscuit Eaters* simply want to eat the biscuit itself and pay the lowest possible price. They are not interested in other product features or even reject them. The *Chocolate Lovers* are mainly interested in the fact that the biscuits have a high chocolate content. The group of *Concerned Consumers* are particularly interested in sustainability and prefer biscuits that are certified accordingly.

Nevertheless, they have a greater interest in palm oil-free biscuits than in RSPO-certified biscuits. The *Cheap Buyers* are

very price-sensitive, but in contrast to the *Basic Biscuit Eaters*, they still prefer biscuits with a higher chocolate content, for example.

For the second part of the experiment, after providing information about palm oil cultivation and the different certification labels, changed preferences can be found. Now only five of the original six different consumer groups are identified. The group of *Palm Oil Neutrals* seems to have dissolved, while the two groups of *Palm Oil Avoiders* and *Concerned Consumers* in particular have grown. This can be explained by the fact that with the help of the additional information, possible gaps in knowledge could be closed and interest in the topic could be strengthened (at least in the short term). Overall, more people would now prefer biscuits with certified palm oil over biscuits with conventional palm oil. Biscuits that contain only certified palm oil are more popular than biscuits that can contain both certified and non-certified palm oil. Nevertheless, preferences for palm oil-free products continue to predominate in four of the five groups.

Recommendations for policy makers

Based on these results, recommendations can be derived that are relevant for the implementation of deforestation-free supply chains:

- As the demand for (voluntarily) certified products has been rather low so far, mandatory sustainability requirements should be developed.
- Targeted information campaigns could help to increase awareness and trust in certification and reduce rejection of palm oil.
- Further research projects should be supported to conduct similar studies on other relevant products and in other countries in order to close knowledge gaps.

Further information

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Publications

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