

## Indonesian Consumer Awareness and Purchase Intent Toward Sustainable Margarine Products

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### ABSTRACT

*Indonesia holds a prominent position as both a producer and consumer of margarine. Research indicates a growing interest among Indonesian consumers in opting for sustainable products, demonstrating a willingness to pay more in such choices. This study delves into the consumption patterns surrounding palm oil-based margarine, aiming to pinpoint the factors influencing consumers towards sustainable margarine option. The selection of margarine aligns with commonly consumed household products. Moreover, the choice of research subject intertwines with the significance of raw materials sourced from commodities that play pivotal roles in economic, social, and environmental spheres. Employing a qualitative methodology, this research engages observation and interviews with 36 participants, utilizing the Focus Group Interview (FGI) technique. The findings underscore that 33 respondents prioritize brand preference when selecting margarine, while three base their choice on habitual consumption patterns. Interestingly, price and eco-labels did not emerge as significant factors influencing purchase decisions among the respondents. However, a notable majority expressed a readiness to transition to sustainable options within their preferred brand, indicating a willingness to pay a premium of up to 10 percent for eco-labelled margarine. Intriguingly, all participants remained unaware of the availability of sustainable margarine options, shedding light on a potential gap in consumer awareness within the market.*

### Keywords:

### INTRODUCTION

Margarine is one of the foods that is closely associated with the Second Industrial Revolution (Hagan, 2023). This product was first introduced by the French chemist *Hippolyte Mège-Mouriès* in 1869 after a competition initiated by *Napoleon III* to find an alternative food source. Margarine serves as an example of how nutritional engineering is carried out, although, on one hand, this product is often considered a substitute for butter for those in the pre-prosperity category. One of the main differences between margarine and butter lies in the source of fats used as the main raw material. Margarine is derived from vegetable oils, whereas butter typically comes from milk (Bashir et al., 2023). The United States (US) and Europe are two regions where margarine consumption is substantial, but this fluctuates depending on product availability.

Thus, in the US, margarine consumption in the first half of the 20th century averaged only 2.8 pounds per person per year, compared to butter, which was 16 pounds per person per year. This trend reversed during wartime in the US from 1942 to 1972. During that period, butter consumption dropped to five pounds per person per year, while margarine rose to 11.1 pounds per person per year. The decline in butter consumption was attributed to concerns that margarine's saturated fats were higher (USDA, 2016). Additionally, dairy products, including butter, were widely available and relatively affordable, making butter the preferred choice in developed countries.

Indonesia is one of the largest producers and consumers of margarine in the world. The abundance of vegetable oil production, such as palm oil, is one of the key reasons for this. It is recognized that palm oil, as the main ingredient in margarine, has a significant economic impact and supply chain. Data from the Ministry of Agriculture (Kementerian Pertanian, 2022) indicates there are 16.38 million hectares of oil palm plantations in Indonesia. With such a large area, approximately 20 million people are employed in this sector (BPDPKS, 2018).

The palm oil sector contributed 13.50% to the national non-oil trade balance and 3.5% to the national GDP in 2022.

Despite its high economic value, the palm oil commodity is fraught with several issues. Research conducted by CIFOR (2014) indicates that unchecked expansion of oil palm plantations can potentially lead to deforestation and create other negative environmental impacts, such as deteriorating water quality, air pollution, and soil erosion. This aligns with findings by Zen et al. (2016) suggesting potential habitat loss and biodiversity decline.

However, replacing palm oil with other commodities is not straightforward. Palm oil has proven to be the most productive oil-producing crop, requiring less land area. Data cited by the Ministry of Industry (Kemenperin, 2018) and Thomas et al. (2015) indicate that palm oil yields are 11 times higher than soybean, 10 times higher than sunflower, and seven times higher than canola. Furthermore, its texture, taste, odour, and shelf life make palm oil more appealing to many consumers (Ritchie & Roser, 2020).

*Upfield*, as one of the largest margarine producers, has declared its commitment since 2019 to using sustainable palm oil as a raw material source. *Upfield* also commits to releasing margarine products with eco-labels. Through these eco-labelled products, *Upfield* aims to demonstrate their commitment to raising broader awareness about sustainability. These eco-labels are also expected to assist consumers in choosing products that perform better environmentally and socially across their value chains (Oosterveer, 2015). Consequently, consumption of sustainable products could become a habit.

Meanwhile, according to a study in Poland regarding sustainably produced butter, research found that knowledge about the product and the sustainability-related product attributes does not positively influence the frequency of purchasing sustainable butter. The research was conducted using the *Stimulus-Organism-Response (SOR)* model through a structured online survey of 825 respondents (Jakubowska & Sadílek, 2023).

This paper focuses on consumer behaviour regarding palm oil-based margarine consumption, including identifying factors that can encourage consumers to choose sustainable products. The selection of margarine is based on product characteristics commonly consumed by households. Furthermore, the choice of this research topic is inseparable from the raw materials sourced from commodities that play a major role, evaluated from economic, social, and environmental perspectives.

## METHOD

This research uses a qualitative approach. The researchers chose this approach because of its effectiveness in gaining insights into what motivates individuals and communities to engage in specific behaviours, and how they perceive the world or society around them. Qualitative approaches also uncover important information that can help shape patterns and behaviours in the future.

To deepen and sharpen the findings, the researchers used focus group interviews (*FGIs*). According to Casey and Kueger (2000), discussions within a group are more natural compared to individual interviews because all respondents in the group can influence and be influenced by each other, much like in real life. Therefore, the researchers could gather data on interactions among participants, reflecting real-life dynamics. Additionally, *FGIs* are not meant to replace individual interviews and observations (Frey & Fontana, 1991; Gill et al., 2008). Therefore, separate in-depth interviews will be conducted with key individuals, especially those who have influence in behaviour change efforts.

Referring to Hyde et al. (2005), interactions in *FGIs* bring forth various responses that are informal and natural, such as jokes, sarcasm (both among respondents and towards social issues), and so forth. These conditions are common in *FGIs* because respondents not only recall experiences or information but also engage in social actions (Crossley, 2002). Therefore, the dynamics of group discussions generate a collection of high-quality social data (Hallas, 2014). To elicit more honest and open answers, Denscombe (2007) suggests that groups consist of six to nine respondents, allowing researchers to explore the feelings, attitudes, ideas, and perceptions of the respondents. Grouping respondents will be based on social groups existing in the local community. The *FGI* sessions for this study were conducted from January to April 2024. A total of 36 participants were involved, predominantly female, residing in Jakarta, Tangerang, and Sleman. Respondents' selection was also based on their interest and concern regarding sustainability issues.

## RESULTS AND DISCUSSION

Sustainable consumption is becoming a trend aimed at encouraging consumers and producers to act more altruistically. In many behavioural studies, there is significant consumer intent to engage in sustainable product consumption. Regarding palm oil and its derivatives, a survey conducted by MarkPlus, cited by RSPO (2020),

indicated that 82 percent of consumers are willing to switch to sustainable palm oil cooking oil and are willing to pay an increase ranging from Rp 1,200 to Rp 6,700. This supports findings from Daemeter's study (2015), where 71 percent of respondents expressed willingness to switch to sustainable palm oil products. More decisively, 27 percent of respondents in that study indicated they are willing to pay a higher price.

Specifically in the margarine product market, since 2019, Upfield, the manufacturer of the Blue Band brand, has implemented a sustainable palm oil sourcing policy. The company outlines its commitment to sourcing raw materials in accordance with RSPO standards and NDPE principles (No Deforestation, No Peat, and No Exploitation).

This step was taken as the company's commitment to providing sustainable products that can be widely accessed and consumed by the public. However, after the introduction of the eco-labelled margarine products, in focus group interviews conducted by researchers with several respondents, the majority stated that they were not aware of the presence of the eco-label. Instead, most respondents inquired about two variants of the product with identical packaging and pricing. The variants in question are those with and without the eco-label (refer to Figure 1, Figure 2).



Figure 1. Front side packaging of Blue Band margarine without RSPO logo (left) and with RSPO logo (right)



Figure 2. Back side packaging of Blue Band margarine without RSPO logo (left) and with RSPO logo (right)

**Table 2.** Respondents' Consideration in Choosing Margarine

	Brand	Habit	Price	Ecolabel
Reason to choose margarine	33	3	None	None
What drives respondents when choosing margarine	Ads, especially during Ramadan	Never have bad experience while using the current brand	None	None
Things that encourage respondents to change their choice	None	None	None	None

Furthermore, in the FGI conducted, researchers asked about respondents' considerations in choosing margarine. Specifically, regarding the considerations in product selection, researchers offered four options: (1) price; (2) brand; (3) habit; and (4) eco-label. The responses from the participants can be summarized as follows: 33 respondents chose margarine products based on brand, followed by three respondents based on habit (Table 2). Brand consideration is crucial for the majority of respondents due to the high frequency of promotions (advertisements) that are aired, especially during the Ramadan period. Messages that resonate with consumers, coupled with high frequency, leave a lasting impression on the audience. Manufacturers successfully enter the share of mind and share of heart, ultimately leading to share of wallet or the decision to purchase (Paradis et al., 2019).

Habit is the second consideration in product selection. Respondents choosing this option reasoned that the product is something they regularly consume and has not resulted in a bad experience. They are not swayed by discounts offered by competitors. Charng et al. (1988) suggest that habit is a semi-automatic performance of behaviour. The more frequently a behaviour is performed, the more it becomes habitual. As a result, they may lose deliberate character because existing habits are no longer solely guided by attitudes and intentions, but rather by the automation of stimuli and responses. Price and eco-label were not chosen by the respondents as considerations. They felt that the products offered did not have a wide price range. Additionally, consumers were unaware of the presence of eco-labels on the packaging of the products being sold.

When researchers showed the products, only three respondents were interested in reading the labels and nutritional information. However, after being provided with information about the products, 31 respondents expressed willingness to consume eco-labelled products in the future. The factor of price being the same as branded products was cited frequently by the respondents as a reason for this willingness. In a more in-depth interview, when researchers asked if the price of eco-labelled products increased, 31 respondents who confirmed their willingness to switch to eco-labelled products stated that they were willing to pay more, up to 10 percent more than the price of non-eco-labelled branded products. This willingness reflects their attitude and concrete action towards sustainable consumption.

Based on the current situation, it can be observed that public awareness of products with eco-labels exists, although consumer scrutiny and producer education are lacking. Respondents' lack of awareness regarding eco-labelled margarine indicates insufficient education and dissemination of information about these products. This condition aligns with the statement by Nasir and Saputro (2019) that limited promotion and narrow advertising coverage pose challenges to the appeal of environmentally friendly products. Therefore, it is a collective responsibility of civil society organizations, consumer associations, and other stakeholders such as RSPO to campaign for the consumption of sustainable products, including margarine. Manufacturers of eco-labelled margarine are also expected to continue informing the public about their sustainable products.

## CONCLUSION

Indonesia, as the largest global producer and consumer of margarine, bears significant responsibility in presenting sustainable products. Initiatives from margarine producers like *Blue Band* deserve appreciation for their commitment to providing safe products for both current consumers and future generations. However, despite the introduction of eco-labelled margarine, consumer awareness leading to purchasing decisions has not

reached its full potential. The information gap regarding sustainable products remains a challenge. Collaboration among various stakeholders, including civil society organizations, consumer associations, and RSPO, is crucial. Producers need to take numerous steps to promote sustainable products. Government involvement through various policies also needs to be accelerated. On the other hand, consumers also need education so that their purchasing behaviour starts to rely on awareness to participate in sustainability efforts.

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