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Strategic and Management Challenges in Marketing Certified Sustainable Palm Oil Products: A Case Study of PT Perkebunan Nusantara IV

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Abstrak

Studi ini bertujuan untuk (1) mengidentifikasi faktor internal dan eksternal yang berkontribusi terhadap penurunan penjualan minyak sawit berkelanjutan bersertifikat di PT Perkebunan Nusantara IV (PTPN IV), (2) mengevaluasi kesesuaian model sertifikasi RSPO Mass Balance dengan tuntutan pasar global yang terus berkembang, dan (3) mengusulkan rekomendasi strategis untuk memperoleh kembali keunggulan kompetitif. Dengan menggunakan pendekatan studi kasus kualitatif, data dikumpulkan dari laporan penjualan internal dan wawancara mendalam dengan personel manajemen utama. Analisis menggabungkan evaluasi internal bauran pemasaran 9P dengan penilaian PESTLE eksternal, yang berpuncak pada matriks SWOT yang komprehensif. Temuan mengungkapkan ketidakselarasan kritis antara ketergantungan PTPN IV pada model Mass Balance dan pasar yang semakin menuntut ketertelusuran penuh melalui sistem Identity Preserved (IP) atau Segregated (SG). Ketidakselarasan ini menyebabkan penurunan pendapatan yang dramatis dari 2023 hingga 2025, menciptakan "paradoks keberlanjutan" di mana kepatuhan terhadap sertifikasi menghasilkan pengembalian keuangan yang menurun. Studi ini menyimpulkan bahwa penerapan model sertifikasi tingkat lebih tinggi, didukung investasi dalam teknologi ketertelusuran dan pemasaran digital, sangat penting bagi PTPN IV untuk menyelesaikan paradoks ini dan memulihkan daya saing.

Kata kunci: Strategi pemasaran; Analisis SWOT; PTPN IV; Neraca massa; Identitas terjaga

Abstract

This study aims to (1) identify the internal and external factors contributing to the declining sales of certified sustainable palm oil at PT Perkebunan Nusantara IV (PTPN IV), (2) evaluate the alignment of the RSPO Mass Balance certification model with evolving global market demands, and (3) propose strategic recommendations to regain competitive advantage. Using a qualitative case study approach, data were collected from internal sales reports and in-depth interviews with key management personnel. Analysis combined an internal 9P marketing mix evaluation with an external PESTLE assessment, culminating in a comprehensive SWOT matrix. Findings reveal a critical misalignment between PTPN IV's reliance on the Mass Balance model and a market increasingly demanding full traceability through Identity Preserved (IP) or Segregated (SG) systems. This misalignment led to a dramatic revenue decline from 2023 to 2025, creating a "sustainability paradox" where adherence to certification yields diminishing financial returns. The study concludes that adopting higher-tier certification models, supported by investments in traceability technology and digital marketing, is essential for PTPN IV to resolve this paradox and restore competitiveness.

*Keywords**:** marketing strategy; SWOT analysis; PTPN IV; Mass Balance; Identity Preserved*

1. Introduction

The global agribusiness sector is undergoing a profound transformation, driven by a paradigm shift towards sustainable and ethical sourcing. Heightened consumer awareness, stringent regulatory pressure, and the proliferation of corporate Environmental, Social, and Governance (ESG) commitments have elevated sustainability from a peripheral concern to a fundamental prerequisite for market access (Mukhsin & Suryanto, 2022). This is particularly evident in the food, cosmetics, and biofuel industries, where supply chain transparency is no longer a value-added feature but a core expectation. Within this context, the palm oil sector has become a focal point of intense scrutiny due to its historical association with deforestation, biodiversity loss, and social conflicts. In response, sustainability certification schemes such as the Roundtable on Sustainable Palm Oil (RSPO) and Indonesian

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Sustainable Palm Oil (ISPO) have emerged as critical instruments for producers to demonstrate compliance with responsible practices and maintain market legitimacy.

PT Perkebunan Nusantara IV (PTPN IV) stands as a dominant force in both the Indonesian and global palm oil markets. A state-owned enterprise (BUMN), it recently underwent a massive restructuring, consolidating numerous plantations under a new sub-holding entity branded as "PalmCo". This merger created one of the world's largest palm oil companies by managed land area, with a target of over 600,000 hectares and a workforce of approximately 62,752 employees operating across eight provinces. This immense scale establishes PTPN IV not as a minor actor but as a state-backed giant whose strategic decisions carry industry-wide implications. The company's official vision is "To become a global company based on integrated and sustainable agribusiness," a declaration that frames the central tension explored in this study: the gap between stated ambition and market reality.

This situation presents a critical "sustainability paradox" for the company (Sundaraja, Hine, & Lykins, 2021). PTPN IV is incurring the significant financial costs and operational complexities associated with achieving and maintaining sustainability certification, yet the anticipated market benefits namely premium pricing and robust demand are rapidly eroding. This paradox forms the central puzzle this paper seeks to diagnose and resolve, questioning the viability of a sustainability strategy that yields diminishing financial returns.

This study aims to achieve three primary objectives:

1) To diagnose the internal and external factors contributing to the declining performance of PTPN IV's certified palm oil products.
2) To evaluate the strategic alignment of its current certification model (RSPO Mass Balance) with evolving global market demands.
3) To formulate actionable strategic recommendations for PTPN IV to regain its competitive advantage in the sustainable palm oil market.

The contribution of this paper is twofold. For academics, it offers a nuanced, in-depth case study of a major state-owned enterprise grappling with the complex realities of sustainable marketing. For industry practitioners, it provides a data-driven analysis and a strategic roadmap for navigating the evolving landscape of global agribusiness, where the standards for sustainability are constantly being redefined. The sheer scale of the PalmCo merger introduces a critical dynamic; while creating immense strengths like economies of scale, it also fosters significant organizational inertia and bureaucratic hurdles. This internal tension, a direct consequence of its recent consolidation, fundamentally constrains the company's ability to pivot its strategy with the agility required by today's premium markets, representing a significant, unstated variable in its current struggles.

2. Literature Review

The analysis is grounded in two foundational business theories. First, Sustainability Theory, as conceptualized by Elkington's (1997) "Triple Bottom Line," provides the overarching framework. It posits that sustainable corporate performance must be measured not only by economic profit but also by its environmental and social impact. This holistic view is essential for understanding the multiple dimensions of PTPN IV's challenge.

Second, Michael Porter's (1985) Competitive Advantage Theory offers a lens for strategic diagnosis. Porter identifies two primary pathways to superior performance: cost leadership and differentiation. The production of certified palm oil, which inherently involves higher operational and auditing costs, is fundamentally a differentiation strategy. Success depends on the ability to command a price premium that outweighs these additional costs. The erosion of this premium at PTPN IV signifies a critical failure of its differentiation strategy, forcing it into a precarious position where it bears the costs of differentiation while being subjected to the price pressures of a cost leadership environment.

The role of sustainability certifications like RSPO has evolved significantly since their inception. The RSPO framework includes a hierarchy of supply chain models with varying levels of traceability and integrity: Book & Claim (least stringent), Mass Balance (MB), Segregated (SG), and Identity Preserved (IP) (most stringent).1 The Mass Balance model allows for the mixing of certified and non-certified palm oil in the supply chain, with the volume of certified sales matched to the volume of certified purchases.

While the MB model was an important initial step in promoting sustainable practices, recent literature indicates a decisive market shift towards models that offer greater assurance. Studies such as Koh et al. (2018) highlight that the SG model, which ensures physical separation of certified and non-certified oil, provides superior transparency. Furthermore, research by Zhou & Zhang (2020) demonstrates that higher-tier certifications like IP can command price premiums of 10-15%, significantly greater than the marginal premiums associated with the MB model. This shift in market preference is central to understanding PTPN IV's current predicament.

In Indonesia, consumer awareness regarding palm oil certification remains relatively low. Gunawan et al. (2021) highlight that domestic buyers tend to prioritize price and availability over sustainability labels. This lack of market literacy creates challenges for companies such as PTPN IV, which aim to leverage certification to capture higher value in local markets. To overcome this, public campaigns and government involvement are crucial to raise consumer understanding of sustainable palm oil.

The Indonesian government has made ISPO certification mandatory as part of its sustainable palm oil policy. According to the Ministry of Agriculture (2022), ISPO aims to improve governance in the palm oil sector and reduce the negative perceptions of Indonesian palm oil in international markets. In this regard, government regulation provides both pressure and support for companies like PTPN IV to comply and compete globally.

Sustainability certification plays a vital role in enhancing the competitiveness of palm oil products in international markets. According to Tan et al. (2022), sustainability certifications such as RSPO and ISPO serve as tools for improving both the environmental reputation of companies and their access to global value chains. Rahman and Lim (2021) further emphasize that although certification offers opportunities to enter premium markets, the process also requires substantial costs for compliance and monitoring. This is consistent with findings by Koh et al. (2018), who argue that supply chain models such as *Segregated* and *Identity Preserved* provide better assurance of sustainability but involve higher operational complexities.

3. Methods

This study adopts a qualitative study design. This approach was chosen for its suitability in conducting an in-depth, contextual exploration of a complex organizational phenomenon within its real-world setting. The "case" under investigation is the marketing strategy for certified sustainable palm oil products within PT Perkebunan Nusantara IV. The qualitative nature of the research allows for a rich understanding of the perceptions, experiences, and strategic thinking of key decision-makers inside the organization.

Data was gathered from both primary and secondary sources to ensure a comprehensive and triangulated analysis.

- Primary Data: The core of the primary data consists of semi-structured, in-depth interviews with eleven key informants within PTPN IV's management structure. Interviewees included senior personnel such as the Head of the Supply Chain Division, the Head of Commodity Logistics, and various managers and assistants responsible for marketing, logistics, and supply chain evaluation.1 This provided direct access to the strategic rationale and perceived challenges related to the certified products portfolio.
- Secondary Data: The quantitative foundation of the research problem was established through internal company sales reports detailing the revenue from certified products from 2021 to 2025. This data was supplemented by a review of official corporate documents, including annual reports and sustainability statements, to provide broader organizational context.
  1) The data analysis followed a systematic, multi-step process designed to integrate qualitative and quantitative findings into a coherent strategic diagnosis.
  2) Thematic Analysis of Interviews: The transcripts from the in-depth interviews were subjected to a rigorous thematic analysis. Key statements, challenges, and observations were coded and categorized according to the predefined constructs of the 9P and PESTLE frameworks.
  3) Internal Factor Evaluation: The themes derived from the interviews were systematically classified as either organizational Strengths or Weaknesses, populating the internal analysis section of the SWOT framework using the 9P Marketing Mix as a guide.
  4) External Factor Evaluation: Themes related to the macro-environment were similarly classified as either market Opportunities or Threats, populating the external analysis section based on the PESTLE framework.
  5) SWOT Matrix Integration: The outputs from the internal and external evaluations were synthesized into a comprehensive SWOT matrix. This final step allowed for the systematic generation of strategic alternatives (SO, ST, WO, WT strategies) by matching internal capabilities and vulnerabilities with external possibilities and pressures.

It is important to acknowledge a potential limitation inherent in this methodology: a "management bias." The exclusive reliance on interviews with high-level managers provides a valuable strategic overview but may not fully capture the operational realities and implementation challenges faced at the ground level. For instance, while management may describe a Standard Operating Procedure (SOP) as "well-documented" (a strength), plantation-level staff might find it impractical or lacking the necessary technological support, revealing a hidden weakness not visible from the top down.

4. Results

The strategic challenge facing PTPN IV is not theoretical; it is quantified by a stark and precipitous decline in revenue from its certified products. The sales data from 2021 to 2025 provides the critical evidence that frames the urgency of this analysis.

Table 1. Sales Performance of Certified Palm Oil Products (2021-2025)

Year	Total Sales (IDR)
2021	144,692,585,000
2022	224,345,205,000
2023	288,614,880,000
2024	168,407,700,000
2025	41,883,550,000

The data in Table 1 illustrates a clear narrative: a period of strong growth from 2021 to a peak in 2023, followed by a catastrophic collapse in 2024 and 2025. This is not a gradual erosion but a rapid market rejection that demands a thorough explanation, moving the research problem from a general concern to a concrete business crisis.

The internal analysis, guided by the 9P framework and informed by management interviews, reveals a company with a dualistic character.

4.1 Strengths

PTPN IV's strengths are rooted in its immense scale and state backing. These include vast economies of scale in production, an extensive domestic distribution network, a strong BUMN reputation, and the foundational credibility of holding both ISPO and RSPO certifications. As one manager confirmed, "*Sertifikasi ISPO dan RSPO menjadi kekuatan utama produk PTPN IV*" (ISPO and RSPO certification is the main strength of PTPN IV's product).

4.2 Weaknesses

Conversely, the company's weaknesses lie in its market-facing capabilities and operational agility. Key weaknesses identified include:

- High Production Costs: The costs associated with maintaining certification and sustainable practices make it difficult to compete on price. An interviewee noted, “The premium price of our certified product struggles to compete with non-certified products”.
- Limited Innovation: There is a significant lack of innovation in developing value-added, high-margin product derivatives, particularly those requiring stricter traceability like IP or SG grades.
- Deficient Digital Marketing: The company has a minimal digital marketing and social media presence, hindering its ability to communicate its sustainability story directly to a global audience.
- Operational Inefficiencies: PTPN IV suffers from a dependence on third-party logistics and is hampered by slow internal bureaucracy and a "multiple-approval" process that delays decision-making. As another manager stated, “A limitation of trained human resources in digital marketing and traceability technology”.

The PESTLE analysis of the external environment reveals a landscape of both significant opportunity and existential threat.

4.3 Opportunities

The primary opportunities include a growing global trend of "green consumerism," the expansion of B2B e-commerce platforms for agricultural commodities, and domestic policies mandating biodiesel use (B30/B40), which increases demand for CPO.1 Furthermore, emerging carbon markets present a potential new revenue stream through the sale of carbon credits.

4.4 Threats:

The threats are formidable and immediate. They include persistent negative campaigns by international NGOs, global CPO price volatility, and trade protectionism in key markets. However, the most critical threat is the rise of stringent legal regulations demanding full supply chain traceability, most notably the European Union Deforestation Regulation (EUDR) and the US Lacey Act. These regulations effectively render products certified under the Mass Balance model non-compliant for entry into these lucrative markets, posing a direct and severe threat to PTPN IV's current strategy.

The integration of the internal and external analyses culminates in the SWOT matrix, which provides a synthesized overview of PTPN IV's strategic position.

Table 2. SWOT Analysis Matrix for PTPN IV's Certified Product Strategy

	Strengths (S)	Weaknesses (W)
Opportunities (O)	**SO Strategies:** Leverage the PalmCo brand and eco-friendly product range to capture e-commerce growth and green consumer trends. Use the extensive distribution network to meet domestic biodiesel demand and access new markets via harmonized international standards.	**WO Strategies:** Invest in digital marketing capabilities and technology to capitalize on B2B/B2C e-commerce growth. Develop R&D facilities to create innovative products that meet the demand from green consumerism.
Threats (T)	**ST Strategies:** Use brand reputation and official certifications (RSPO/ISPO) to counter negative NGO campaigns with transparent data. Implement competitive export pricing to mitigate global price fluctuations.	**WT Strategies:** Improve internal process efficiency to minimize the impact of high production costs and global price volatility. Diversify logistics partners to reduce dependence on third parties and mitigate policy risks. Streamline bureaucracy to respond faster to changing sustainability standards and avoid penalties.

5. Discussion

The sales collapse depicted in the findings is not a cyclical market downturn but the direct consequence of a strategic miscalculation (Jafari et al., 2017). The analysis clearly connects the external market's shift towards full traceability (a key threat) with PTPN IV's continued reliance on the RSPO Mass Balance model (an internal strategic choice). The literature confirms that premium markets are willing to pay more for the higher assurance of SG and IP models. Therefore, the conclusion is inescapable: the MB model, while once a viable standard, is becoming commercially obsolete for companies targeting premium, regulation-heavy markets.

Legislation like the EUDR is the catalyst that transforms this market preference into a non-negotiable requirement. By mandating geo-located, deforestation-free traceability from the plot of land to the final product, EUDR makes full traceability a prerequisite for market entry. This effectively disqualifies products under the MB system, which by design cannot provide this level of assurance. PTPN IV's adherence to this model is no longer just a strategic weakness; it is a barrier to accessing one of the world's most valuable markets.

The question remains: why is a company of PTPN IV's scale and resources stuck in this paradox? The answer lies in the confluence of its internal weaknesses. The "slow internal bureaucracy" and resistance to change, exacerbated by its recent, massive consolidation, prevent the organization from making the agile pivot necessary to adapt to rapid market shifts. This organizational inertia creates a dangerous negative feedback loop. The company invests heavily in the costs of certification (a weakness) but fails to reap the corresponding price premium (a market reality). This compresses margins and leads to the dramatic revenue decline observed. The risk is that management, seeing negative returns, could wrongly conclude that sustainability itself is unprofitable and reduce investment, a decision that would be catastrophic for its long-term market access and reputation.

A critical finding is PTPN IV's failure to effectively leverage its considerable strengths to capture clear market opportunities. It possesses a strong, state-backed brand ("PalmCo") and official certifications, yet it fails to use them in a compelling brand narrative through digital channels to engage with the "green consumerism" trend. It has a massive production capacity, one of the largest in the world, yet it is not channeling this into innovating the high-value, fully traceable IP and SG products that the market is signaling it wants. This disconnect suggests a deep-seated organizational culture that remains production-focused rather than market-driven, prioritizing volume over value and failing to align its immense industrial power with the nuanced demands of its target customers.

The predicament of PTPN IV offers a powerful real-world illustration of Michael Porter's concept of being "stuck in the middle." The company is attempting to pursue a differentiation strategy (through certification) but is failing to differentiate in a way the market values. As a result, it cannot command a premium price and is forced to compete on cost, a battle it is ill-equipped to win due to the high overhead of its sustainability practices. It has incurred the costs of a differentiator but is receiving the returns of a cost leader, leading to unsustainable financial performance and a failing strategy.

6. Conclusion

The precipitous decline in PT Perkebunan Nusantara IV's certified palm oil sales is the direct result of a strategic adherence to an increasingly outdated RSPO Mass Balance certification model. This strategy is fundamentally misaligned with a global market that, driven by regulatory imperatives like the EUDR and evolving consumer expectations, now demands the full traceability and integrity offered by Identity Preserved and Segregated systems. The company's ability to adapt to this new reality is severely hampered by significant internal weaknesses, including a lack of product innovation, deficient digital marketing capabilities, and a slow, bureaucratic culture that stifles organizational agility. PTPN IV is caught in a sustainability paradox, where its investment in a certified standard is yielding negative financial returns, threatening both its profitability and its long-term market position.

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