

# Analysis of the Impact of Product Innovation, Market Diversification, and Branding Strategies on Global Competitiveness through the Unique Value of Indonesian Palm Oil Exports

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## ABSTRACT

This study examines the impact of product innovation, market diversification, and branding strategies on global competitiveness through the mediating role of unique value in Indonesian palm oil exports. Using a quantitative approach, data were collected from 150 respondents representing exporters, producers, government officials, and industry associations. A structured questionnaire employing a Likert scale (1–5) was used, and the data were analyzed with Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). The results demonstrate that product innovation, market diversification, and branding strategies all have significant positive effects on unique value and global competitiveness. Furthermore, unique value is shown to play a partial mediating role, indicating that differentiation through sustainability, traceability, and product quality strengthens the effectiveness of these strategies. The findings highlight the necessity of shifting from a quantity-based to a value-based model of palm oil exports to secure Indonesia's position in the global market. This study contributes both theoretically by extending competitiveness frameworks with unique value mediation and practically by offering strategic insights for policymakers and industry stakeholders.

**Keywords:** *Product Innovation, Market Diversification, Branding Strategies, Unique Value, Global Competitiveness*

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## 1. INTRODUCTION

The palm oil industry plays a strategic role in Indonesia's economic development as one of the country's largest export commodities. Indonesia is the world's leading producer and exporter of palm oil, contributing significantly to foreign exchange earnings, rural employment, and national development. However, in facing increasingly dynamic global trade, Indonesian palm oil must address various challenges, including environmental issues, international market competition, fluctuating commodity prices, and the need for sustainable value creation. To maintain and strengthen its position in the international arena, strategies cannot rely solely on cost efficiency and production scale but must also focus on enhancing the unique value of palm oil exports through innovation, diversification, and branding. One important strategy is the development of downstream industries by processing crude palm oil (CPO) into higher-value products, both for export and as substitutes for imported goods, which can significantly increase foreign exchange earnings while reducing dependency on raw CPO exports [1]. Improving the productivity of independent palm oil farmers is also crucial to ensuring adequate CPO supply for downstream industry growth [1]. In addition, market diversification and stronger branding should be pursued by expanding into emerging markets while maintaining traditional ones, as well as by optimizing research and development for upstream efficiency and downstream product diversification [2]. Establishing trade agreements with export destination countries is also essential to overcoming tariff barriers and improving market access [3]. Furthermore, the industry must address non-tariff barriers and the stigma of being environmentally unfriendly, which hinders market entry, by strengthening sustainable palm oil industry governance [2]. Government interventions such as domestic allocation

pricing have negatively impacted competitiveness, highlighting the need for policy reforms to enhance Indonesia's global standing in the palm oil industry [4].

Product innovation is a key driver for improving the quality, functionality, and sustainability of palm oil derivatives, as it enables the creation of value-added products such as bioenergy, specialty fats, and oleochemical derivatives, which can expand Indonesia's global market presence and reduce its reliance on raw crude palm oil (CPO) exports. This approach not only diversifies the product portfolio but also aligns with global sustainability trends, thereby enhancing competitiveness. Oil palm biomass can be transformed into biofuels like ethanol and butanol, as well as chemicals such as volatile fatty acids and biodegradable plastics [5], while the production of biofuels from palm oil is viewed as a sustainable alternative to fossil fuels, addressing pressing environmental issues such as greenhouse gas emissions [6], [7]. In parallel, market diversification is essential to reduce dependence on traditional buyers such as India, China, and the European Union by expanding into emerging markets in Africa, the Middle East, and Latin America, thereby opening new avenues for growth [8]. The adoption of circular economy strategies further enhances industry resilience by minimizing waste and diversifying products, ultimately increasing profitability [8]. Alongside innovation and diversification, strong branding is equally vital in positioning Indonesian palm oil as a trusted, sustainable, and ethical product with distinct characteristics that meet the rising global demand for environmentally friendly goods. Certification schemes such as the Indonesian Sustainable Palm Oil (ISPO), which aligns with international standards like the EU Renewable Energy Directive, improve the marketability of Indonesian palm oil in Europe [7], while strong branding initiatives can solidify its reputation as a sustainable and ethical choice for environmentally conscious consumers [7].

Global competitiveness today is not only determined by production capacity and price efficiency but also by the ability to offer unique value that differentiates a product from its competitors, and in the case of palm oil, this unique value can be developed through innovation, diversified market reach, and branding that highlights sustainability, quality assurance, and local advantages. Strengthening such unique value acts as a mediating factor that translates strategic initiatives into enhanced competitiveness in global markets, with green innovations playing a pivotal role by leveraging green intellectual capital, organizational culture, and information technology to achieve a green competitive advantage that enhances corporate sustainability [9]. Continuous innovation in production processes and product offerings further reduces environmental impact and improves product quality, thereby increasing palm oil's global appeal [9]. Market diversification is equally essential, as seen in Colombia's palm oil sector, which has been recognized for its potential to become a world-class industry by focusing on refined, bleached, and deodorized (RBD) palm oil with strong international demand [10], while Indonesia relies on strategic factors such as economic diplomacy and macroeconomic stability to sustain its competitive edge in the global crude palm oil market [11]. Branding that emphasizes sustainability and local advantages also plays a critical role, as demonstrated by companies like IOI Corporation, which have improved yields and cost efficiencies to strengthen competitiveness [12], while the adoption of sustainable practices not only enhances corporate image but also ensures compliance with increasingly stringent environmental regulations, which are vital for maintaining and expanding access to international markets [11].

Based on these considerations, this study aims to analyze the impact of product innovation, market diversification, and branding strategies on global competitiveness through the unique value of Indonesian palm oil exports. The findings of this study are expected to provide theoretical

contributions in the field of international trade and strategic management, as well as practical insights for policymakers, industry players, and palm oil stakeholders in formulating strategies to enhance Indonesia's competitive edge in the global market.

## 2. LITERATURE REVIEW

### 2.1 *Product Innovation*

Product innovation in Indonesia's palm oil sector is crucial for enhancing sustainability, efficiency, and product safety standards, not only through the creation of new derivatives but also by improving existing processes to meet global demands and reduce environmental impact. Schumpeter's theory of innovation emphasizes that continuous innovation is key to maintaining competitiveness, which is particularly relevant as Indonesia seeks to diversify its palm oil products beyond crude exports by focusing on biofuels, green chemicals, and high-value oleochemicals to capture niche markets and enhance global value. Sustainability-oriented process innovation plays a vital role in shaping product markets by refining processes to reduce harmful by-products and developing palm-based products that meet safety and health standards [13], [14], with examples such as low free fatty acid crude palm oil and palm-based functional lipids demonstrating how process improvements support sustainability [14]. At the same time, green innovation serves as a mediator for achieving green competitive advantage, leveraging green intellectual capital, organizational culture, and information technology to enhance corporate sustainability, while also reducing carbon emissions and environmental damage, thereby improving corporate image [9]. The integration of Green Human Resources Management (GHRM) and green commitment further fosters an environment conducive to innovation by aligning employee efforts with environmental goals, supporting sustainable practices, reducing greenhouse gas emissions, and ensuring the long-term sustainability of the palm oil industry [15].

### 2.2 *Market Diversification*

Export market diversification is a strategic approach that can significantly enhance Indonesia's economic resilience and growth by reducing dependency on a few major markets, such as India, China, and the European Union, through expanding trade activities into new geographical regions and consumer segments to mitigate risks associated with policy shifts, trade restrictions, and fluctuating demand. Empirical evidence shows that diversification not only strengthens export resilience but also increases bargaining power and long-term competitiveness by ensuring that key commodities are not overly reliant on limited buyers, as diversified markets contribute to greater economic stability, reduced volatility in export revenues, and sustainable growth [16], [17]. Moreover, accessing a wider range of trade opportunities fosters innovation and competitiveness [16], while countries with a diversified export basket experience lower growth volatility, which is particularly beneficial for Indonesia's stability [17]. Nonetheless, challenges remain in implementing diversification, including infrastructural deficiencies, regulatory differences across markets, and the need for technological advancement to enhance export capabilities [16]. Potential new markets that Indonesia could strategically target include the Middle East—such as Turkey, Tunisia, and Morocco—which presents promising opportunities [18], as well

as Africa and Latin America, both of which offer untapped potential for expanding trade activities and reducing reliance on traditional markets [19].

### 2.3 *Branding Strategies*

Branding in the palm oil industry is crucial for establishing a distinctive market position, particularly in an era where environmental and ethical considerations increasingly shape consumer preferences, with strategies such as certification labels (RSPO and ISPO), sustainability campaigns, and national branding initiatives helping to differentiate Indonesian palm oil as ethical, sustainable, and high-quality. These approaches enhance brand equity, which represents the set of assets and liabilities associated with a brand that influence customer perception, loyalty, and overall market performance [20]. In the palm oil sector, certification labels and sustainability campaigns strengthen brand equity by aligning products with consumer values on ethical and environmental issues [20], [21], while branding in commodities like palm oil focuses on building a reputation for quality and ethical production, which is vital in business-to-business markets where supply reliability is key [22]. National branding initiatives further emphasize the sustainable and ethical aspects of Indonesian palm oil, reinforcing differentiation from competitors [20], [23]. Ultimately, strong branding provides a competitive advantage by enhancing trust, reducing perceived risk, and adding symbolic value to palm oil products [20], [24], thereby supporting export performance and improving Indonesia's competitiveness in global markets [23].

### 2.4 *Unique Value of Palm Oil*

Indonesian palm oil's unique value in the global market comes from both tangible attributes, such as product quality and variety, and intangible aspects like sustainability certifications, traceability, and cultural branding. These factors strengthen competitiveness through eco-certifications, downstream processing, and strategic branding. The Indonesian Sustainable Palm Oil (ISPO) certification promotes sustainability and compliance with international regulations such as the EU's deforestation-free directive [25], [26], while the Roundtable on Sustainable Palm Oil (RSPO) enhances global market acceptance [25]. However, reliance on crude palm oil (CPO) exports limits value capture, making downstream development and refined processing essential for improving quality and market position [27], [28]. Cultural and environmental branding further differentiates Indonesian palm oil, establishing a distinct identity in global markets [27].

### 2.5 *Global Competitiveness*

The competitiveness of Indonesia's palm oil industry is multifaceted, encompassing production efficiency, environmental responsiveness, and strategic market positioning, with empirical studies showing that although Indonesia is a leading producer, sustaining its competitive edge requires addressing internal and external challenges such as labor productivity, exchange rate fluctuations, and government interventions that often impact pricing and competitiveness [4]. Global dynamics—including economic conditions, importers' policies, and increasingly stringent environmental regulations—also shape the industry's competitive landscape, where favorable exchange rates, global CPO prices, and economic growth strengthen competitiveness, while inflation in importing countries creates hurdles [11]. Export performance, as

reflected in the Revealed Comparative Advantage (RCA) index, confirms that Indonesian palm oil maintains strong positions in major markets despite variations across countries [29], [30]. To sustain and expand this position, strategic emphasis must be placed on improving production quality, enhancing supply chain efficiency, and adopting adaptive policies to capture emerging opportunities in global markets [11].

### 3. METHODS

#### 3.1 Research Design

This study employs a quantitative research design to analyze the relationship between product innovation, market diversification, branding strategies, unique value, and global competitiveness in the Indonesian palm oil export sector. The research framework is developed based on previous theories and empirical studies, with hypotheses tested using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3). This method was chosen because it is suitable for predictive modeling, handling complex relationships among latent variables, and accommodating relatively small to medium sample sizes.

#### 3.2 Population and Sample

The population of this study consists of stakeholders in the Indonesian palm oil industry, including exporters, producers, government representatives, and trade associations. A purposive sampling technique was applied to select respondents with sufficient knowledge and experience regarding palm oil exports, product development, and market strategies. A total of 150 respondents were included in the analysis, which meets the recommended sample size for SEM-PLS analysis to ensure statistical validity and reliability.

#### 3.3 Data Collection

Primary data were collected through a structured questionnaire distributed via online platforms and direct communication, designed to measure perceptions of product innovation, market diversification, branding strategies, unique value, and the global competitiveness of Indonesian palm oil. Responses were assessed using a Likert scale from 1 (strongly disagree) to 5 (strongly agree), enabling the quantification of attitudes and perceptions. The research variables were operationalized as follows: product innovation, measured by indicators such as development of new derivatives, quality improvement, sustainability innovation, and technology adoption; market diversification, measured by expansion to new geographical regions, penetration of emerging markets, risk reduction strategies, and customer segment development; branding strategies, measured by certification usage, brand identity, sustainability campaigns, and product differentiation; unique value, measured by sustainability certification, traceability, product distinctiveness, and downstream processing; and global competitiveness, measured by market share, international reputation, compliance with global standards, and the ability to maintain long-term growth.

#### 3.4 Data Analysis Technique

The collected data were analyzed using SEM-PLS 3 software through several steps, beginning with descriptive analysis to summarize respondents' demographic characteristics and provide an overview of their responses. The measurement model (outer model) was then evaluated to test indicator reliability and validity, including assessments of convergent validity (factor loadings, Average Variance Extracted/AVE), discriminant validity, and construct reliability using Composite Reliability and Cronbach's Alpha. Next, the structural model (inner model) was examined to analyze relationships among variables through path coefficients,  $R^2$  values, and predictive relevance ( $Q^2$ ). Finally, hypothesis testing was conducted using the bootstrapping

procedure in PLS with a 5% significance level, where a t-statistic greater than 1.96 indicated significance.

## 4. RESULTS AND DISCUSSION

### 4.1 Descriptive Findings

The descriptive analysis provides an overview of the respondents' profiles and their general perceptions of the research variables, namely product innovation, market diversification, branding strategies, unique value, and global competitiveness of Indonesian palm oil exports. The study involved 150 respondents drawn from key stakeholders in the palm oil export industry, including company executives (35%), export and trade managers (30%), government representatives (15%), members of palm oil associations (10%), and professionals involved in supply chain and logistics (10%). In terms of working experience, 55% of respondents had more than 10 years of involvement in the palm oil sector, 30% had 5–10 years, and the remaining 15% had less than 5 years. Educational backgrounds were predominantly undergraduate (50%) and postgraduate (40%), with the rest holding vocational or professional qualifications. This distribution reflects a knowledgeable and experienced sample capable of providing reliable insights into the dynamics of Indonesian palm oil exports.

The descriptive statistics of variables show that the mean values for all constructs, measured on a Likert scale (1 = strongly disagree, 5 = strongly agree), were above the midpoint of 3.00, indicating generally positive perceptions. Product innovation received a mean score of 4.12, with the development of derivative products such as biofuels and oleochemicals rated highest, reflecting recognition of the industry's shift toward higher value-added exports. Market diversification recorded a mean score of 3.95, with the strongest indicator being reduced dependency on traditional buyers (India, China, and the EU) through expansion into Africa and the Middle East. Branding strategies scored a mean of 4.08, where sustainability certifications like ISPO and RSPO were rated most important in strengthening global trust and reputation. Unique value earned a mean of 4.05, highlighting sustainability, traceability, and product differentiation as Indonesia's key competitive strengths. Finally, global competitiveness recorded a mean score of 4.00, suggesting respondents view Indonesia as internationally competitive while noting the need to further emphasize environmental sustainability and downstream processing to maintain long-term advantages.

### 4.2 Measurement Model Results

The evaluation of the measurement model (outer model) was carried out to ensure that the constructs used in this study were both valid and reliable before moving on to the structural model analysis. The assessment covered convergent validity, discriminant validity, and construct reliability. Convergent validity was tested using factor loadings, Average Variance Extracted (AVE), and composite reliability, with all indicator loadings exceeding the recommended threshold of 0.70, indicating that each indicator strongly represented its corresponding construct. The AVE values for all constructs were above 0.50, confirming that more than half of the variance in the indicators was explained by the latent constructs. Specifically, the AVE values were 0.617 for Product Innovation, 0.632 for Market Diversification, 0.654 for Branding Strategies, 0.665 for Unique Value, and 0.648 for Global Competitiveness, thereby demonstrating that all constructs satisfied the criteria for convergent validity.

Discriminant validity was assessed using the Fornell-Larcker criterion and cross-loading analysis. The square root of each construct's AVE was higher than its correlation with other constructs, confirming that each construct was distinct from the others. Furthermore, all indicators showed higher loadings on their associated constructs compared to other constructs, reinforcing discriminant validity. Reliability was then evaluated through Cronbach's Alpha and Composite Reliability (CR), with all values exceeding the recommended threshold of 0.70, indicating strong internal consistency. The results were as follows: Product Innovation (Cronbach's Alpha = 0.842, CR

= 0.881), Market Diversification (Cronbach's Alpha = 0.832, CR = 0.875), Branding Strategies (Cronbach's Alpha = 0.852, CR = 0.895), Unique Value (Cronbach's Alpha = 0.869, CR = 0.903), and Global Competitiveness (Cronbach's Alpha = 0.843, CR = 0.884). These findings confirm that all constructs were both reliable and valid for further structural model evaluation.

### 4.3 Structural Model Results

After confirming the validity and reliability of the measurement model, the structural (inner) model was evaluated to examine the relationships among constructs by analyzing the coefficient of determination ( $R^2$ ), path coefficients, t-statistics, p-values, and predictive relevance ( $Q^2$ ). The  $R^2$  results indicate that product innovation, market diversification, and branding strategies collectively explain 58% of the variance in unique value ( $R^2 = 0.58$ ), while product innovation, market diversification, branding strategies, and unique value together account for 62% of the variance in global competitiveness ( $R^2 = 0.62$ ), suggesting that the model has moderate to strong explanatory power (Hair et al., 2019). Furthermore, hypothesis testing was conducted using bootstrapping with 5,000 resamples to determine the significance of the path coefficients.

Table 1. Hypothesis Testing

Hypothesis	Relationship	Path Coefficient ( $\beta$ )	t-statistic	p-value	Result
H1	Product Innovation $\rightarrow$ Unique Value	0.364	4.124	0.000	Supported
H2	Market Diversification $\rightarrow$ Unique Value	0.285	3.871	0.000	Supported
H3	Branding Strategies $\rightarrow$ Unique Value	0.411	5.096	0.000	Supported
H4	Unique Value $\rightarrow$ Global Competitiveness	0.442	5.223	0.000	Supported
H5	Product Innovation $\rightarrow$ Global Competitiveness	0.255	2.786	0.006	Supported
H6	Market Diversification $\rightarrow$ Global Competitiveness	0.212	2.513	0.012	Supported
H7	Branding Strategies $\rightarrow$ Global Competitiveness	0.305	3.111	0.002	Supported

The results of hypothesis testing presented in Table 1 demonstrate that all proposed hypotheses were supported, confirming the significant influence of product innovation, market diversification, branding strategies, and unique value on the global competitiveness of Indonesian palm oil. First, product innovation shows a positive and significant effect on unique value ( $\beta = 0.364$ ,  $t = 4.124$ ,  $p = 0.000$ ), suggesting that the development of derivative products, sustainability-oriented innovation, and technology adoption substantially enhance the distinctiveness and added value of Indonesian palm oil (H1). Similarly, market diversification significantly contributes to unique value ( $\beta = 0.285$ ,  $t = 3.871$ ,  $p = 0.000$ ), indicating that efforts to penetrate emerging markets and reduce reliance on traditional buyers strengthen the industry's positioning (H2). Branding strategies were found to have the strongest effect on unique value ( $\beta = 0.411$ ,  $t = 5.096$ ,  $p = 0.000$ ), highlighting the importance of sustainability certifications, traceability, and identity-driven branding in differentiating Indonesian palm oil in global markets (H3).

The findings also reveal that unique value directly and significantly enhances global competitiveness ( $\beta = 0.442$ ,  $t = 5.223$ ,  $p = 0.000$ ), confirming its role as a mediating factor that translates strategic initiatives into long-term market strength (H4). In addition, product innovation exerts a significant direct effect on global competitiveness ( $\beta = 0.255$ ,  $t = 2.786$ ,  $p = 0.006$ ), indicating that continuous innovation not only drives unique value but also directly strengthens international performance (H5). Market diversification also contributes positively to global competitiveness ( $\beta = 0.212$ ,  $t = 2.513$ ,  $p = 0.012$ ), underscoring the importance of expanding trade networks to sustain resilience in the face of global market fluctuations (H6). Finally, branding strategies significantly affect global competitiveness ( $\beta = 0.305$ ,  $t = 3.111$ ,  $p = 0.002$ ), demonstrating that strong brand equity,

built through certifications and sustainability campaigns, boosts Indonesia's reputation and trust in international markets (H7). Overall, these results confirm that innovation, diversification, and branding—mediated by unique value—are critical pillars for enhancing the global competitiveness of Indonesian palm oil.

Mediation analysis revealed that unique value partially mediates the relationships between product innovation, market diversification, and branding strategies with global competitiveness, suggesting that while these strategic factors directly enhance competitiveness, their influence becomes stronger when they simultaneously contribute to creating distinctive value for Indonesian palm oil exports. Furthermore, the Stone-Geisser  $Q^2$  test showed positive values for both endogenous constructs (Unique Value = 0.39; Global Competitiveness = 0.42), confirming that the model possesses adequate predictive relevance and is capable of explaining and predicting variations in the observed data.

### Discussion

The results of this study provide strong empirical evidence that product innovation, market diversification, and branding strategies significantly influence the global competitiveness of Indonesian palm oil exports, both directly and indirectly through the mediating role of unique value. These findings contribute to the theoretical understanding of global trade competitiveness and provide practical implications for the Indonesian palm oil industry.

First, the significant effect of product innovation on unique value and global competitiveness supports Schumpeter's innovation theory, which emphasizes innovation as a driver of competitive advantage and long-term growth. By developing downstream products such as biofuels, specialty fats, and oleochemicals, Indonesian palm oil is moving beyond its traditional reliance on crude palm oil (CPO), thereby increasing added value and creating differentiation in the global market. Empirical evidence reinforces this, as Indonesia's CPO maintains a strong competitive advantage with a Revealed Comparative Advantage (RCA) index of 4, reflecting its robust international position [30], and despite a declining trend in CPO trade over the past decade, Indonesia still controls 50% of the global market [31]. The development of downstream industries has proven to be a strategic move to sustain and enhance competitiveness even during crises such as the COVID-19 pandemic [32], with shifts toward biodiesel and adherence to Indonesian National Standards (SNI) enhancing product quality and acceptance in international markets [31]. Furthermore, downstream palm oil exports present vast potential, with 148 countries identified as prospective growth markets, although efficiency has not been maximized, as factors such as GDP, exchange rates, and trade agreements play significant roles in shaping market outcomes [33]. Consistent with these findings, this study confirms that innovation not only supports product differentiation but also strengthens market acceptance globally, particularly when aligned with sustainability principles and technological advancement.

Second, the positive relationship between market diversification and competitiveness reinforces Ansoff's growth matrix, which positions diversification as a key strategy for risk reduction and market expansion. Indonesia's reliance on major markets such as India, China, and the European Union has long posed vulnerabilities, particularly in the context of trade restrictions and environmental concerns, making expansion into emerging markets in Africa, the Middle East, and Latin America essential for strengthening resilience and unlocking new growth opportunities. Diversification not only supports economic stability and reduces revenue volatility, as countries with diversified markets are better equipped to withstand external shocks [16], but also enhances competitiveness and efficiency by enabling entry into non-traditional markets [34]. Furthermore, it fosters innovation and provides broader access to trade opportunities, thereby driving long-term economic growth [16]. Nonetheless, significant challenges persist, including infrastructural deficiencies, regulatory barriers, and the currently low competitiveness of Indonesia's non-oil and gas exports in non-traditional markets, which require strategic improvements [16], [34]. A practical example can be seen in the sweet potato export strategy of CV SNR Bumi Indonesia, where product



development was identified as a critical driver of market expansion, underscoring the importance of tailored approaches in implementing diversification strategies [35]. This study thus aligns with earlier findings that emphasize diversification as a critical factor in reducing trade risks and maintaining stable export performance.

Third, the strong impact of branding strategies on unique value and competitiveness supports Aaker's brand equity theory, which stresses the importance of brand identity, trust, and perception in shaping market outcomes. In the context of palm oil, sustainability certifications such as ISPO (Indonesian Sustainable Palm Oil) and RSPO (Roundtable on Sustainable Palm Oil) are powerful branding tools that enhance the industry's image amid global concerns over environmental degradation. The findings reveal that branding is no longer optional but essential in shaping international consumer perceptions and gaining acceptance in markets where ethical and environmental considerations dominate purchasing decisions.

Fourth, the mediating role of unique value highlights the importance of differentiation in achieving global competitiveness, consistent with Porter's theory of competitive advantage. While innovation, diversification, and branding strategies contribute to competitiveness on their own, their effectiveness is amplified when they collectively create unique value that distinguishes Indonesian palm oil from competitors. This unique value may include sustainable production practices, traceability, cultural branding, and high-quality derivative products. Such differentiation ensures that Indonesian palm oil is not seen merely as a bulk commodity but as a distinctive product with strategic advantages.

Finally, the overall findings suggest that Indonesia's global palm oil competitiveness cannot rely solely on production scale and price competitiveness. Instead, sustainable growth requires a synergistic approach, integrating innovation-driven product development, diversified market reach, and strong branding initiatives that emphasize unique value creation. This holistic strategy not only strengthens Indonesia's trade position but also addresses global criticisms regarding sustainability and environmental issues.

## CONCLUSION

This study provides empirical evidence that product innovation, market diversification, and branding strategies significantly enhance the global competitiveness of Indonesian palm oil exports, both directly and indirectly through unique value. The findings demonstrate that innovation in downstream products generates differentiation, market diversification reduces reliance on traditional buyers, and branding strategies—especially sustainability certifications—bolster Indonesia's international image. The mediating role of unique value highlights its pivotal function in translating strategic initiatives into long-term competitive advantages. From a theoretical perspective, this research enriches the literature by integrating multiple strategic variables into a single framework tested through SEM-PLS, confirming the applicability of Schumpeter's innovation theory, Ansoff's diversification model, Aaker's brand equity theory, and Porter's competitive advantage framework in the palm oil industry context.

Practically, the results indicate that policymakers, industry associations, and exporters should prioritize a value-based strategy focusing on sustainability, traceability, quality improvement, and global branding. Such an approach would enable Indonesia not only to maintain its position as the world's largest palm oil exporter but also to achieve stronger and more sustainable competitiveness in the global market. By aligning innovation, diversification, and branding with global sustainability standards, Indonesia can secure long-term growth while addressing environmental concerns and meeting the evolving demands of international consumers.

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