



Increasing market access of sustainably sourced natural products

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Guidance Document

Increasing market access of sustainably sourced natural products

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Project LENA – Local Economy and Nature Conservation in the Danube Region –
is co-funded by the European Union funds (ERDF, IPA) and implemented through
the Danube Transnational Programme.



Dear readers,

In January 2017 a partnership of 13 organisations from the Danube region started implementing the Danube Transnational Programme Interreg project **“LENA – Local Economy and Nature Conservation in the Danube region”** which was co-financed by the European Union and had the aim to create shared know-how and shape policies on effective sustainable use approaches for protected areas (including Natura 2000 areas).

We, the partners, are proud of the positive changes we were able to achieve within 30 months of active cooperation. In order to reach out to even more people and help empower more entrepreneurs and small and medium size companies, including the managing authorities of protected areas, we wanted to develop something tangible that can be easily disseminated. Therefore, we decided to write four booklets, guidance documents, addressing how to develop capacity for sustainable use of natural and cultural heritage as an element of protected area management, how to increase market access of sustainably sourced natural products, how to communicate to local people and visitors the value of nature to the local economy and how to mobilise finances for conservation, nature based jobs and business models.

Their content is based on existing literature, life cases and experience, transnational knowledge shared and our project results. They offer concrete information, tips and tricks, each one on a specific topic with case studies and good practices from everyday business life connected to ecosystem services, sustainable financing and environmental resource use.

The four booklets:

- Developing capacity for sustainable use of natural and cultural heritage as an element of protected area management
- Increase market access of sustainable sourced natural products
- Communicating to local people and visitors the value of nature to the local economy
- Mobilising finances for conservation, nature-based jobs and business models

are available in English and local languages at:

<http://www.interreg-danube.eu/approved-projects/lena>

For more information, please contact representative LENA partner in the country of your convenience.



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Introduction

The people living in the Danube region with its vast biodiversity have long-lasting traditions for using their natural environment and making a living from the land. However, there is an adverse trend that creates a common challenge across the region: increasing migration from rural population into cities, leading to a loss of both cultural and natural heritage.

The sustainable use of non-timber forest products (NTFPs), wild species such as game, fish, fungi and plants can provide valuable income and support local livelihoods, while having relatively little impact on natural habitats. However, the opportunities for establishing a successful biodiversity-based business is often not recognised or not well understood.

Therefore, this guidance document shares insights and example cases for inspiration, tools and practical approaches, which are relevant to start-ups, but can provide also food for thought and advice to more experienced entrepreneurs in this sector.

Objectives of this Guidance Document:

- Identify the specifics of the trade in products that consist of species sourced from the wild
- Promote the conservation of natural and cultural heritage through sustainable use of biodiversity
- Provide examples and good practices from existing initiatives and nature-based businesses

Section 1.

Natural Products

1.1 Definition

As the understanding of a **“natural product”** may vary widely, in this guidance document we have decided to limit this broad scope and focus only on such products that are “biodiversity-based”, meaning they **consist of species, animal or plants, sourced from the wild.**

Regardless of the exact species used as a resource, one can roughly distinguish between three different product categories based on how many processing stages the ingredients undergo before they are sold to the customer.

These are:

crude material	(semi-) processed products	final products
e.g. fresh wild garlic	e.g. dried and cut wild garlic	e.g. spice mix containing wild garlic

1.2 Wild sourcing matters

The importance of wild sourcing for the economy is often underestimated. A typical example for this is the international wild plant trade. A major cause for this is the existing lack of systematically reported data.

However, the latest report on the state of Europe`s forests (Forest Europe 2015), estimated that the total value of NTFPs from Europe`s forests was 2.27 billion Euro, of which ~80% is generated by plant products. Even if it is often only estimations that can be used to assess the total volume of trade, one trend is obvious and cannot be denied: the global demand for wild plant ingredients has been steadily increasing and therefore presents a valid business opportunity if strategically planned.

Practical approach: A “Strength Weakness, Opportunity, Threat” (SWOT) analysis of sustainable collection, processing and trade of wild plants based on tradition

<p>STRENGTHS</p> <ul style="list-style-type: none"> ■ Abundant wild plant resources in the region ■ Rich cultural and folkloric heritage ■ A large proportion of rural population looking for employment opportunities and income generation ■ High potential for environmentally friendly farming ■ Recognised typical local products with wild plant ingredients ■ Low real estate prices ■ Strong network of local NGOs 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ■ Rural depopulation ■ Loss of historical knowledge of traditional wild plant collection and processing activities ■ Changes in landownership ■ Demanding physical work (i.e. wild plant collection) ■ Low education levels of collectors ■ Poorly developed regulations ■ Fluctuation of demand on wild plant material ■ Lack of entrepreneurship initiatives in rural areas
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ■ Relatively low investments needed ■ Independent and flexible work schedule ■ Interest in keeping traditional knowledge of wild plants activities alive ■ High interest in local wild plant products ■ Good income possibilities for vulnerable and economically marginalised populations ■ Exploitation of renewable natural resources ■ Development of market of local products with wild plant ingredients ■ Enhancing networking with local producers 	<p>THREATS</p> <ul style="list-style-type: none"> ■ Weak motivation for engagement in wild plant collection activities ■ Low level of cooperation ■ Low payment for wild collection activities ■ Complicated procedures for obtaining financial incentives ■ Cheaper price for imported products with wild plant ingredients ■ Slow state response on the adaptation of regulation and new incentives ■ High competition with other similar markets

(adapted from Rodina et al. 2014)

1.3 Identifying the specifics of the natural product trade

This section highlights a few topics that need to be considered when dealing with natural products.

The legal and policy environment

It is essential to understand the legal framework the business is operating in as this might decide on its success or failure. Often there is a whole set of aspects to consider that are covered by different laws and regulations on different levels: locally, regionally, nationally, or internationally. These includes checking regulations on land tenure and access to wild resources, taxation, international trade policies (e.g. CITES), access and benefit sharing, food safety regulations etc.

Collectors

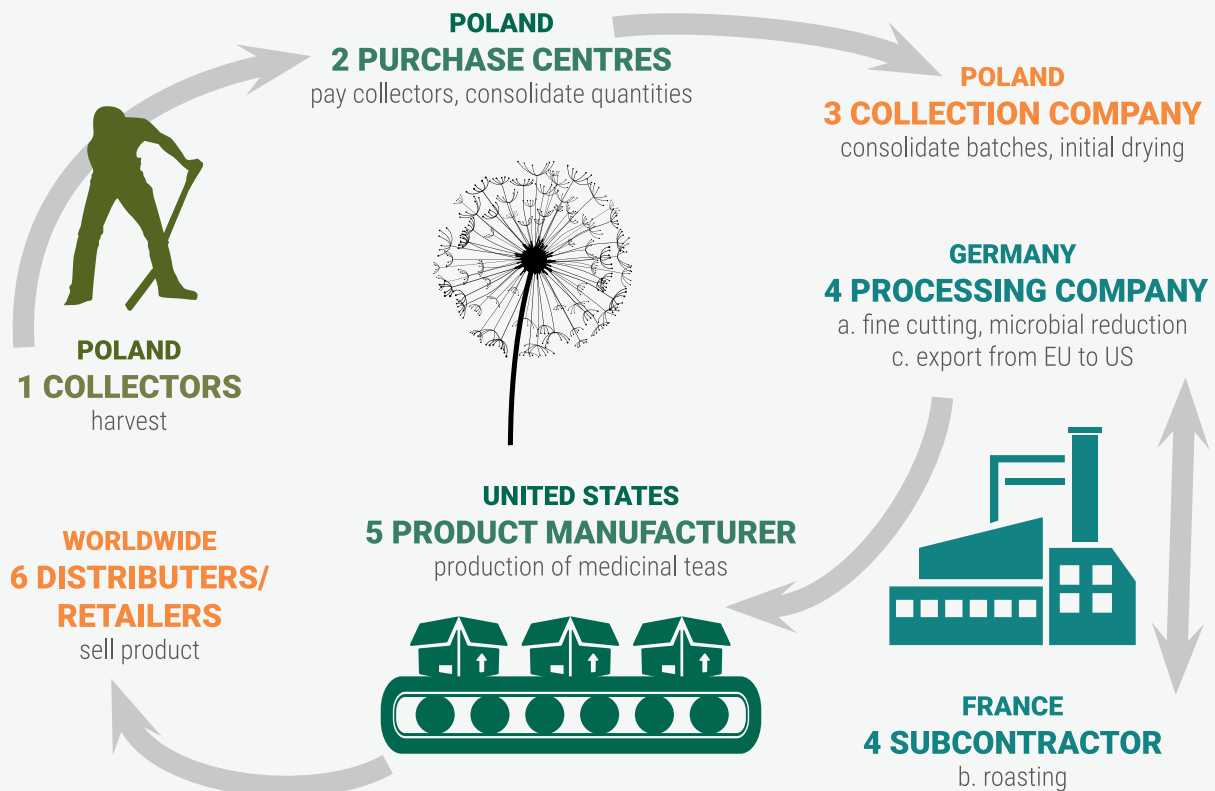
The collection of wild species as a resource requires specific knowledge and skillsets. While some collectors may be very knowledgeable relying on generations of traditional knowledge, others may require additional training to identify the correct species, apply sustainable harvesting methods, or on how to handle the harvested material. Collecting wild resources can be very hard work, e.g. in remote areas without cover from harsh weather conditions. Nevertheless, in many cases this is valued very little, with traders buying at highly competitive prices with unpredictable fluctuations. Making sure that the people at the very base of the supply chain are treated and paid fairly will help establish long-lasting business relationships and can also help with ensuring consistent high quality.

Supply chains

While the basic understanding of a supply chain: Producer/Collector – Processor – Trader – Retailer – Consumer seems straightforward, in real life and especially for natural products these are much more complicated nets of interactions. In some cases, one stakeholder might act in several of these roles described above and in others there might be many more intermediaries involved. Wild sourced ingredients might be taken across borders and are commonly mixed with resources from other sourcing areas to add-up to required volumes from the industry. For these and other reasons, it might be difficult for a customer towards the end of the chain to understand how, where and by whom a resource has been sourced, before being sold as ingredient in a product.

Good Practice: FairWild certified Dandelion from Poland

This infographic shows a real-life supply chain. Through the implementation of the FairWild certification it is feasible to follow the dandelion roots all the way back to the collectors and areas in which they were sourced in Poland, although they travel through several countries and companies before being sold in a medicinal tea in the United States of America.



Source: TRAFFIC Wild at Home (Jenkins et al. 2018)

Section 2.

Taking responsibility: sustainable sourcing of wild ingredients

The concept of sustainable use is not new and has largely remained unchanged over the last decades: the use of natural resources should be based on three pillars: ecological soundness, social responsibility and economic viability, in order to meet the needs of present and future generations.

In a world where more and more people are truly concerned about the negative impacts the behaviour of mankind has had on the planet, the maximisation of short-term profit cannot be considered as a viable main goal of a modern business.

Many companies have started to make claims on environmental friendliness or sustainability, while taking minimal efforts of truly adapting their practices. Making sustainability a core value of a business should not only be a marketing attempt to temporarily boost sales, it should define how and who the business works with. As a business that uses natural resources directly, this holistic approach makes sense as a business model to avoid the high risk of overexploitation and the resulting lack of available resources that form the product.

The precautions that need to be taken are species specific and are dependent on several criteria. An important question is for example if the sourcing is detrimental to the individual (e.g. meat, or roots) or can the species regenerate after harvesting (e.g. berries, leaves). As a best practice it is advisable to undertake a risk analysis of the species being/to be used and quantify and evaluate sustainable use quotas of the resource. If the staff of the business are not familiar with how this can be assessed or already have a methodology in place, it is advisable to consider involving an external expert.

2.1 Sustainability as added value

Apart from giving the long-term security to operate as a business, working in a sustainable manner and communicating it in an appropriate way to the customer can add value to the natural product. More and more consumers expect safe, traceable and sustainable high-quality products.

Some producers develop their own “good collection practices” to ensure that the resource they are sourcing is not depleted. These are often species-specific, typically informal documents, but tailored to the local natural and cultural conditions. If they are strong, they can help to empower local people. However, if there is no independent review or monitoring of the implementation of these there is the risk that they might easily be diluted and remain “good practices” on paper only. Being transparent is one of the best ways to establish trustworthiness as a responsible company. Make the goals and values of the business public knowledge and provide updates on whether and how the ambitious goals have been reached.

If trade goes beyond local or remains at a very small scale, third party certification may allow making evidence-based claims about the sustainability of the product.

Certification is a market-based tool. It can provide the opportunity to charge a premium price. The choice whether or not it is suitable for a given business should be taken strategically and based upon the best available information. This includes assessing the costs and benefits of the scheme chosen, the number of intermediaries or traders involved in the trade chain, the relationships between different parties and the likely impact of certification on the existing web of involved groups (Shanley et al, 2002).

Best Practice:

The FairWild Standard and certification scheme



The FairWild Standard applies to wild plant collection operations who wish to demonstrate their commitment to sustainable collection, social responsibility, and fair-trade principles.

The purpose of the Standard is to ensure the continued use and long-term survival of wild plant, fungi and lichen species and populations in their habitats, while respecting the traditions and cultures, and supporting the livelihoods of all stakeholders; in particular collectors and workers.

Use of the FairWild Standard helps to support efforts ensuring sustainable collection and maintenance of wild plant populations, as well as the sustainable social aspects of collection, and fair conditions of labour. <http://www.fairwild.org>



How to communicate your achievements for the people and the planet

Some of the big brands produce annual sustainability reports which are publicly available and summarise facts and figures and showcase best-practice examples in an attractive manner.

Example: PUKKA's sustainability report 2018, available for download at <http://www.pukkaherbs.com/>



Section 3

Increasing Market Access

In order to lead a successful business some strategic decisions have to be taken on the role the natural products will play in the market. These should take into consideration the target market, the geographical scope, the product characteristics and the target customer, the company's core competences and existing and potential competition (Ludvig *et al.*, 2016). It is highly recommended to clearly identify the intended market and potential buyers as a first step.

Another concept frequently praised, and easy to remember is to analyse and discuss the importance of the “four Ps”: Product, Place, Price and Promotion.

3.1 Market analysis: Defining the right market for your product

Analysing the specific market environment is the first step for target and strategic planning. There are many different ways to dissect what is referred to as “the market”.

One option is to categorise markets based on their geographical scope in local, regional, national and international markets and consider the specific requirements of these. If a product is marketed locally, it is highly likely that the business is in direct contact with their customers, which allows them to respond and make any demanded changes quickly. However, the total potential of the local market will be naturally limited. With each broader level (regional, national, international) comes further requirements specific to those market segments, e.g. international trade in NTFPs as part of the food industry could require organic certification or compliance with food safety and quality control.

Another option is to divide niche and mainstream markets. In niche markets, products are primarily developed for a small group of customers. They address this group's needs purposefully and effectively, which makes higher prices possible (Ludvig *et al.*, 2016)

For most NTFP producers “green” or “fairtrade” niche markets will be a good entry point rather than trying to feed into a mainstream market. In general, if the market and target group are broad with many competitors who offer similar products, chances that the business will have to compete on price are higher. The same is true vice versa: if there is a high value, highly differentiated product, it is far more likely to receive premium pricing. With a premium product, it is important to emphasise the high quality and customer service (Ludvig *et al.*, 2016).



Tip:
Small but mighty

If you are starting a new business or selling a new product – allow yourself to grow, start small and evolve. This also gives you the opportunity to build any additional capacity needed along the way.

A note on pricing: having the right pricing strategy is crucial for a successful business. A lack of such can lead to immediate failure.

It might also become important to understand the fluctuation in a product's history before joining a costly international marketing and certification scheme. Check if prices and demand remained stable, and if they have decreased recently or increased over the past 5/10/20 years. (Shanely *et al.*, 2002)

3.2 Market analysis: Identifying your customer

Since trading involves at least two or more people, it is natural to think of the market as individual people or groups. Without anyone willing to buy and consume a product, there is little reason for marketing. In order to identify the customer or the target group for the natural product it helps answering why and how the customers will use the product to satisfy their need. What perceived or real value does the product provide?

In order for a group of people to represent a viable market a set of certain basic criteria must be met (Ludvig *et al.*, 2016):

- There must be a need for the product;
- The target group must have the ability to pay for the product in a manner that is acceptable to the selling party;
- The will from the buyer to actually buy the product;
- The total number of people meeting the previous criteria must be large enough to be profitable.

Once the target group has been identified, it is advisable to set procedures on how to interact with the customers (e.g. directly and indirectly).

3.3 Defining a marketing strategy

After the analysis of the market environment the next strategic step is to define a marketing strategy. This includes making decisions about the outward representation as brand, ways for interacting with the customers, etc. Creating a corporate identity is not reserved for big international corporations. In a first step analysing the capacity available inhouse to fulfil some basic marketing tasks is sensible. Advertising channels can be rather cost-effective, e.g. through a website or a social media presence or very expensive, e.g. a TV commercial. The appropriate channels will have to be decided and whether some of these tasks would be externalised (e.g. based on the budget available as a limiting factor).

Tell a story:

In order to engage the customers emotionally it is a common practice to tell the story of the product and to highlight its benefits. An example of this is the “Love” tea by PUKKA herbs Ltd. Presented here is a screenshot of their website: <https://www.pukkaherbs.com/teas-supplements/pukka-organic-teas/love/>



Love

[Explore the key ingredients](#)[Dietary information](#)[Recipe Ideas](#)

A tea that embodies nature's gift of FairWild flowers that will love you every step of the way.

A tender touch of rose fills your heart. The soft embrace of chamomile and lavender soothe your soul. A tea made with love, dedicated to love and called Love. How lovely is that? But drinking a cup of Love tea has more to it than just the blissful taste - find out the story behind this incredible tea by reading [this article](#).

Good news for filling your heart with love.

Further learning: E-learning Course on Wild Forest Marketing

As part of the EU funded project “Star Tree” one of the project partners, the University of Padova developed and started offering a free e-learning course on the theory and practice of marketing of wild forest products. It consists of three modules: “Wild Forest Product Context Analysis: marketplace & regulations”, “Strategic marketing” and “Operational marketing and building a business plan”. It is free of charge and can be accessed through the Star Tree project website:

<http://www.star-tree.eu/news-events/item/elearning-wild-forest-products-marketing>



Annex:

Practical Examples and Inspiration

The following edited examples are taken from a large collection of wild forest product businesses, compiled by the EU-funded project “STAR TREE – Multipurpose trees and non-wood forest products a challenge and opportunity” in the document: Marketing insights for Wild Forest Products and Forest Service (Ludvig et al., 2016). They all follow the same five-step strategic approach:

1 Identifying the target group for the respective product

2 Describing the product idea and its special values

3 Identifying the market environment and setting the product strategy

4 Defining the distribution and marketing channels

5 Describing marketing communication and services

The selection of these examples is based on their applicability and reproducibility within the Danube region.

A.1: Wild Mushrooms: BMD Ltd (Serbia)

The selection of these examples is based on their applicability and reproducibility within the Danube region.



Target group	Importers and Exporters Worldwide, Retail
Products and product ideas	<p>The family business BMD d.o.o. was founded in 1989. The company processes and distributes a wide range of NTFPs from Serbian forests. These include dried <i>Boletus edulis</i> and <i>B. cantharellus</i>, which are the most demanded products of the company. The company founder Vaso Kaljevic is the holder of the public permit for collecting wild fruits and berries in the region at the Golija Mountains. A considerable amount of the mushrooms is picked in the UNESCO biosphere reserve Golija-Studenica. Wild mushroom collection and its sustainability are strictly controlled. After the sorting in the company's own building, the sundried mushrooms are immediately quick-frozen at minus 20°C.</p>
Market environment and product strategy	<p>Different package sizes ranging from 20g to 8 kg are available for exporters. If requested, the package is already labelled with the customer's label on the spot. About 20% of the <i>Boletus edulis</i> are marketed with organic certificate. They are purchased e.g. by organic specialist shops and organic supermarkets.</p>
Distribution and marketing channels	<p>In Germany the Serbian mushrooms are marketed by the import business Belt's Bio-Produkte. It is the company's aim to support the market access of Serbian wild fruits and berries market Germany.</p>
Marketing communication and service	<p>Word of mouth recommendations and via the internet. www.belt-biowelt.de www.BMD.co.rs</p>

A.2: Venison: Hatzfeldt-Wildenburg'sche Verwaltung (Germany)

The selection of these examples is based on their applicability and reproducibility within the Danube region.



HATZFELDT-WILDENBURG'SCHE
VERWALTUNG

Target group	Customers are mainly end-consumers coming to the area for holidays or just for the weekend. Customers come based on recommendations and many have become regular customers.
Products and product ideas	Only game from the enterprises' own forestland is processed and marketed. The forest enterprise offers a wide range of processed products ranging from cuts of wild venison to sausages, ham to a barbecue product line during the summer season. Game species on offer include Roe Deer, Fellow Deer and Wild Boar.
Market environment and product strategy	All game is shot using lead-free ammunition. This and the quality control ensure a high standard for consumer protection. In order to ensure the quality of the products, there are no external suppliers for game meat. All the wild venison marketed from the enterprise is culled on own forestland. The direct marketing of venison to the end-consumers is also important for public relations.
Distribution and marketing channels	The forest enterprise runs two sale rooms for wild venison. The manufacturing of wild venison products is contracted to a regional butcher who runs a game handling establishment.
Marketing communication and service	The demand usually exceeds the supply. Thus, no large advertisements and promotion activities are required. To a small extent newspaper announcement are used to promote the venison marketing. In the sale rooms recipes are available for customers. www.hatzfeldt.de/wildverkauf.html

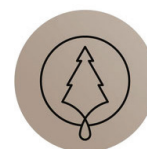
A.3: Wild herbs: Runo Spółka z.o.o. (Poland)



The selection of these examples is based on their applicability and reproducibility within the Danube region.

Target group	Traders in Medicinal and Aromatic Plants (MAPs), producers that require MAP as ingredients, retailers of herbal teas, herbs and bath herbs
Products and product ideas	Organic and FairWild (FW) certified medicinal herbs from wild harvesting. Runo Spółka z.o.o. was founded in 1991 as a limited liability company. It is their aim to maintain the local tradition of wild-harvesting of medicinal herbs from ecological areas such as the forests of north-eastern Poland and the primeval forest of Białowieża.
Market environment and product strategy	Since 2009, Runo Spółka z.o.o. has also been selling FairWild certified species. The implementation of the standard obligates Runo Spółka z.o.o. to manage their wild resources sustainably and to pay the harvesters a fair price. The buyers of FW certified material pay an additional premium which is used to support social projects. Quality assurance of wild harvested medicinal herbs is performed in the company-owned laboratory. Additional samples are taken to an independent laboratory for further quality assurance.
Distribution and marketing channels	Harvested wild medicinal herbs are cleaned and dried in Poland. The majority of the dried material is then exported to Germany where it is further processed. In addition, the enterprise sells processed products on the basis of wild harvested herbs as teas, spices and bath herbs at regional level to retailers and via their own webpage.
Marketing communication and service	Runo Spółka z.o.o. runs a webpage, Facebook site and is a regular attendant of international trade fairs. http://runobio.pl/

A.4: Syrup from spruce shoots: Sonnenkiefer GbR (Germany)



SONNENKIEFER

The selection of these examples is based on their applicability and reproducibility within the Danube region.

Target group	Wholesalers, Retailers and the general public
Products and product ideas	The spruce shoot syrup is produced according to a traditional family recipe. The two founders of the company started with the first small-scale production in 1995. Soon they had to apply for a food approval for the production and distribution. Students are employed for the short harvesting season in spring. The forestland owner is being paid for spruce shoots harvested. After the harvest the spruce shoots are boiled and then further processed into syrup. The company collaborates very closely with the "Lebens- und Werkgemeinschaften Grebinsrade", a social assistance organisation, where the spruce shoot syrup is bottled and labelled and sent out. In the past years, their range of products was extended by further products on the basis of spruce shoots.
Market environment and product strategy	Sonnenkiefer is the only company in Germany, producing spruce shoot syrup on a grand scale and distributing it.
Distribution and marketing channels	Sonnenkiefer's products are distributed via organic retail and speciality shops throughout Germany, Switzerland and Austria. The products are organic certified.
Marketing communication and service	Special recipe cards come with each glass of spruce shoot syrup and demonstrate the fields of application to the customer. For the concept and design of the labels and the company logo they collaborated with a graphic designer. Reports of local radio stations, TV reports and a variety of newspaper articles about Sonnenkiefer's activities can be found on the company's website. www.sonnenkiefer.de

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