



# How SMEs from developing economies can prepare their export business for (post)corona trends in Europe

*Professionalize by collaboration*



How SMEs from developing countries can  
prepare their export business for (post)corona  
trends in Europe

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Professionalize by collaboration


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# SUMMARY

This report shows the most important European trends in the food and non-food industry that are relevant for small and medium sized enterprises (SMEs) in developing countries. A conclusion that clearly emerges from the expert interviews is that Covid-19 accelerated the need for professionalism in developing countries. Buyers now select products in a different way and the requirements they have for suppliers are much higher on many fronts than before. To meet the new standards, suppliers in developing countries need a quality boost on several aspects of their business. Therefore, collaborating with partners is key. In this report, five E's summarize the major trends in the European market that SMEs need to be aware of: environment, ecosystems, experience, efficiency and expertise. Below are the trends for each E and tips on how you can respond to this as an SME.

## ENVIRONMENT

 = accelerated due to Covid-19

### TREND

**Social responsibility: fair working conditions & living wage**

**Sustainable processes & materials**

**Transparent supply chains & traceability of products**

**Physical & mental health**



### TIPS FOR SMEs

- ✓ Increase fair working conditions and offer a living wage. Bookkeeping about your workers, labor hours and payment is the first step.
- ✓ Make sure that you know exactly how your products are made and with which materials or ingredients.
- ✓ The winning player is an exporter that can offer traceability of the products and big volume orders at the same time. Join forces and collaborate to achieve this.
- ✓ Food industry: investigate certified product options (e.g. Rainforest Alliance, Fairtrade, Organic EU).
- ✓ Non-food: invest in wellness products.

## ECOSYSTEMS

### TREND

**Ecosystems are growing: Cooperation instead of competition**

**Third party platforms**



### TIPS FOR SMEs

- ✓ Food industry: find cooperatives & start partnerships.
- ✓ Non-food: Niche players need partners with specialized expertise to increase visibility and attractiveness for European importers. Collaborate with similar companies in your region.
- ✓ Great direct-to-consumer (D2C) opportunity for exporters. But: you need to know European consumer preferences & you need to have an (in)direct connection to a third party marketplace.

## EXPERIENCE

### TREND

**From physical experience towards digital engagement**

**Shift towards digital fairs, VR experiences & AI solutions**

**Storytelling & purpose-driven marketing strategies**



### TIPS FOR SMEs

- ✓ Digital engagement makes knowledge of e.g. economic developments and customer preferences transparent and offers opportunities for digital training.
- ✓ Invest in digital product presentation. You can do this by using good lighting, using a plain background and indicating the size of a product in a correct way.
- ✓ Communicate any positive changes about sustainable practices or improved working conditions.
- ✓ Share your personal story or the story of your community (with photos and video content).

## EFFICIENCY

### TREND

**5G, block chain and automation technologies**

**More need for agile & flexible supply chains**



### TIPS FOR SMEs

- ✓ Take advantage of technologies that help increase the transparency of your accounting. You don't have to be a technology expert, an app on your phone can often be enough.
- ✓ Food industry: Technologies like IoT or blockchain can measure soil, reduce fertilizers and increase a healthy cultivation of the end product. Try to look for tech companies to help you with this.
- ✓ For niche players who sell to smaller European retailers: sufficient stock is important to deliver fast.
- ✓ For mass market players who sell to larger European importers: arrange long-term contracts. Semi-finished products increase flexibility and fast delivery.

## EXPERTISE

### TREND

**Specialized skills & experience in a specific business field are valuable**

**Increasing importance of having and understanding data: being data-driven is key**

### TIPS FOR SMEs

- ✓ Search for partners with complementary expertise to form a mini ecosystem and strengthen each other's businesses.
- ✓ Consistently collect data about your business. Preferably do this in a digital app or cloud. For cultural reasons, many SMEs hesitate to be transparent. Be aware that this will be a basic requirement by European importers in the future.

# INTRODUCTION

In 2020, the world is upside down. In only a few weeks many markets came to a full stop. Consumer behavior is impacted by lockdowns and social distancing and new shopping habits are developing. This has a massive impact on businesses in developing countries that depend on international trade. But how big is the impact of trends on small and medium sized enterprises (SMEs) in these countries?

This report shows the most important European trends in the food and non-food industry that are relevant for SMEs in developing countries. What can we expect in the short-term and long-term?

We take you through the most important macro-economic developments, followed by an overview and explanation of the most important trends. These trends are categorized in five drivers: the five E's of environment, ecosystems, experience, efficiency and expertise. For every trend cluster, specific tips provide useful insights on how SMEs can respond to this. Special attention is paid to the tourism sector in a separate chapter and to the home decoration and home textile industry in an additional paper.

The analysis is based on desk research and qualitative interviews with experts working at CBI, European Tourism Futures Institute, Fairtrade Nederland, Fairtrade Original, HEMA, INretail, Modint, Return to Sender, Superunie and Zeeman.



# MACRO-ECONOMIC DEVELOPMENTS IN EUROPE

Before looking at specific trends, it is important to understand the European market from a macro perspective. Developments at this level have an influence on consumer behavior, on how retailers work and therefore also on suppliers. The most important developments are briefly summarized in the field of people, economy and technology.

## PEOPLE

In 2020, 447 million people lived in the 27 states of the European Union. Almost 65% of the population consists of 15 to 64 year olds. One fifth of the population is older than 65 years and this group is getting bigger and bigger. At the same time, Millennials and Generation Z are on the rise. They are more comfortable with digital solutions and expect transparency and omnichannel experiences. Purpose-driven marketing, traceability and transparency are elements that are highly valued by these groups. In general, they are more interested in fair working conditions and sustainable products. Due to Covid-19, the social inequality gap between rich and poor has only widened in Europe. This shift will lead into a polarization of spending among consumers. A consequence for the retail market could be a segmentation of customer demand.

## ECONOMY

Covid-19 has made the worldwide economy instable. According to the World Bank (2020), economic restrictions will lead to a worldwide financial crisis. In Europe, the GDP growth rate for 2020 is predicted to be – 4.5% (Statista, 2020a). Governments are making enormous efforts to save companies from going out of business with financial aid packages. This will help to cushion a recession in Europe in the short-run, but this cannot be ensured in the long-run. Recessions

lead to more unemployment, less consumer confidence and less purchasing power. The current average European unemployment rate of 7.5% is likely to increase further (Eurostat, 2020a). The confidence of EU consumers has also fallen down to -18.7 points in November 2020 which is clearly below the average of -10.6 (EU commission, 2020). All in all, because of economic restrictions, growing unemployment, higher government debt and lesser consumer confidence difficult times lie ahead.

## TECHNOLOGY

Under the influence of Covid-19, e-commerce has grown tremendously in Europe in 2020. The European retail e-commerce revenue is expected to rise from \$295 billion in 2017 to \$510 billion in 2024 (Statista, 2020c). Retailers and suppliers have to invest in digitalization and have to use their data in a smart way. According to the World Retail Congress 2020, agile and real-time, automated supply chains will be the norm. Third-party market places are growing and will make it easier for suppliers to sell directly to customers in the future. It will still take some years until 5G is the norm in Europe, but it is a matter of time. This year, contactless payment and one-click-checkouts for customers have become the new norm. Other technologies such as virtual reality and artificial intelligence solutions offer retailers and suppliers possibilities to present their products in a more attractive way. In short, developments in the field of technology in Europe are taking place at high speed.

# FIVE DRIVERS FOR THE FUTURE

A conclusion that clearly emerges from the expert interviews is that Covid-19 accelerated the need for professionalism in developing countries. Buyers now select products in a different way and the requirements they have for suppliers are much higher on many fronts than before. To meet the new standards, suppliers in developing countries need a quality boost on many aspects of their businesses.

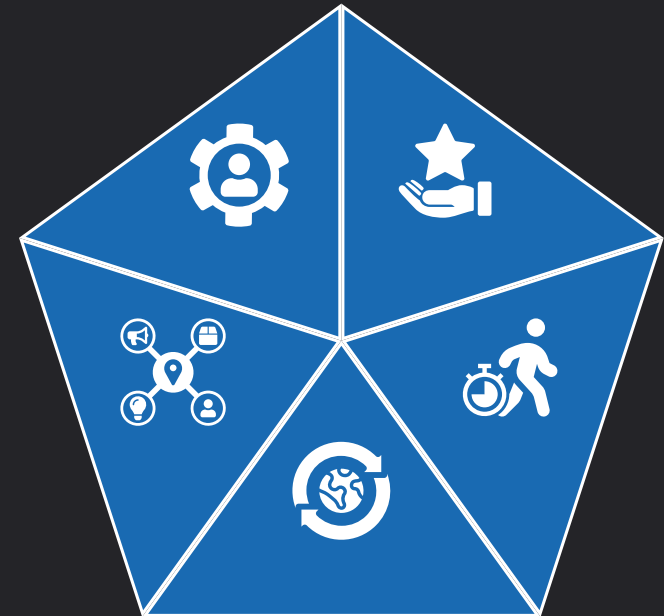
We developed the five E's to summarize major drivers that will influence the retail world in the near future: efficiency, environment, ecosystems, expertise and experience.

Each element is further explained in the following sections. In this way it becomes clear which trends fall under each E and how you, as an SME, could react to them.

”

***“The lack of professionalism is really big and that makes it difficult to compete.”***

**Marijtte Ophof**  
Managing Director  
at Return to Sender





# ENVIRONMENT (1)

## Consumer trends in Europe

European consumers are investing more and more into their health. This has increased the demand for health-enhancing products and services. Covid-19 has not only increased our concern for ourselves, but also for the planet. Europeans would like to preserve the positive effects that Covid-19 has on earth, e.g. due to fewer flights and less traffic between home/work. Covid-19 has further strengthened the trend of sustainability, the need for transparency and the preference (sometimes by necessity) to buy more local. The consumer of today wants to know where products come from, corresponding working conditions and knowledge of materials of which it is made. According to the IBM Consumer Survey (2020), 71% of Europeans find traceability very important and are willing to pay a higher price for it.

Also initiatives such as the Human Rights Due Diligence (HRDD) from the UN principle guidelines puts European businesses and governments under pressure to increase the transparency of their chains. They do so by introducing laws that require businesses to take their social responsibility. An example is the Child Labor DD law in The Netherlands. Retailers have to focus more on fair working conditions of suppliers than ever before. NGO campaigns such as the Oxfam Novib or the Hivos ranking ensure that these themes receive sufficient media attention in Europe.

## What does this driver mean for SMEs in developing countries?

The sustainability, social responsibility and traceability trend require a number of minimum conditions from the supplier. First of all, suppliers need to comply with European regulations in the field of working conditions. It is important to make complete information available to (potential) buyers and/or consumers in an accessible way. The same applies for transparency about the use of materials and production. In both the food and non-food industries, there is a clear trend that consumers and retailers increasingly want to trace products. Make this possible by making the relevant information available. It can be a challenge to meet this trends while producing large volumes, but it does seem to be the only winning combination. Cooperating with partners is highly recommended to increase your competitive advantage together. Governmental institutions can be of assistance in taking the first steps in building a valuable partner network.

To gain the confidence of European buyers, it is useful to obtain well-known certifications that are relevant to your industry. Think of the Rainforest Alliance, Fair Trade, EU Organic or Vegan Society. Excelling on these environmental trends helps to differentiate yourself as a supplier.

# ENVIRONMENT (2)

Some industries are hit harder than others by this sustainability trend. The fashion industry stands out in this respect. It is expected that the demand for fast fashion in the future will decrease and the demand for more sustainable materials grows. More and more European consumers want to give products a second life. Recycling products or reselling items through sites like vinted.com is an increasingly common phenomenon. Technology and sustainability increasingly go hand in hand. Technology can help for instance to reduce the use of pesticides and fertilizers and to measure the quality of products before the harvest.

Product certifications with an eye to sustainability are mainly found in the food industry, but also in the home decoration and home textile industry the number of certificates are increasing. For the European market it is definitely important that suppliers meet the conditions of these certificates.

”

***“Be 100% transparent about what you offer and demand the same from your own suppliers.”***

**Floortje Westerink**  
Sr. Programme Manager Food  
at HEMA

”

***“Sustainability is an important trend in home decoration. Think of buyers who just buy FSC certified wood.”***

**Bert-Jan van der Stelt**  
Industry specialist home  
at INretail

# INSPIRATION CASES



## Better Cotton Initiative & IKEA

The “Better Cotton Initiative” is the largest cotton sustainable program worldwide. This NGO wants to improve the living conditions of cotton farmers and aims for a more sustainable production procedure. This is for example done by using water more efficiently. The fact that multinationals like IKEA are member of this initiative clearly shows that large leading Western companies want to take sustainable actions. [Discover more.](#)

## Dutch Initiative for Sustainable Cocoa (DISCO)

Which industry in the food sector can be seen as quite progressive in sustainability and fair working conditions? Compared to other industries the cocoa industry is quite progressive. Initiatives such as DISCO are helping to improve the livelihoods of farming families and might function as a role model for other industries. DISCO has three goals for cocoa-production regions where the Dutch market is sourcing from: 1) farming families will earn a living wage by 2030 2) Cocoa-related deforestation and forest degradation will have stopped by 2025, and 3) actions are taken to end all kinds of child labor by 2025. [Discover more.](#)



# TRENDS AND TIPS

**More attention for social responsibility:  
fair working conditions & living wage**

- ✓ Increase fair working conditions and offer a living wage. Bookkeeping about your workers, labor hours and payment is the first step.

**Increasing importance of sustainable processes & materials**



- ✓ Make sure that you know exactly how your products are made and with which materials.
- ✓ Do research about certified product options such as Rainforest Alliance, Fair Trade, FSC or Organic EU.

**Increasing importance of transparent supply  
chains & traceability of products**

- ✓ Use (digital) bookkeeping to keep track of your production phase and conditions. Search for technologies or apps that help you to monitor the production phase.
- ✓ The winning player is an exporter that can offer traceability of the products and big volume orders at the same time. Join forces and collaborate to achieve this.

**Physical and mental health is becoming more and  
more top of mind for European consumers**



- ✓ Food industry: invest in healthy and convenient product innovations. Certified and/or organic products for which less chemicals are used are attractive.
- ✓ Non-food: invest in wellness products.

**Localism: European consumers increasingly buy  
and support local businesses**



Not applicable.



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# ECOSYSTEMS (1)

## Consumer trends in Europe

The role of data-driven ecosystems will become even more dominant in the future. The expectation is that existing ecosystems will continue to grow. The winner takes it all! Think of Bol.com in the Netherlands or Amazon which is now active in many European countries. According to Ascential (2020), 40% of the global retailers will be part of a platform in 2025.

As a result, consumers are getting used to the fact that all products and information are easily accessible online. Consumers can buy where, when and with every device they want. Whether you want to start your own platform or join an existing one, the transition to being data driven is necessary in order to survive. As a data driven organization, there seem to be two winning strategies for the future: either you are part of a platform or you are a superspecialist yourself.

## What does this driver mean for SMEs in developing countries?

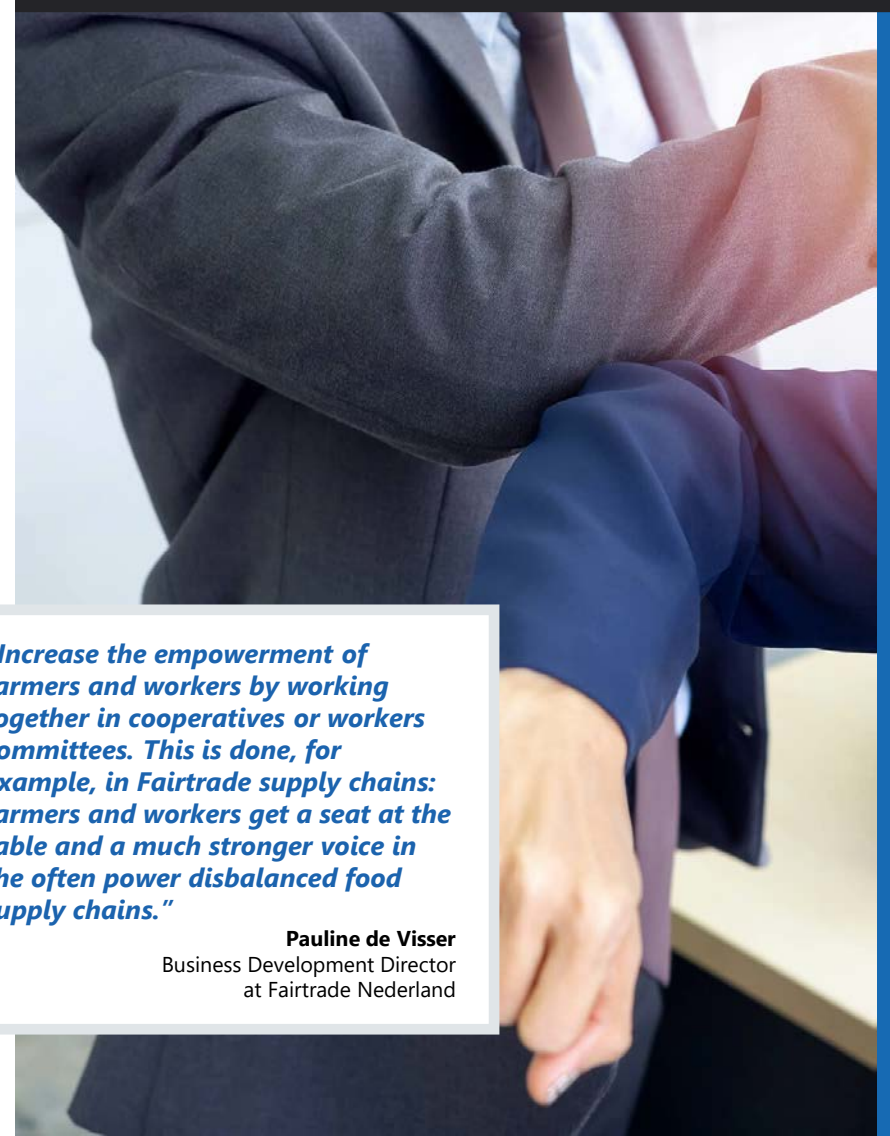
As ecosystems become larger, the chances of success as an individual supplier to Europe are reduced. Operating as - or with - an ecosystem helps to optimize the customer journey and increases the findability for the consumer.

Becoming an ecosystem is not limited to giant players. But how can you get started? Start to look for horizontal and vertical collaborations by determining the required skills. Also take collaborations with competitors into consideration. Working together with players in the market with, for instance, similar product techniques can increase your visibility. It is clear that working together is crucial. It increases the scalability and, therefore, also the level of efficiency. SMEs can be supported by governments, NGO's and commercial players to connect relevant partners.



***"Increase the empowerment of farmers and workers by working together in cooperatives or workers committees. This is done, for example, in Fairtrade supply chains: farmers and workers get a seat at the table and a much stronger voice in the often power disbalanced food supply chains."***

**Pauline de Visser**  
Business Development Director  
at Fairtrade Nederland



## ECOSYSTEMS (2)

There are differences between the food and non-food industry when selecting partners or when becoming an ecosystem. In food, it is important to seek cooperation with cooperatives to become visible to importers. Farmer cooperatives are a convenient way to increase traceability and accountability of the products. In a traditional food cooperative, farmers collectively choose a president and board that make the decisions. The non-food industries such as the home decoration and home textile (HDHT) industry is not that organized (yet). Big cooperatives are rare. Instead, there are a lot of small individual players and homeworkers who sell to middlemen. There is a lot of potential within these industries!

For non-food players, gathering all your (home)workers at one physical location can be a relevant first step towards an ecosystem. This increases control about the working conditions and accountability.

”

***“It’s not always about getting bigger and bigger, but visibility comes with collaboration.”***

**Wilma Veldman**  
Former buying director  
at Zeeman

”

***“Many suppliers in developing countries are not yet open to collaborate. At fairs you will see rows of stands with suppliers of the same products.”***

**Marijtje Ophof**  
Managing Director  
at Return to Sender

# TRENDS AND TIPS

**Ecosystems are becoming more dominant: cooperation instead of competition is key to success**



- ✓ Food industry: find cooperatives & start partnerships. Only by being part of a cooperation you can fulfill the big volume orders and strict requirements of European importers.
- ✓ Non-food: as a niche player, you need partners with specialized expertise to increase visibility and attractiveness for European importers. Collaborate with similar companies in your region to strengthen each other.

**Third party platforms are growing**



- ✓ Third party marketplaces can be a great direct-to-consumer (D2C) opportunity. Two requirements: you need to know consumer preferences of the market you are selling to and you need to have an (in)direct connection to a third party marketplace.

**Increasing importance of data driven businesses**

- ✓ Look for opportunities to write down and monitor your stock, your orders, client's preferences, etc. The more you track and register, the more you can compare yourself to others and learn from each other.
- ✓ The more transparency you can offer to buyers, the more attractive you are.



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# EXPERIENCE (1)

## Consumer trends in Europe

Experience is an element on which many retailers have tried to distinguish themselves in recent years. Due to Covid-19, the importance of providing a physical customer experience shifted to a digital one. Optimizing digital engagement became extremely important for retailers in order to be able to keep the connection with the customer. The customer journey increasingly takes place online. European customers go online to get inspired, to find specific products and to make a purchase. It is likely that this trend will continue in the future: experts predict that online will provide 57% of global added sales by 2025 (Edge by Ascential, 2020).

This offers both challenges as opportunities for enterprises in emerging markets. More and more suppliers are expected to go along with this digital transition.

## What does this driver mean for SMEs in developing countries?

The experience trend is also being transmitted to the supplier. This applies both to suppliers who sell directly to consumers, but also to suppliers who sell their products via retailers to the European customer. The whole process to get the product from supplier to the end user will take place in an increasingly digital way. For instance, when retailers are looking for new suppliers or when they want to gain insight into the product range. The replacement of physical fairs by digital editions due to Covid-19 underlines this importance once again. By necessity, we have experienced that digital ways of working appear to bring a certain degree of convenience and efficiency. Therefore, it is expected that this trend will increase even further in the future.





## EXPERIENCE (2)

As a supplier it is important to be ready for this digital engagement in the form of e-commerce, digital marketing and communication. Being digitally present in a good way is increasingly a requirement to be seen as a potential supplier for the European market. Make sure that you are visible and that you can be found. What are important factors to expose yourself to retailers? Or if you sell directly to the final customer: what are the most important sales channels for my target group in Europe and how do I promote my products (on for instance social media)? Integrating storytelling and sustainable and social practices into your marketing is especially important for the new professional millennial group.

In order to be competitive in the future, it is an advantage if SMEs unite their talents and knowledge (also see 'Ecosystems').

”

***“Start with good quality photos. A picture of a man/woman with the product he/she made does not attract the attention of a buyer.”***

**Marijtje Ophof**  
Managing Director  
at Return to Sender

# TRENDS AND TIPS

## From physical experience towards digital engagement



- ✓ Information that was previously inaccessible can now often be found online. Digital engagement makes knowledge of e.g. economic developments and customer preferences transparent and offers opportunities for digital training.

## Shift towards digital fairs, VR experiences & AI solutions



- ✓ Invest in digital product presentation. You can do this by using good lighting, using a plain background and indicating the size of a product in a correct way (e.g. by placing another product next to it).

## Increasing importance of storytelling & purpose-driven marketing strategies

- ✓ Communicate any positive changes about sustainable practices or improved working conditions in your marketing.
- ✓ Share your personal story or the story of your community (with photo and video content).



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# EFFICIENCY (1)

## Consumer trends in Europe

Covid-19 has greatly increased the importance of convenience and efficiency while shopping. This applies to the different steps in the customer journey: from continuous insight into whether products are in stock to contactless payment options. New technologies such as 5G increases connectivity and opportunities for personalization. With 5G the consumers will be able to use virtual reality shopping from anywhere and are high-speed-connected with friends, tech services and platforms 24/7. Data-driven services and solutions are key to be on top of the customer's mind.

European retailers and suppliers will also be able to manage their supply chain faster and more efficient in the future. New technologies such as blockchain and Internet of Things (IoT) will have an enormous impact on the automation, speed and accuracy of orders. The challenge that comes with 5G, blockchain and IoT is how to handle the extreme volumes of data. And, who is the owner of valuable data? Data means knowledge and power.

## What does this driver mean for SMEs in developing countries?

To keep up with the consumer expectations and the speed of technological developments, SMEs have to adjust. How can SMEs prepare for these developments? By integrating agility into your supply chain to handle the fulfilment requirements. Requirements vary per industry. Nonetheless, there is a requirement that applies to all industries. In Europe, a deal is a deal. Orders have to arrive on the agreed date and time, with the exact amounts and measurements and with the agreed quality requirements. This recommendation seems old news. However, many SMEs are not aware of these basic requirements, for instance, because of cultural differences.



***"A relationship with a sustainable supplier is a long-term relationship. It increases the barrier to switch, so it's now or never!"***

**Gerard van Dulmen**  
Buying Director  
at SuperUnie

***"Look at the best practices in the world where working together has led to efficiency."***

**René Bakker**  
Managing Director  
at Fairtrade Original

## EFFICIENCY (2)

In the food industry, yearly contracts with importers can help to fulfill requirements consistently. Moreover, technologies such as Internet of Things can be of great advantage for small farmers in order to improve their plantation. It is already possible to measure the plantation and the products before harvesting more accurately because of the technology. Drones, for example, can recognize the nutritious value, pests and the water- capacity of the soil. Have a look at the inspiration case below to get an idea of tech companies that support small farmers.

In the non-food industry the efficiency requirements for SMEs depend on the business model. Generally spoken, there are two kinds of business models. In the first business model SMEs/exporters sell relatively small volumes directly to a smaller retailer (in Europe). In order to increase flexibility in the supply chain, these SMEs should have products in stock. Stock means fast delivery. The second business model is the one of big European importers that are in need of just-in-time delivery. Major importers do need the suppliers in developing countries to handle the big order volumes. Long-term relationships between importers and SMEs are useful and most effective.

Investing in a solid relationship and maintaining it pays off. Give attention to the relationship, the desired quality requirements and the process side. Once the process has been set up properly, the barrier for the buyer to switch to another supplier is high.

## INSPIRATION CASE

### HARA INDONESIA

HARA is a blockchain start-up in Indonesia that gathers and sells data within the food and agriculture sector. The data that is gathered from farmers includes farm land and weather conditions in various regions. Farmers only need to have a smartphone and are supported by local Hara field agents during the installation and data gathering process. In return for the data, smallholder farmers get connected with banks, insurance companies and become part of the HARA ecosystem. Find out more [here](#).



# TRENDS AND TIPS

## 5G, block chain and automation technologies

- ✓ Take advantage of technologies that help increase the transparency of your accounting. You don't have to be a technology expert, an app on your phone can often be enough.
- ✓ Food industry: Technologies like IoT or blockchain are great tools to measure your soil, reduce fertilizers and increase a healthy cultivation of the end product. Try to look for tech companies or data companies that may assist you in this process.

## More need for agile & flexible supply chains



- ✓ For niche players who sell to smaller European retailers, sufficient stock is important to be able to deliver quickly. Efficiency can be increased by bundling orders with other players in one container.
- ✓ For mass market players who sell to larger European importers, it is important to arrange long-term contracts.
- ✓ For mass market players who sell to larger European importers, semi-finished products increase flexibility and fast delivery, but make sure there is a financially binding contract with the importer.

## Increasing "on demand" economy

- ✓ Check possibilities to offer just-in-time management and sell a sample before starting with the production of big volumes.



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# EXPERTISE (1)

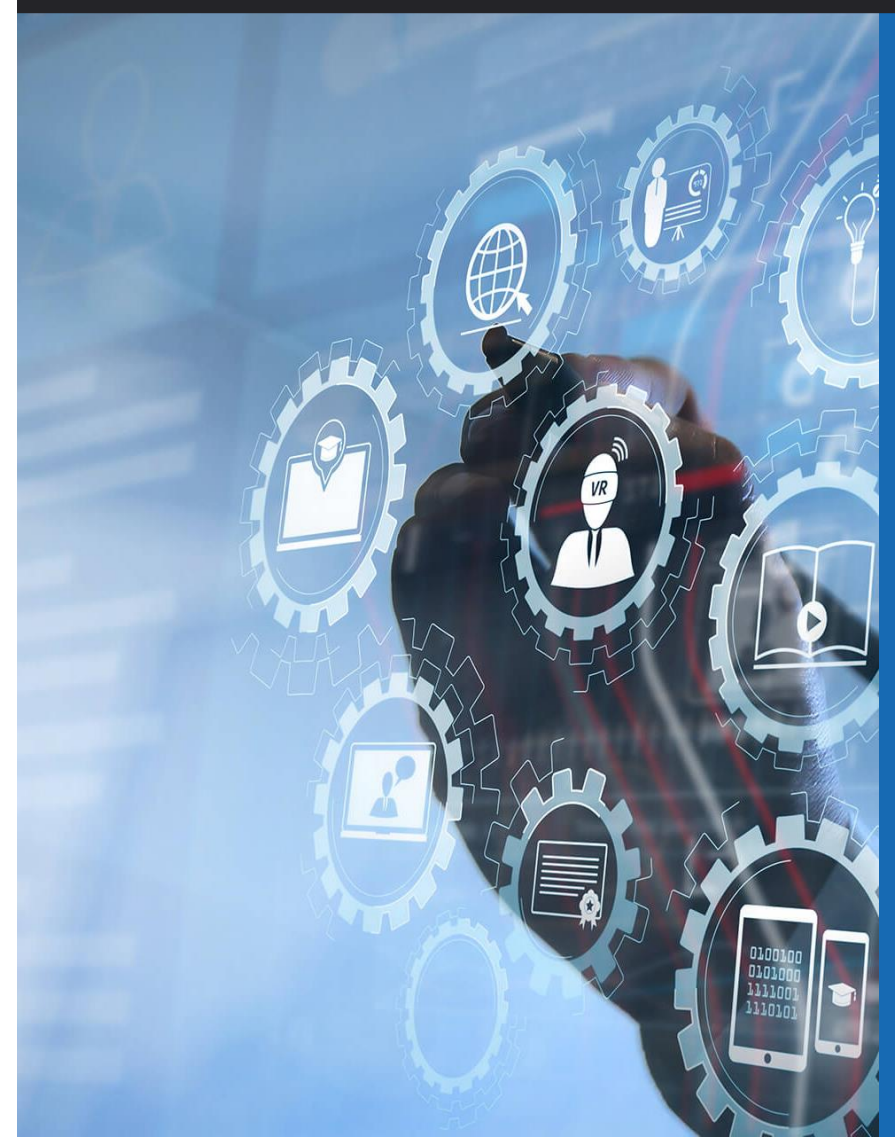
## Consumer trends in Europe

European consumers are flooded with product and service offers, many of which are comparable. Platforms are a convenient way to find and compare products and prices. In order to be successful, retailers and suppliers need to be knowledgeable about the customer. Where do retailers get this knowledge from? As mentioned before in this report, collecting and understanding data is important. Without being data-driven in the future the chances of survival for businesses are low.

But expertise is not only about data, it is also about specialization and skills. Nowadays it is no longer just about informing and advising customers in the physical store, but also online. Expressing your expertise online is a trend that has been accelerated by Covid-19. Sharing your knowledge with the customer can be done via an ecosystem, or by being a superspecialist in your industry.

## What does this driver mean for SMEs in developing countries?

Similar to European retailers, expertise is key for SMEs. On the one hand, expertise is related to skills and experience. SMEs can be an expert in design and production techniques, marketing skills, supply chain solutions, European consumer trends and many more. If you are an expert, make sure to also communicate as an expert. You have to be present online, e.g. on social media, in order to be visible for potential exporters and importers. On the other hand, expertise is related to information and knowledge. Knowledge about what is going on in your business and knowledge about the (European) consumer. Only by collecting and comparing valuable information and data, you can observe what is going on in your business and book improvements.



## EXPERTISE (2)

The first step is to be accountable for your business. (Digital) bookkeeping is important to increase traceability. Using an app for bookkeeping has many advantages. You can collect valuable data in order to improve your business. Additionally, you can compare your business to other similar businesses in your region and learn from each other. And, by getting more transparent you are more attractive to European importers. The requirements about what kind of information you need to know in order to sell to Europe can vary per industry.

In the food industry, importers will require that you know what kind of seeds you use, where they come from, which and how much fertilizer and pesticides you use and how you treat your workers. In the non-food industry, one of the major requirements is to offer your workers a living wage. In addition, knowing and using sustainable practices and materials is also a big advantage to be competitive.

It is important to be proactive in your communication towards all stakeholders and therefore also to your buyers in Europe. Don't wait, but send a sample, for instance.

”

***“You really need to connect better with the demands of the European consumer market and make less of what you like yourself.”***

**Marijtje Ophof**  
Managing Director  
at Return to Sender



# TRENDS AND TIPS

**Two winning business models: be part of a platform or be a superspecialist**



- ✓ Both larger and smaller players can start their own platform or choose to be a superspecialist in their field
- ✓ Are you a superspecialist? Make sure there is sufficient demand for your product in the market (home market or abroad). Also as a specialist, it is recommended to look for valuable partnerships. This increases the chance of success significantly.
- ✓ If you are not a superspecialist, collaborations are even more important. Take the first step to review existing ecosystems or to start your own one. Look for collaboration in the field of e.g. marketing, supply chain, shipment options and production.

**Increasing importance of specialized skills & experience in a specific business field**

- ✓ Search for partners with complementary expertise to form a mini ecosystem and strengthen each other's businesses.

**Increasing importance of having and understanding data: being data-driven is key.**

- ✓ Consistently collect data about your business. Preferably do this in a digital app or cloud. For cultural reasons, many SMEs hesitate to be transparent. Be aware that this will be a basic requirement by European importers in the future.



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# TOURISM INDUSTRY (1)

The tourism sector is affected differently and more directly by Covid-19 than other sectors. International borders are closed and people from Europe are only allowed to travel to limited countries and with restrictions. This has harsh consequences on developing countries that usually welcome many international travelers. What are the long-term effects of Covid-19 on tourism in developing countries? Are the changing (travel) habits and preferences of Europeans everlasting? Making predictions about the future of the tourism sector is not easy. However, we can try to make assumptions about the future by horizontal scanning: analyzing the temperate developments in the world to filter major drivers of the future. This is what tourism expert and scenario planner Albert Postma does. What are his assumptions about future tourism trends? We summarize some of them with the help of the five E's model.

## ENVIRONMENT

The European localism and sustainability trend will have the biggest impact on the tourism industry in developing countries. Flying is very harmful for the planet. Many consumers are aware of it and are likely to travel more to countries within Europe. But even if Europeans want to continue to fly as much as before the pandemic, it is not completely up to them. Airline companies are under enormous financial pressure and some of them will go bankrupt because of the pandemic. There is a chance that plane tickets will be more expensive in the future. Firstly, because the flight supply will be lower because there will probably be less airline companies. Secondly, because governments might introduce a premium on flight tickets to compensate for the environmental harm that flying causes. A careful first expectation for the future is that 80 percent of Europeans will travel within Europe and 20 percent will still travel to other continents.

## ECOSYSTEMS

Ecosystems and teaming up with partners in your industry is also very important for the tourism sector. SMEs need to start thinking about the entire customer journey of tourists that come to their region. When SMEs treat each other as partners instead of rivals, the customer journey of tourists is improved, and the entire region gets more attractive for future visits. But what are the preferences of tourist that SMEs need to be aware of? If you are a SME in a developing country, working with tourist personas can help to improve your services and the services of your partners. [Here](#) you can find out more specific tips about improving your services.

# TOURISM INDUSTRY (2)

## EXPERIENCE

Usually, tourism is all about the real physical experience. In 2020, the physical experience was restricted by government regulations and closed borders to stop the spreading of Covid-19. At the end of the pandemic, it is likely that Europeans want to travel to developing countries again. In other sectors we see a shift from physical experience towards digital engagement. Even if it seems like an odd idea at first, this can also be applicable to the tourism sector. Tourism SMEs should get creative with digital solutions to their previous and future customers. For example, African SMEs could use virtual reality technology to bring a safari trip to European tourists online. This is a great (marketing) strategy to, at least, stay on top of the minds of future customers.

## EFFICIENCY

Convenient and fast solutions are also highly relevant for the tourism sector. Generation Y and Generation Z are more and more a target group for tourism players from developing countries. These demographic groups grew up with the internet and are advanced in finding relevant information quickly online. This is a chance for SMEs in developing countries. As an SME that is active in the tourism sector, make sure that you are telling the story of your business online and increase your findability, for instance, on social media. If you want to find out more about the travel preferences of Generation Y and Generation Z, read this extensive [report](#).

## EXPERTISE

Mass tourism to developing countries is expected to decrease in the future. Often tourists that were previously attracted to mass tourism locations are attracted by, for instance, sunny beaches and relaxing drinks. These characteristics can easily be substituted by European tourist locations. How can you still attract future tourist then? With expertise and specialization in a specific field. This general trend is also applicable to tourism players developing countries. To be successful with your specialization, you need to have a good marketing strategy in order to be found by European tourists.

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