

# 8 tips to go digital in the natural ingredients for the health products sector

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Digitalisation is becoming a key part of international trade and is likely to become more important in the coming years. This study provides 8 tips on how exporters of natural ingredients for health products in developing countries can prepare for digitalisation to their advantage to enter the European market. However, while exporters should put resources into digitalisation, they also need to be honest and realistic as failure can have a negative impact.

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## 1. Get familiar with common types of digitalisation in supply chains

Globally, digitalisation has become part of our lifestyle, something expected to continue. All over the world, consumers are using digital devices such as smartphones and tablets, whilst the Internet of Things (IoT) is becoming more and more prominent.

For exporters of natural ingredients for health products, digitalisation is becoming increasingly important in their journey to enter the European market. The right choice and use of digital tools, digital activities and platforms can help exporters enter the European market and successfully trade in it. This is a key advantage of following this tip.

Learn about the various types of digitalisation used in supply chains for natural ingredients. Consider what digital tools could benefit your company. Examples of types of digitalisation include:

### Farmer level

Digitalisation at the farmer level can be used to improve efficiencies concerning fertilisation, irrigation, and land usage. It can also be used to ensure farmers are meeting regulations, like that for agrochemical use and pesticide residue. For example, [SGS Digicomply](#) is a content management platform for farmers and other stakeholders, that provides tools to improve regulatory compliance. It provides regulatory updates, actionable knowledge and a repository of food regulations. Digitalisation can lead to greater efficiencies and can reduce farmer costs. The increase in productivity can raise profitability for producers in developing countries.

## Processor level

At the processor level, new equipment and technologies enable the precise maintenance, measuring and monitoring of key quality parameters when making natural ingredients. Moisture content and size are two examples. New equipment and technologies at the processor level also enable exact maintenance, measuring and monitoring of storage conditions. Temperature is an example, with some natural ingredients for health products required to be stored at certain temperatures to maintain their quality. [Vaisala](#) offers a range of digital tools, such as a temperature & humidity mapping service. [Disrupt-X](#) also offers solutions for air quality and cold-storage monitoring.

## Big data

The sector association level collects significant data which can be used to set standards, identify the most and least prospective regions and country markets and identify current and future trends among other things. The [European Federation of Pharmaceutical Industries and Associations](#) (EFPIA) is an example of a sector association doing this.

In addition, governmental and non-government organisations (NGOs) such as [Eurostat](#), the [International Trade Centre](#) (ITC) and the [Food and Agriculture Organization](#) (FAO) collect data on natural ingredients used in natural health products.

## Digital and online trade finance

There is a growing shift towards a cash-free and paperless society whereby electronic documents and digital platforms and services are used to finance international trade. For suppliers and exporters in developing countries, small-scale digital trading and payment platforms are also becoming available. The [blog on Fundera.com](#) describes the best business-to-business (B2B) payment solutions and providers.

## Logistics

[Blockchain technology](#) is being used in supply chains to monitor the flow of products/ingredients from producers to consumers. Traceability and transparency in supply chains are 2 of the advantages of blockchain technology. It can also be used to remove middlemen in supply chains, which results in cost savings.

Blockchain allows actors in the supply chain to check the status of their products, monitor their movement in real-time and see the status of documents. Alongside tracking goods, blockchain technology can safely and securely encrypt important private and confidential documentation like business contracts.

## Export sales

However, the global COVID-19 pandemic has increased the use of email and online platforms to communicate with buyers from the initial contact, negotiations and discussions, to the deal completion further past its already well-established level, something expected to continue in the coming years. Examples of such platforms include [1-2-Taste](#) and [TradeKey](#).

The COVID-19 pandemic has led to travel restrictions and the cancellation of industry trade fairs because of safety concerns and associated risks. This has led many events to take place on digital platforms. For example, [Biofach](#), the biggest trade show globally for organic products, was held completely digitally in February 2021. Additionally, [Vitafoods Europe 2022](#), where exporters can network with various stakeholders (such as buyers, wholesalers and retailers) across the nutraceuticals supply chain, will adopt a new hybrid format in May 2022.

## Smart shopping and the informed consumer

This has been described as a digital age. Largely due to the Internet and the ready availability of countless mobile apps, consumers are now more informed than they have been at any other time in history. We have greater access to information, enabling us to make informed decisions when buying products. We as consumers are demanding more transparency from businesses about their products, including ingredients, production

methods, labels and standards. Several mobile apps and tools now exist to help consumers make more environmentally friendly choices. One example is the [EWG Healthy Living App](#).

Figure 1: EWG Healthy Living App



Source: EWG

## 2. Be realistic when investing in digital tools

For exporters of natural ingredients to the health products sector, there is usually limited access to money and resources. In addition, costs can be high and profits can be uncertain. Exporters should therefore be honest and realistic when choosing digitalisation tools, especially when overinvestment could lead to financial losses.

Introducing digitalisation into your supply chain can also bring hidden costs related to cyber security, technical and enterprise architecture, IT skills training and maintenance costs. You should factor this in when deciding what digitalisation tools you will introduce.

Thus, exporters should ask the following questions:

- Are there other more important priorities that must be addressed before going digital?
- Which type of digitalisation is the most suitable according to my situation and circumstances?
- Can the costs of going digital be covered by your company? Will you be able to pay all the necessary extra expenses related to maintenance and training?
- Can the costs of anything unexpected when going digital be met? You may be forced to cover extra costs related to upgrading the software or your devices or in case of troubleshooting.

### Tips:

Carefully choose and then apply the level of digitalisation most relevant for your business and the customers you trade with.

Read CBI's [tips for doing business with European buyers of natural ingredients in the natural health sector](#) for information on what else is needed to do business with European buyers.

Research how other exporters of natural health products incorporate digitalisation into their business operations. For example, [Tru Herb](#) company enables its customers to purchase ingredients on its website.

## 3. Use E-commerce platforms to find buyers

E-commerce, also known as electronic commerce and internet commerce is the trade of goods and services through the internet, with the transfer of money and data to complete sales. According to the United Nations Conference on Trade and Development (UNCTAD), there has been a big increase in global e-commerce with [business to business \(B2B\) sales dominating e-commerce](#). The trend is likely to continue in the coming years.

Exporters of natural ingredients for health products should follow this tip and use e-commerce platforms to find buyers as it can increase sales and offer new opportunities.

E-commerce platforms allow exporters to advertise their business and the products they offer. Meanwhile, they allow buyers to find exporters who meet their needs through search filters such as price, country/region and certification. For exporters, benefits of using e-commerce platforms include:

- building an online presence;
- capitalising on existing buyer demand and expanding current network;
- lower costs;
- easy set-up;
- ability to test new products;
- expand global customer base;
- access to foreign markets, something particularly important for small to medium-sized enterprises in developing countries; and
- increase customer service and loyalty.

Established European buyers and international buyers do not usually look for suppliers on e-commerce platforms. However, smaller buyers requiring lower quantities of natural ingredients are more likely to look for suppliers on them.

[Alibaba](#) is an example of an important international B2B e-commerce platform. Other examples include [IndiaMART](#), which is an online B2B and B2C business directory for Indian and international companies. [TradeKey](#) is a global B2B and B2C platform for international trade. Buyers search for suppliers on Alibaba by searching for products and suppliers of products they want to buy, for example, turmeric. To choose a good supplier that is safe, Alibaba provides filters to buyers. Important filters for buyers on Alibaba include:

Trade Assurance - An accountable way to order, pay and track a purchase. It also allows any problems to be disputed for a refund with buyer money being held in escrow by Alibaba to ensure both parties deliver their side of the deal.

Verified - Suppliers with the verified check have had an onsite check by a third party. This means the physical premises exist and the company is an established business.

Categories - For example, cosmetic raw material or finished products such as body lotion and body scrub.

Minimum order quantity

Price - A minimum to maximum price range.

Supplier Country/Region

Management Certification - For example, Good Manufacturing Practices (GMP) and International Organization for Standardization.

Exporters must register and create an account to trade on Alibaba. Following this, exporters can list products

they sell, including their description, specification, product functions, packaging and delivery, and company profile.

Figure 2.1: Turmeric exporter on Alibaba



Figure 2.2: Turmeric exporter on Alibaba



Source: Alibaba

[1-2-Taste](#) is a B2B platform for raw materials and food ingredients that focuses on small and medium-sized producers. The platform focuses mainly on food ingredients and it offers certified ingredients. 1-2 Taste also provides technical services including consulting and market insights. In order to become a supplier, you have to create an account. The platform can register suppliers from any part of the world.

[Tridge](#) is another digital trading platform that focuses on agricultural and food products. The platform also offers market intelligence and trade data for users. Tridge connects buyers and suppliers on a global scale. It is possible to use some of its services free of charge, but most of its subscription plans are available for a fee.

### Tips:

Ensure you understand all the terms and conditions e-commerce platforms have before joining them.

Before paying a subscription fee to join an e-commerce platform or access its paid tools and services, make sure to determine if it is suitable for you and your product. Asking for a free trial is one way of doing this.

Regularly visit [Ecommerce News Europe](#) to follow the latest e-commerce developments in Europe. This can allow you to adapt your e-commerce presence according to the latest e-commerce developments.

Read '[What is a B2B marketplace? and the best way to utilize it](#)' to get a better understanding of business to business on e-commerce platforms and how you can take advantage of them.

## 4. Consider using blockchain technology

Blockchain technology is a secure and transparent way to record and store data digitally at lots of points in the supply chain and make it available to all parties. Data can include private and confidential information such as business contracts containing information on buyer and seller identity, price, order quantity, quality and traceability alongside important documents such as customs documents.

According to the [International Trade Center](#), the advantages of blockchain technology for small to medium-sized enterprises (SMEs) in developing countries include:

- greater efficiency and effectiveness;
- faster trade;

- lower costs; and
- ability to prove and ensure quality, safety, traceability, environmental and social responsibility including fair prices.

For blockchain technology your company and parties involved in the supply chain must be:

- able to invest in buying and maintaining the necessary technology such as hardware and software;
- have staff who can or are able to learn to use it; and
- willing and ready to share data.

The use of blockchain is growing and is expected to be more widely used in the future. The main reasons for this include blockchain technology's ability to prove and ensure supply chain safety, traceability and sustainability, particularly with regards to environmental and social responsibility. This is especially important as younger consumers are becoming increasingly concerned about environmental and social responsibility.

Throughout Europe, there is growing consumer demand for environmentally and socially responsibly products – particularly with food products, as they have shown the highest growth of sustainable product sales in recent years. This trend is expected to continue.

According to [recent studies](#), Generation-Z consumers (born after 1995) in the UK are 1.4 times likely to pay a premium for eco-friendly products, with another report finding that 45 per cent of Generation-Z plan to prioritise sustainability over price. This trend suggests demand for environmentally and socially responsible natural ingredients is likely to increase in the future.

Among European buyers of natural ingredients for health products, there is greater demand for natural ingredients that meet social and environmental standards. For example, with regards to social standards, one European buyer commented: “we have got a lot of customers who require it... it gives us a bit of legitimacy and it is something we value ethically.”

Additionally, meeting environmental and social standards is often part of a company's policy and strategy. For example, when asked about the importance of meeting social standards, a European buyer stated: “we want to build a long-term relationship with our partners and that is why it is important that they earn fair money for their work, and that their work is properly valued.” Buyers have also stated that they use environmental and social standards in their marketing stories.

This presents an opportunity to exporters in developing countries who are using or are considering using blockchain technology as it improves transparency and encourages sustainability. Thus, exporters in developing countries should follow this tip of using blockchain technology in the future as it provides several advantages. However, exporters/producers need to first ask if there is a business case to do so. One way to do this is to get feedback from prospective customers if they are interested in implementing blockchain in their supply chains.

### **Tips:**

First, assess your supply chain and how well it is connected if you do not have a traceability system in place. Determine if every part of your supply chain is documented properly and digitally. Then assess if there is a business case for you to use blockchain technology in your supply chain.

Read CBI's study [What is blockchain](#) to get a better understanding of what blockchain is.

## 5. Use cost-free big data to identify and take advantage of opportunities

It is common for market research companies to regularly collect and analyse large data sets. Some analyse existing data sets on natural ingredients for health products. They publish data and produce reports containing market analysis of data at a cost. Market Analysis can include the most and least prospective regions and country markets in terms of volume and value alongside its development over a period.

However, access to large data sets and reports containing its analysis is rather expensive for most small to medium-sized exporters in developing countries. As an alternative, exporters can use and download large data sets published on cost-free digital international trade tools. Use this data to find new opportunities for your business and increase your chances of entering the European market.

Examples of cost-free digital international trade tools that provide access to big data on natural ingredients for health products include:

### The International Trade Centre (ITC) Trade Map

The [ITC Trade Map](#) tool provides indicators on export performance, international demand, alternative markets and competitive markets, as well as a directory of importing and exporting companies. It covers 220 countries and territories and 5,300 products of the Harmonized System. Data is available in quarterly and yearly trade flows in table, graph and map forms. Trade Map transforms the large data sets into a user-friendly and interactive format.

### Food and Agriculture Organization of the United Nations (FAOSTAT)

[FAOSTAT](#) provides access to food and agriculture data for over 245 countries and territories from 1961 to the most recent available year. It allows users to search by indicator or commodity and compare data. It also provides information on its definitions and standards.

### Eurostat

[Eurostat](#) is the statistics office of the European Union (EU). Eurostat provides international trade data on its database according to Harmonized Commodity Description and Coding System (HS code). Data dimensions to choose from include European country markets, partner countries, product flow such as import and export, period and indicators such as value in euros and quantity in 100kg. Data is available in spreadsheet, chart, treemap, map and table form.

### European Commission Access2Markets

The European Commission's [Access2Markets portal statistics tool](#) provides EU trade statistics (including the UK) according to HS code, individual EU member state, the entire EU, trade partner countries, import value, export value, import quantity and export quantity.

Figure 3: HS Code 0910300, under which turmeric is traded, trade data from the Access2Markets portal statistics tool



Source: Access2Market

Cost-free digital international trade tools often only publish large data sets. However, they do not always publish reports containing the analysis of large data sets. Analysing large data sets can be difficult for exporters in developing countries because they may not have the skills, time and resources to do so.

However, the [Centre for the Promotion of Imports from developing countries](#) (CBI) provides market analysis studies containing analyses of large data sets of promising natural ingredients for health products. In the studies, both the most and least prospective European country markets in terms of volume and value are identified, as well as their development over a period of time. As such, exporters should consider reading CBI's market analysis studies for promising export products for natural ingredients for health products in Europe.

### Tips:

Use [the ITC Trade Map video tutorials](#) to learn how to do basic export market screening by analysing the size and openness of markets and trends since 2001.

Use this [Access2Markets tutorial](#) to analyse internal and external European trade for your natural ingredient for health products.

Read CBI's [product studies for natural ingredients for health products in Europe](#). These studies contain easy and understandable analyses of large data sets on specific products.

## 6. Attend digital events and use digital resources

Events, where potential buyers can be found, have started taking place digitally. Additionally, resources providing market information are also being made available digitally. Exporters of natural ingredients for health products should follow this tip as it can increase their chances of entering the European market.

### Digital events

The COVID-19 pandemic has posed serious safety risks to human health. Thus, physical trade fairs, exhibitions and industry conferences where buyers could be found were postponed or cancelled in 2020 and 2021. Lockdown measures and restrictions placed on large events by government and authorities to prevent the spread of COVID-19 are reasons behind this. As a result, many events were hosted digitally.

Indeed, [Biofach](#) the biggest trade show globally for organic products was held completely digitally in February 2021. Additionally, [Vitafoods Europe 2022](#), where exporters can network with various stakeholders across the nutraceuticals supply chain such as buyers, wholesalers and retailers, will be held in a hybrid format. The uncertainty caused by COVID-19, particularly the risk of future waves, means digital events are likely to continue.

Figure 4: Biofach virtual edition 2021



Source: Biofach

### Digital resources

Market information about natural ingredients for health products and information about the latest news, trends and developments in the health products sector and European country markets are increasingly being made available digitally. Digitally available industry magazines, newsletters and articles published on websites are a valuable source of this information. Examples include [Food Supplements Europe](#), [Ingredients-Insight](#) and [Nutra Ingredients](#). Additionally, exporters can subscribe to the [CBI newsletter](#).

Webinars and their recordings that allow speakers to share presentations and answer questions are being made



available digitally. These webinars contain information about the latest news, trends and developments. For example, CBI holds webinars for natural ingredients for health products such as [Export openings in Europe](#) and [Natural ingredients for health products](#).

Figure 5: CBI webinars for natural ingredients for health products



Source: CBI

### Tips:

Consider attending digital events as an alternative to physical events as they allow you to find and connect with potential buyers.

Read digitally available industry magazines, newsletters and articles published on websites as they are a valuable source of information. Examples of this are mentioned in the text above.

Attend live webinars or watch their recordings because they are a valuable source of information. For example, you can visit the [CBI YouTube channel](#) for webinars on the natural ingredients sector.

Read CBI's [tips for finding buyers on the European market for natural ingredients for health products](#) which include several practical tips on finding buyers in Europe.

## 7. Use online company databases to find buyers

Using online company databases should be one of the first steps suppliers in developing countries take when finding new buyers. It makes it easier and faster to find buyers, which is likely to increase the chances of suppliers successfully entering the European market. These are the 2 main advantages of following this tip.

Popular databases relevant for exporters of natural ingredients for health products include:

- [EUROPAGES](#) – directory of European companies, which can be searched by sector (for example, [natural ingredients health products](#)) or by keyword. You can filter your results further and select companies that are traders and not manufacturers (by selecting 'agent', 'wholesaler' or 'distributor', for example).
- [Wer liefert was](#) is the leading B2B online marketplace in Germany, which is the most promising European market for natural health product ingredients. This database allows you to search for companies and filter out results as per your specifications. The companies are mostly German-speaking, so it is a good idea to search in German as well as English as this will generate a wider range of results.
- [Kompass](#) – large database of companies. Subscribers can apply several filters to find potential buyers. It is also possible to perform a basic search free of charge by entering the product name and to refine your search by selecting 'importers'.
- [Green trade](#) – A marketplace for organic products.

Be aware of fraudulent companies selling fake databases. There are several ways of [identifying emails sent by fraudulent companies](#): they will often have no online presence and their emails will contain impersonal greetings and poor grammar and spelling. The presentation may also be sloppy.

It is important to note that no database is complete and that even paid databases do not include every potential buyer in your top European country markets. Nevertheless, to make finding buyers easier and faster, suppliers should follow this tip as it is likely to increase their chances of successfully entering the European market.

Figure 6: Logos online company database platforms



Source: Various

### Tips:

Consider whether there is a business case for you to pay a subscription fee to join some online company databases or access its paid tools and services.

Search in the language spoken in your target European market as well as English, because that will generate a wider range of results for potential European buyers.

Use filters on online company databases to narrow your search for potential buyers as it generates results according to your needs, and it saves you time.

## 8. Get help going digital

Going digital can be challenging for exporters of natural ingredients for health products. However, the main advantage of following this tip and getting help to go digital is that challenges can be reduced and overcome. Meanwhile, if you do not follow this tip, you continue to face challenges that could have a serious impact on your business and miss out on opportunities.

An easy way to get help in going digital is to do online searches for companies and organisations that offer services to help you. To start, do basic online searches with simple search terms such as help going digital followed by the name of the country you are in. You can also narrow your results by selecting and entering information in filters on search engines. Common filters include language, region and year. Following this, you should contact companies that are relevant for your business.

Another way of getting help in going digital is to visit websites of digitalisation support projects, companies, platforms and associations offering digital solutions suitable for you alongside further information. Examples include:

- [GIZ Digitalisation projects](#) – GIZ is a German international development agency providing support for sustainable development in developing countries. GIZ's digitalisation projects provide digital support in several developing countries.
- [GSMA Mobile for Development programmes](#) – Provides resources and services to go digital. Services include device information, eSIM, fraud and security, network, interconnect, and roaming services.
- [Ujuzi Kilimio](#) – A company providing a real-time soil testing service using sensors and mobile technology. Access to large data sets and digital software allows users to make informed decisions.
- [Agri-Wallet](#) – A company offering a digital financial platform for value chains in developing countries. It creates financial transparency and provides real-time insights.
- [Futurepump](#) – A company providing sustainable solar-powered water irrigation technology designed for small farmers in developing countries.
- [Sypecomp](#) – A company providing digitally remote sensing, farm mapping, financing, intelligence, smart sourcing/traceability and localised weather forecasting to suppliers in Ghana.
- [M-Shamba](#) – A social enterprise providing a digital platform, using interactive voice response services to explain and transfer agricultural technologies to smallholder farmers. It also provides digital literacy programmes.

- [Africa Goes Digital](#) – An African association of companies offering digital solutions in Africa. Consider contacting its members that are suitable for you.

Additionally, see Annex 5.A1 of the [OECD Latin American Economic Outlook 2020: Digital Transformation for Building Back Better](#) report to see a list of digitalisation projects in Latin American countries. Consider contacting those that are relevant to you.

### **Tips:**

Ask companies and organisations that provide services to help you go digital any questions you have. Do not be shy. This will help you make a more informed decision when deciding if their services are suitable for you.

Read CBI's [study tips for doing business](#) and [tips for organising your export](#). These provide practical tips that are likely to increase your chances of entering the European market.

This study was carried out on behalf of CBI by [Ecovia Intelligence](#).

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