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**Case study:** Vital Naturaleza

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## **Executive summary**

Lina Castro developed her career in the petroleum industry since her graduation from college. Nevertheless, the birth of her first child was a breaking point that led her to make radical changes in her life: she and her family started a healthier and greener lifestyle and realized the responsibility of providing a better world for future generations.

For this reason, in 2019 she started an entrepreneurship with like-minded friends. Later on, the company was founded as *Vital Naturaleza*, a specialty honey products retailer with a boutique located in Bogotá, which has the mission to support small beekeepers across Colombia.

The company's main purpose is to help the conservation of biodiversity through small beekeepers and educating consumers about bees and honey through experiences that they offer at their boutique. However, there are some challenges that may jeopardize the business's value proposition and survival in the market.

In the first place, as the COVID-19 pandemic struck the country, new challenges arose for the company: they had to move from their boutique to the digital market, and therefore deliver different experiences that replaced the physical ones. Besides of this, some other challenges that *Vital Naturaleza* has to face are the uncertainty in production, the variability in demand, sourcing from remote areas and the honey substitutes available in the market.

Taking into account this context, and in order to assess Vital's position in the short-term and long-term context, a SWOT analysis was conducted, which led the group to suggest appropriate recommendations in terms of strategy and feasibility.

Recommendations presented include seasonal products to deal with stock outs, traceability to strengthen the bond between consumers and producers, reduction of transaction costs to increase profitability and implementing a stronger marketing strategy to educate people about the importance of bees.

## ***Vital Naturaleza, Bees' best ally***

### **Building sustainability: one bee at a time**

In 2019, *Vital Naturaleza* was born as a startup created by a group of business partners, whose main purpose was to produce honey from Sierra Nevada de Santa Marta, Colombia. Nevertheless, that same year, they recognized the opportunity of having a wide variety of honey due to the vast diversity of ecosystems in the country, the need of helping small beekeepers sell their product at a fair price, and the responsibility of preserving bees in a safe surrounding.

All this led them to change their business model, which became a direct channel for small beekeepers to sell their honey. In order to exhibit these products, the business partners created a specialized honey boutique located in Bogotá that creates experiences around honey and educates consumers by delivering a sample of quality honeys from almost the entire Colombian territory.

Lina Castro is one of the business partners, who as well as the other members of the group multitasks in order to achieve the business's goals and delivers her 100% because she is convinced of the power behind *Vital*.

### **Early years and motivation**

Lina studied International Relations at Universidad del Rosario, Colombia. At the beginning of her career, she developed her practice in the petroleum industry, specifically the hydrocarbon sector. However, things began to change when she had her first child. Her husband had always been a passionate agriculturist, so when they had their daughter, they decided to buy a farm, and dedicate to sustainable and organic agriculture. They started working with farmers, producing their own basic supplies and changing their lifestyle. They wanted to have a cleaner, healthier life, and that's exactly what they began to do. This was the key point where she left behind the petroleum industry and linked herself to the agricultural industry.

Lina grew up very close to her family, which lead her to live in rural areas for a while with her grandfather. This made her passionate about nature, farms, animals and everything related to agriculture. These factors also contributed to her decision to change her lifestyle and live a healthier life. Lina feels a strong need to have the best life that she can give to her two kids and she has been able to provide that by living a healthier and natural lifestyle.

## **Beekeeping**

After owning their farm for a while, her husband and her started noticing that there were a lot of bees around the area. Her brother-in-law already knew the basics about bees, and he had found an abandoned bee box nearby. Together, they decided to explore the box and watch the bee's behavior. That day, they were able to analyze every detail about the colony, the queen bee's behavior and their impeccable social and physical structure. Lina was mesmerized by everything that she saw, and that's when she fell in love with bees. Lina felt like she needed to learn more, so she decided to study about beekeeping and meliponiculture.

Lina states that “without native bees to pollinate, there would be no food for us to eat and that's the reason why we need to take care of them”. Deforestation and pesticides are just some of the many factors that are contributing to their extinguishment, and we are responsible for that. Without bees, pollination would tend to disappear, this would result in plants not being fertilized, and as a consequence, there would be no fruits, vegetables and others. Life would cease to exist as we know it without native bees.

## **Joining *Vital Naturaleza***

After working for a while in beekeeping and meliponiculture, Lina met a friend who told her about a startup called *Vital Naturaleza*. Back then, *Vital* was just a small honey producer located at Sierra Nevada de Santa Marta, Colombia. The idea was to commercialize that honey and talk to other nearby producers just in the extreme case on needing it. However, the company's partners began to rethink the business model, and soon realized that the country's diversity could be used in their favor. This is when they had the idea of creating a honey boutique, where they could commercialize different types of honey and educate consumers about this topic.

## ***Vital Naturaleza* today**

When *Vital Naturaleza* was founded *per se*, it was now a specialty honey boutique and not a honey producer anymore. Asking “Why?” is by far the most important question that the partners asked themselves. The answer is quite simple, more than selling some great honey, what the company actually wanted to do was help small beekeepers reach their final customers. *Vital* became a direct channel for beekeepers to sell their honey. The company's main purpose

is to help the conservation of biodiversity through small beekeepers, defined as people who work with less than 100 colonies and whose main income source depends on beekeeping.

### **Beekeepers and *Vital Naturaleza***

According to Lina, in Colombia, beekeeping is a highly abused industry. Workers usually don't receive a fair pay for their high-quality products, selling it for less than 10% of its actual value. Therefore, the company decided to work with these beekeepers, and give them the tools to be part of the products that the company sells. *Vital's* partners have a very sophisticated palate, they taste the honeys, decide if they are special according to its texture, flavor notes and processing and classify them. This way, beekeepers can become honey suppliers for the company.

### **Sustainability as a key element**

Since its inception, *Vital* has identified social and environmental sustainability as a fundamental pillar of its business. This is because beekeeping is not only linked to honey production, but it is also integrated with the stability of different ecosystems. A great variety of natural resources must be available: bees, plants, flowers and water for beekeeping to thrive in producing natural and quality honey and related products. Encouraging beekeeping largely guarantees the continuity in time of nature through pollination.

The main objective of *Vital* is to encourage the cultural and economic development of beekeepers while they leverage sustainability to produce quality honey. That said, for this company sustainability is not only a must for its business, but also an opportunity for job growth for its collaborators, cultural growth for the agricultural sector and recognition among environmental initiatives. Bringing natural and quality honey to the market has allowed them to innovate and bring a fresh, sophisticated and conscious perception to consumers about the consumption of honey related products. Now they not only see it as a sweetener but also recognize its different tones of flavor and aroma, establishing an apiary culture in the country.

### **Risks and challenges**

However, there are some risks associated to: working with small suppliers, targeting a niche market, sourcing from a large geographic scope and the honey business itself.

- **Uncertainty in production:** Honey production is highly dependent on the climate in which the bees are harvested and the conditions of the land nearby. This is because they must have enough water, sunlight, a warm climate to produce honey, and besides of this guarantee that the land is clean and free of pesticides that may damage the population of bees. Therefore, depending on these conditions there may be a shortage of honey throughout the year.
- **Variability in demand:** *Vital's* customer segment is niche. This means that the potential customers will be those who are willing to pay, who like honey, who appreciate the different shades of taste and aroma on offer. Therefore, building customer loyalty can be an arduous task that makes it difficult to predict demand.
- **Sourcing from remote areas:** Some *Vital* suppliers are located in remote areas of the country (difficult access). This supposes challenge for logistics: not only does it take longer to get the raw material to the store, but it also substantially increases transport costs, and therefore prices. This may lead to a reduction in the profit perceived by *Vital* and the beekeepers
- **Substitutes:** In Colombia there is still a lack of knowledge about honey and all its derivatives. The different tones of flavor and aroma of honey as well as its health benefits are unknown. T In fact, there are some fake honeys in the market that claim to be original and sell their products at very low levels. Therefore, products such as sweeteners, both artificial and of vegetable origin, can become substitute products, which compete with *Vital*.

### **Stakeholders analysis**

The main stakeholders we identified in the business are the following:

- **Suppliers:** The company has more than 100 suppliers (beekeepers). Each supplier has different parameters such as: geographical location, number of apiaries, types of bees harvested. All these parameters allow them to have a great variety of honeys to offer. **Their main interest is a fair and regular trade.**
- **Consumers:** The customer segment of *Vital* is very specific. They have certain characteristics. (1) their purchase level is low. They do not place large orders. (2) their age segment is between 30 and 50 years old. (3) they have a medium to high socioeconomic level. **Their main interest is the quality of the product and the experienced offered.**

- **Business partners:** there are six business partners in the company, who contribute by means of capital, know-how and availability to manage the business. They all have the same interest: to start doing things in a better way, through a responsible land use. That's why they are aware that in order to establish a fair relationship with suppliers and consumers and expanding their business model in order to spread the message of conservation, they won't become wealthy through the growth of the company.  
**Their main interest is to contribute to the development of the country, by means of a social and environmental sustainability.**

### SWOT analysis

In order to analyze the context in which the business operates, the group proposed a short- and long-term SWOT. This model served as a reference to identify the strengths, weaknesses, opportunities and threats of *Vital Naturaleza*.

#### Short-term SWOT analysis



#### Long term SWOT analysis



### **Recommendations for Vital Naturaleza**

After analyzing the short and long term of the business strategy (details in Annex 1 and 2) we proposed these recommendations for Vital:

#### **Seasonal products:**

Objective: deal with the stock outs of honey due to the risks associated with production

Target time goal: 1 year

Actors: beekeepers, Vital and customers

While maintaining a permanent portfolio is desirable for sustainability purposes (i.e. reduce waste, support small suppliers), the uncertainty of production on certain honey products that are particularly susceptible to be produced in reduced quantities or not at all every now and then, could be subject to a marketing strategy of seasonal products. This could potentially boost the sales of such limited-time product as well as preventing lost sales when the product is not available all throughout the year.

Implications: Implementing this recommendation will allow Vital to minimize the probability of running out of stock. Also, this will allow customers try different varieties of honey, and not only stay with the one they always buy.

#### **Traceability:**

Objective: to associate the honey with their producers

Target time goal: less than one year

Actors: beekeepers, Vital and customers.

As the suppliers portfolio is not too large, and it is possible to trace down the origin of each honey brought into the boutique, it would be strategic to display information about the farm/farmer so people can associate the product with the lives behind it. Traceability could be a differentiating factor when competing in the sweeteners segment: *Vital Naturaleza* would stand out for its commitment to paying fair prices and supporting small suppliers in remote areas. Strategies like this have proven successful in specialty boutiques such as the colombian coffee shop Amor Perfecto.

Implications: Implementing this recommendation will allow Vital to increase customer loyalty as it generates personal loans. It also increases the sense of belonging to the brand because they are national products cultivated by experts. This recommendation also serves as a strategy to raise awareness of the brand's objective: help beekeepers showcase their natural and quality products.

### **Transportation costs:**

Objective: to reduce transportation costs

Target time goal: 1 year

Actors: Beekeepers, Vital, customers and other companies

Vital's suppliers are mostly located far from urban areas. This causes delays and backlogs in honey deliveries, due to long hours of transport. Therefore, Vital should explore the possibility of joining efforts with other companies that also perform similar transport logistics. In this way, Vital will be able to take advantage of economies of scale and scope. Some Colombian companies implement this system of cooperation in transport such as Sierra Nevada, Crepes & Waffles, Wok among others.

Implications: Implementing this recommendation will allow Vital to improve transportation times and therefore decrease the logistics costs associated with transportation. This could translate into higher profits for Vital and for the beekeepers.

### **Stronger marketing strategy:**

Objective: implementing a marketing strategy

Target time goal: less than one year

Actors: beekeepers and Vita



Bees play a key role in nature, nonetheless, this fact is unknown for most people. *Vital Naturaleza* could develop and implement a marketing strategy that stresses on the bee role in nature, educating customers and increasing their awareness and willingness to pay. Increased awareness could potentially build a more solid customer base that feel strongly about the company, its goals and practices. Honey products by *Vital Naturaleza* should aim to be high on consumers' top of mind and top of heart.

**Implications:** Implementing this recommendation will allow Vital to invest in its brand development. This will generate in the long term the connection of the words honey, natural and sustainable with its brand, thus generating recognition and an increase in its demand.

### Conclusion

Vital Naturaleza is indeed a sustainable business, nevertheless, they need to focus more on profitability if they want to survive in the market. Lina is living proof that small actions and adjustments in lifestyle can lead to big changes in consumers and producers mind set. These makes her, and the startup, to characters to be looked upon.

### References

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### Annex 1. Short-term SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Vital has a wide variety of beekeepers throughout the country. This allows the company to have honey of different origins shades of flavor and aroma. In addition, by having a great variety of allies throughout</li> </ul>	<ul style="list-style-type: none"> <li>- Even though <i>Vital Naturaleza</i> has sustainability well integrated into its organizational culture and identity, it is not visible enough for consumers and the public in general. Strengthening their brand image should become a priority. The</li> </ul>

<p>the country, the company can cover a large market.</p> <ul style="list-style-type: none"> <li>- The relationship between beekeepers and Vital is one of trust. This is why we have been able to create strategic alliances not only in honey production but also in beekeeping knowledge. This trust allows for close working relationships, thus generating stability.</li> <li>- The Vital Bonds, is a commercial strategy that the company implements with its beekeepers. These beekeepers accumulate the bonds with each production of honey they sell to the company. These bonds can be exchanged for products or inputs needed to produce honey in a constant and responsible way.</li> <li>- Vital's partners have a great deal of knowledge about bees, beekeeping, and the different varieties of honey that can be produced. Vital has a honey boutique, which aims to educate the palate of all customers and users of honey.</li> </ul>	<p>stress the company has set on environmental and social matters have left the financial one aside; there are no clear growth goals or plans.</p> <ul style="list-style-type: none"> <li>- There are many risks associated with honey production, that Vital is not able to control, like weather variations or contamination of lands nearby hives. That is why it is very difficult to have a regular production of all the varieties of honey during the entire year, and therefore have possible stock outs.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- The company could take advantage of the increasing trend of online sales to move into several digital markets and grow their reach. While this would require investment in digital tools, it could mean a significant return.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- One of the main threats they are facing is the pandemic situation. Due to the Covid-19. In the first place, this made them close their boutique temporarily, which was a valuable touch point in order to educate and attract potential customers. This may jeopardize their value proposition because</li> </ul>

<ul style="list-style-type: none"> <li>- The company could also take advantage of the social and environmental achievements behind the business operations by communicating it to their consumers. In this way they promote a responsible consumption of honey, and increase the profitability of the company, which opens the possibility of reaching more small producers, and therefore, conserve the bee's ecosystems.</li> </ul>	<p>they are not able to have this approach anymore, making them rethink the way to deliver their experiences.</p>
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## Annex 2. Long-term SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- While the vast majority of companies are making significant investments in going sustainable and will continue to do so, <i>Vital Naturaleza</i> does not need to do so, as their core values and principles are founded in social and environmental sustainability.</li> <li>- The trust bond with small beekeepers is a strength that remains over time because it is built with honesty. In Vital's case, this leads them to have good quality products, and for the small producers, this leads them to sell their products at a fair price, provide economic support, and the opportunity of learning and becoming more specialized.</li> </ul>	<p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>- While <i>Vital Naturaleza</i> does not stress on profitability, they could take advantage of a faster growth. At his point in time, their bargain power is not enough to have a meaningful impact on operational costs (e.g. transportation costs). They could have a strategy focused on sustainability, and be profitable at the same time.</li> </ul>
<p><b>Opportunities:</b></p>	<p><b>Threats:</b></p>

- *Vital Naturaleza* has focused on social sustainability and set environmental sustainability as a goal. Nevertheless, the company could benefit from strengthening their finances. Clear financial goals could lead to feasible business measures that drive the growth of the company and potentially enable them to diversify into other specialty goods.

- Bees are in the list of endangered species, and there are few incentives in order to preserve them and conserve their ecosystem. This becomes a long term threat to vital because if no action is taken, it could lead to the reduction of honey producers, and most importantly the extinction of their maximum allies, the bees.