



Connected Labs for Food system transformation in the EU

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“ Investor behaviour in food systems”

Connected Labs and networks for Empowering Versatile Engagement in Radical Food System Transformation, 2023/26

<https://food2030.eu/>

23 partners (research institutes, public bodies, NGOs, SMEs)



Research question:

How do investors decide to invest in the agri-food sector?

- Understand the influence financial investors' decisions have on the food system
- What matters in the investment decision in terms of socioeconomic impact, financial returns, market perspectives and risks

Methodology:

1. What types of investors are relevant in the project?
(desk research)
2. Where and how can we engage with investors and observe investors behavior (the science lab)
3. How are investment decision taken? 1 of 3 real world examples
4. How do we reveal preferences? One of 2 vignette experiments

1. Cleverfood –typology of investors

Business Angels

EU Agri-food 86 mln, 7%, av. Ticket 27700 euro.

- Mostly own money, knowledgeable on technology, bring in entrepreneurial skills, often equity, personally involved, personal gain (and personal fear, reputation, risk, greed...), seed and early stage investors
- Philanthropy, high net worth individuals, private investors

Venture Capital

EU plant based deals 305 mln; +15%, 2022, T: 3-10mln euro

- Other peoples money, large ticket sizes, expectation to be repaid, often funds, high accountability, formal, rewards go to others, focused on exit after 3-5 years,

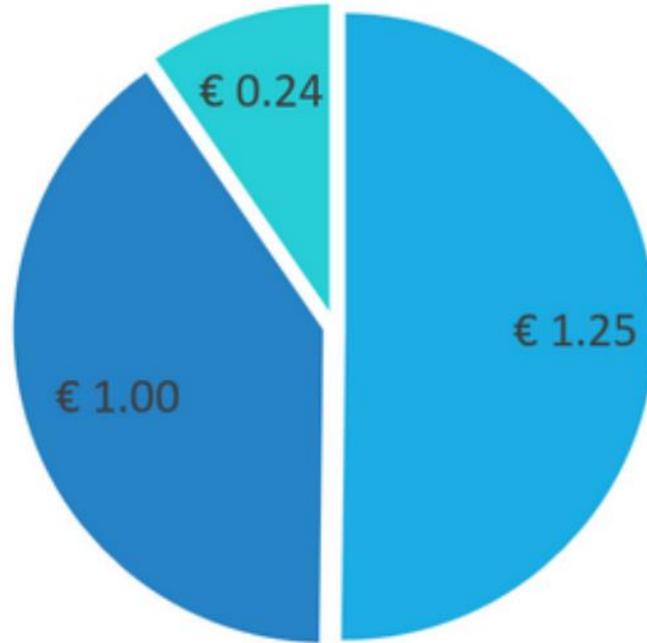
Crowdfunding

240 mln,

- Collects small amounts from large group of high educated people through a website without financial intermediaries, honors human values, depends on marketing of project features, usually young people, family and friends, often used to fill the investment gap.

Source data: Good Food Institute, 2023, EBAN, 2024

Early stage Investment in Europe, measured in Billions of Euro Invested



■ Business Angels ■ Seed Stage VCs ■ Equity Crowdfunding

Source: Eban
2024

2. Where did we meet the investors?

Impact/ policy events:
Impactfest The Hague



Match making events:
EIT food matchmaking event
Rome, facilitating deal making.

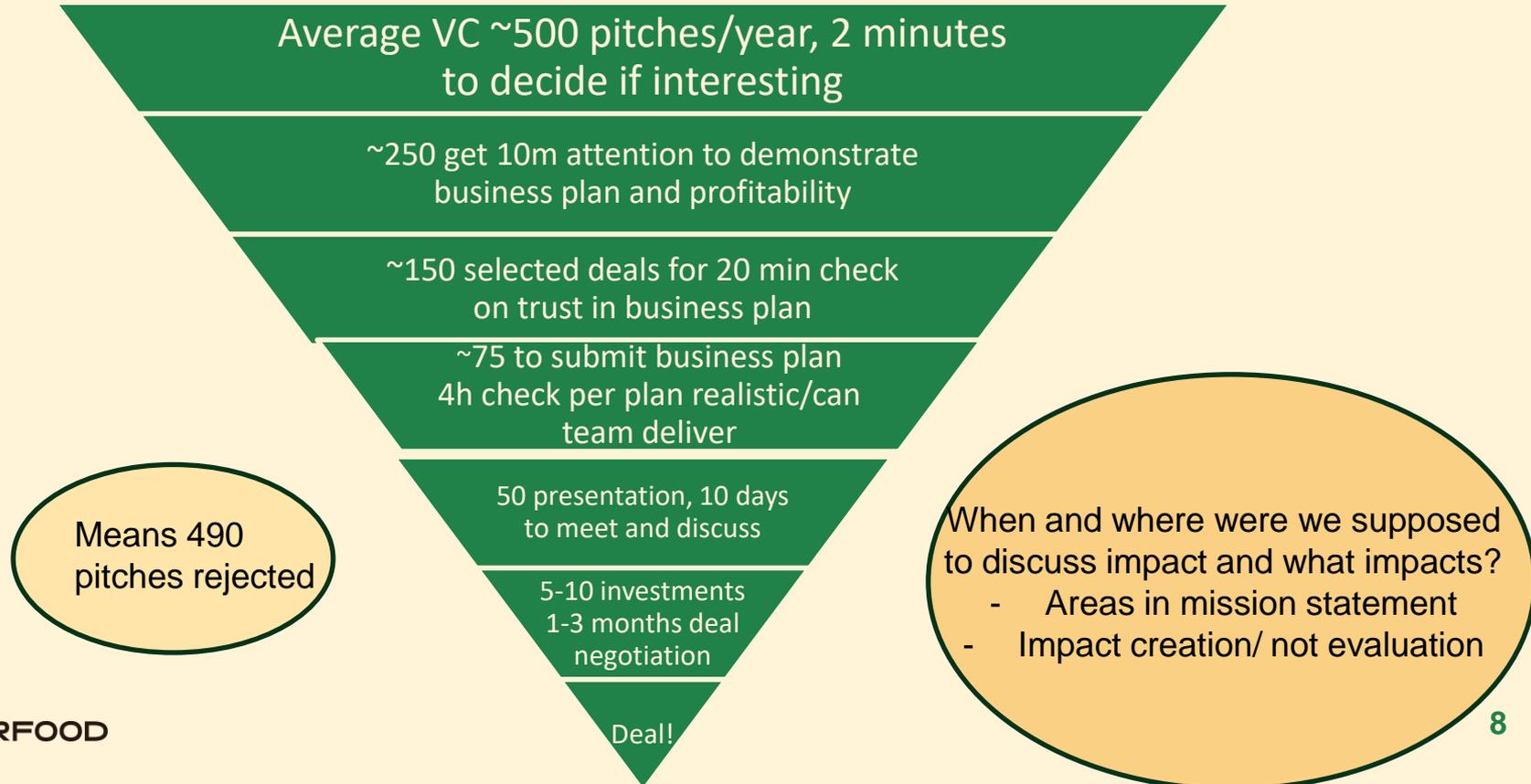


Industry events:
Impact Investors forum, learn
from speakers, workshops
among investors, networking.

Start-up events:
University start-up events.
(WUR/F&A next)



3. The investment decision for unsolicited investment proposal at investors events



3. Investors evaluate 4 features

(source: investors' intake forms and impact reports)

Customer markets:

– who wants this product where and when?

- Investor impact = Nr. sales x consumer reach x better features of product

Business model and marketing partners?

- Is this business viable?
- Can they tell a story?

Team and management:

- Can this team deliver?
- Is there trust?

Key technical/ social/ juridical risks:

- Technology works
- Due diligence
- What resources/ costs?

4. Identify investor preferences:

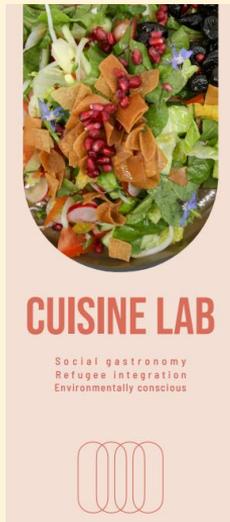
Use of vignette experiment

Results for recommendations to increase investment in protein transition.

Risk-return ✓	Different impacts: ✓
Ticket sizes	Markets and customers secured !

4. Case description – Cuisine Lab Geneva

- Cuisine Lab is an association and social enterprise committed to employing and training refugees in the culinary industry
- The restaurant operates with a mission to restore the dignity of refugees and asylum seekers while equipping them with life skills and work skills for a sustainable life.



Our mission

We take great pride in providing a supportive platform for asylum seekers and refugees who aspire to build a career in the hospitality industry.

Our program is designed to empower them by offering opportunities to develop their skills, gain valuable experience, and secure meaningful employment in the culinary field.

Our ultimate goal is to help refugees achieve economic independence and social integration into their new community, and we consider

“We are doing much more than just cuisine. We are building a community and changing people’s lives.”

Sajad Fotuhi
Chef and board member

Our history

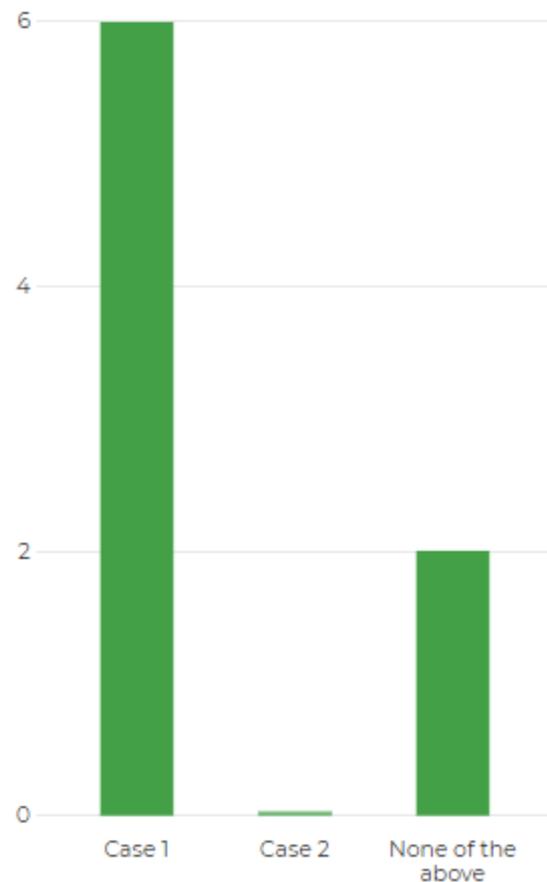
Cuisine Lab’s journey began in November 2016, when social entrepreneur Dan Stein, community specialist

their success in reaching these milestones to be our greatest achievement.



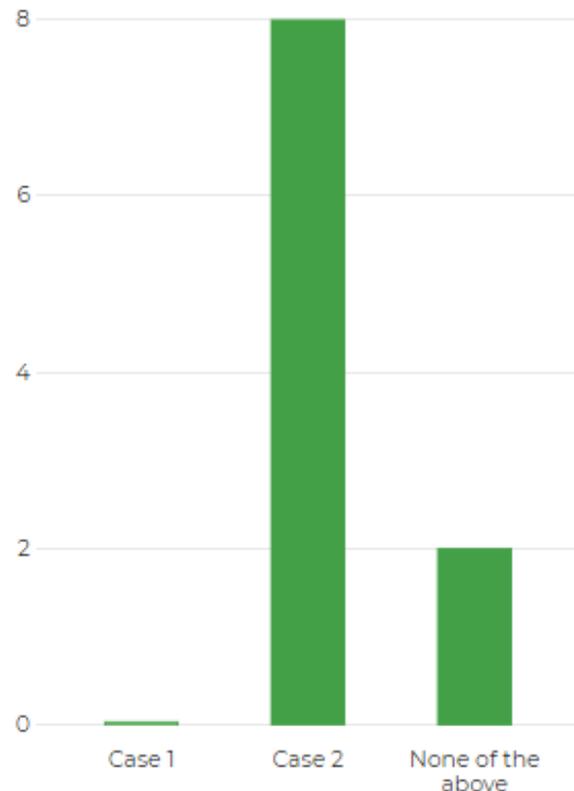
Investment choice 1: Which case did you invest in? Case 1, Case 2, None of the above

	Case 1	Case 2
Investment required 	€ 1.5M	€ 1.5M
Financial return 	20% ROI, breakeven after 5 years	33% ROI, breakeven after 3 years
Social impact 	<ul style="list-style-type: none">* Support vocational training* Job creation for refugees in the culinary field, promoting economic empowerment and integration	
Nutrition impact 	<ul style="list-style-type: none">* Healthier menu with a focus on vegetables and fruits* Seasonal and organic produce use	
Environment impact 	<ul style="list-style-type: none">* Prioritizes locally sourced ingredients to reduce carbon footprint* Participates in programs like "Too Good To Go" to minimize food waste.	



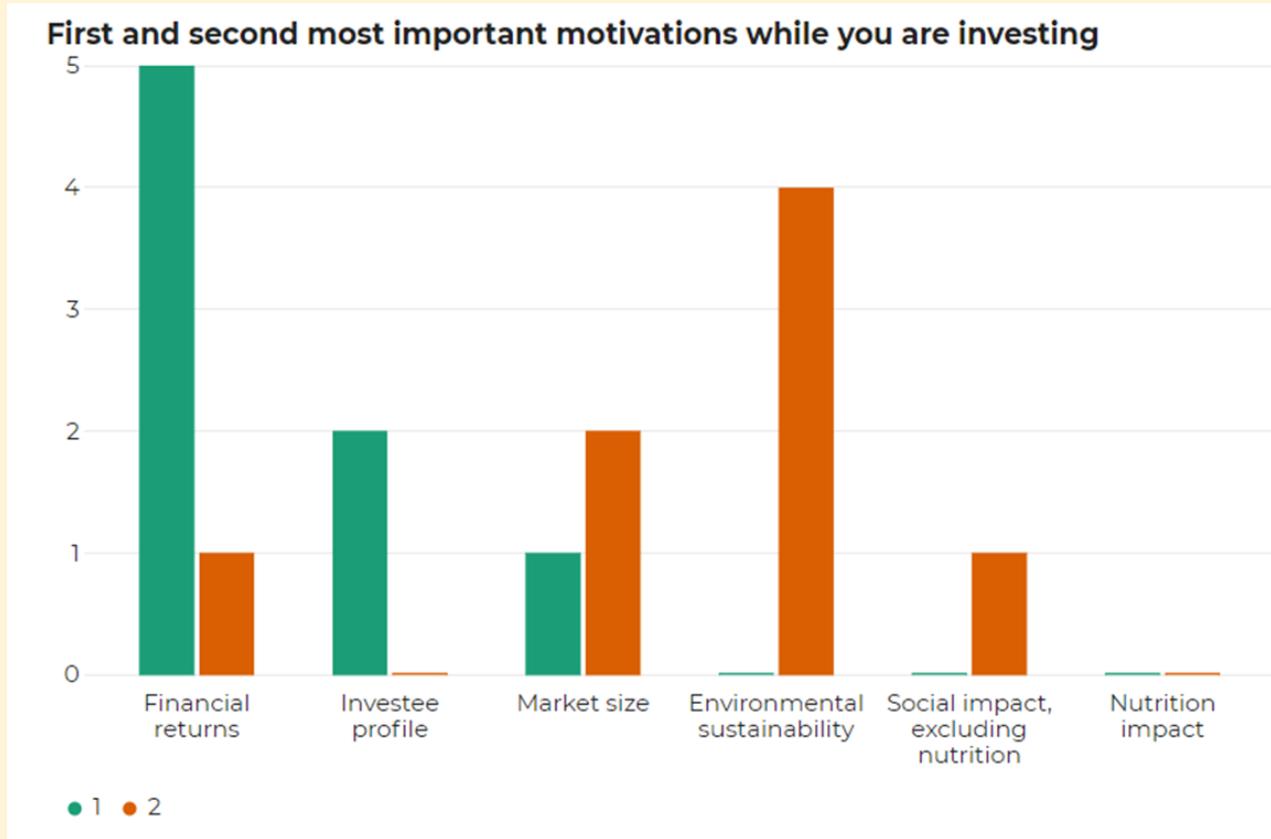
Investment choice 2: Which case did you invest in? Case 1, Case 2, None of the above

	Case 1	Case 2
Investment required 	€ 1.5M	€ 1.5M
Financial return 	20% ROI, breakeven after 5 years	33% ROI, breakeven after 3 years
Social impact 	<ul style="list-style-type: none"> * Support vocational training * Job creation for refugees in the culinary field, promoting economic empowerment and integration 	
Nutrition impact 		<ul style="list-style-type: none"> * Healthier menu with a focus on vegetables and fruits * Seasonal and organic produce use
Environment impact 		<ul style="list-style-type: none"> * Prioritizes locally sourced ingredients to reduce carbon footprint * Participates in programs like "Too Good To Go" to minimize food waste.



Motivation for investment

Impact fest



Results:

- Investors choose impact above high returns, but positive return is a must. (Socially acceptable answer?)
- Impactfest broader audience/same crowd. Investors in BA identify mostly as entrepreneurs/ many roles in finance.
- Impact is implicit in the investment decision for many reasons.

Results (2)

- Investors understanding of impact differs from the scientific understanding of impact, even when quantified.
- Most clarity on and motivation for environmental impacts, social impacts are selectively chosen, nutrition impact is hard to understand. Where does this leave the consumer?
- Investors do consider the whole package, but are selective in impact goals.

Main take aways of this exercise:

- Investors do not choose the highest impact, they create impact by evaluating what customers need and what the team can do.
- Trade-off short-term high impact but maintaining status quo and long-term sustainability goals.
- Importance of end-user is underestimated by startups. (bridging the divide)

Next steps and feedback

- Plan: use format to engage with investors at other events.
- Objective: collect more evidence and share experiences with investors and startups

Feedback from you?

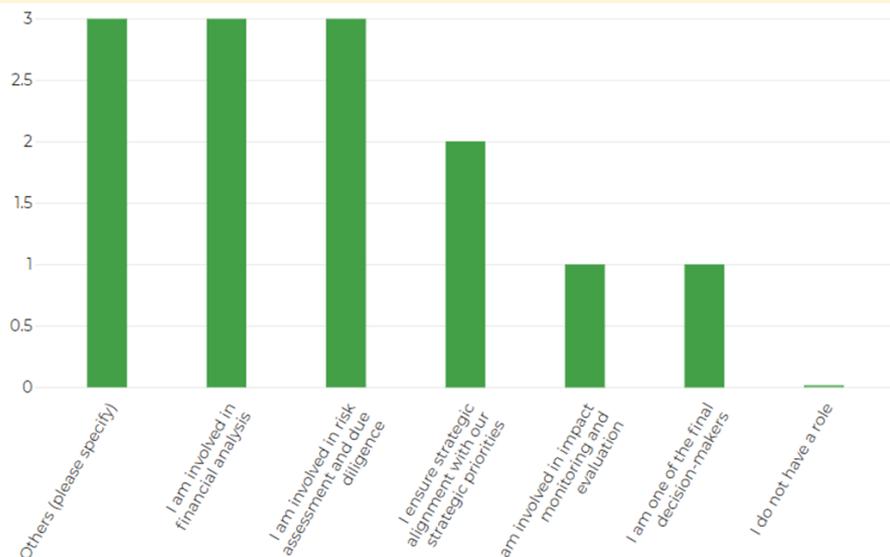
- *the survey, experiment, the session...*
- *other settings?*
- *other behavioural models or theories?*

Q&A

Thank you for your attention!

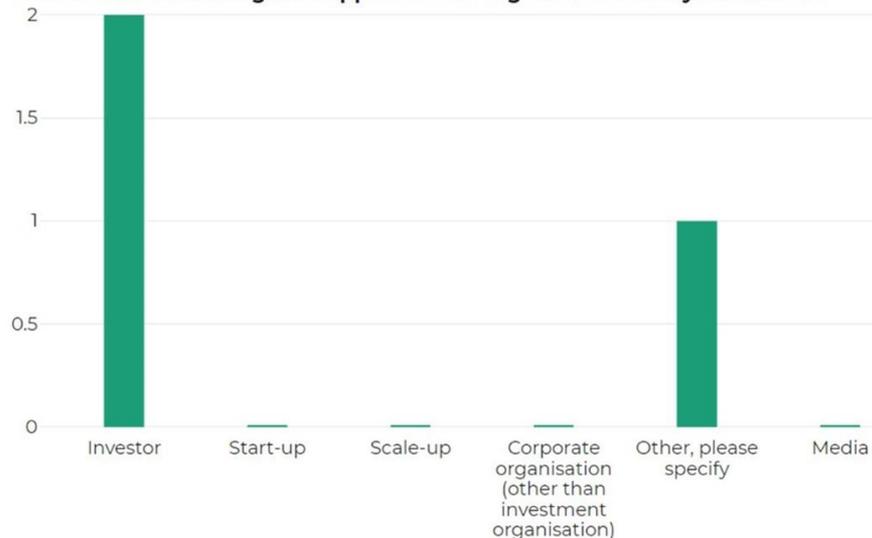
Audience sessions/events:

Impacttfest, private session on invitation only



F&A Next, public workshop in program

Which of the following best applies to the organisation that you work at?



Which case would you be willing to invest in ?

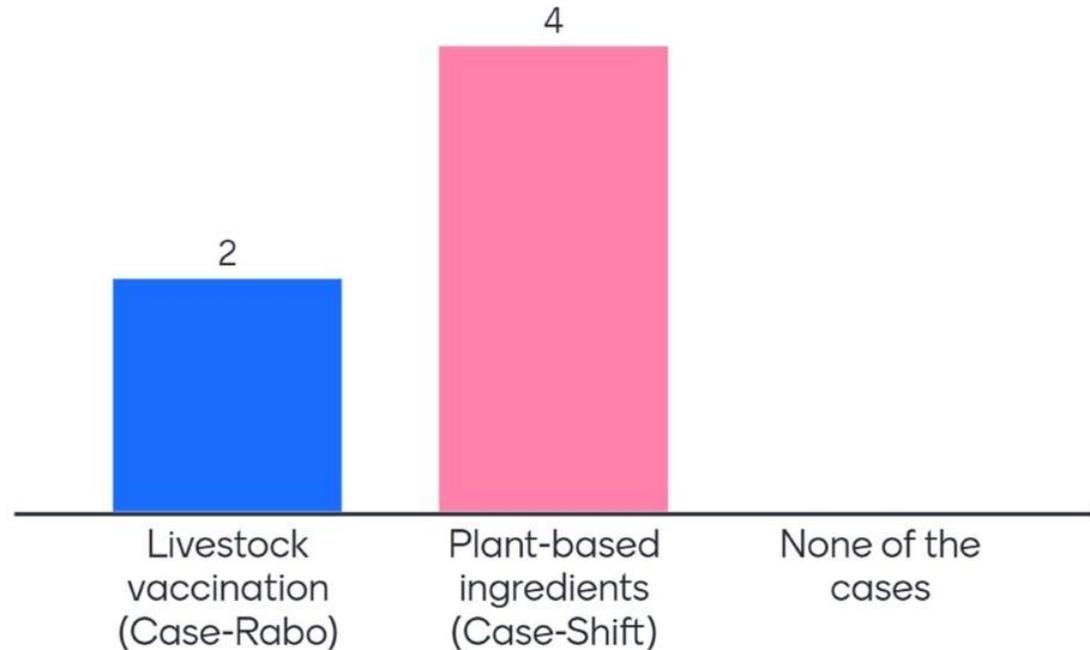
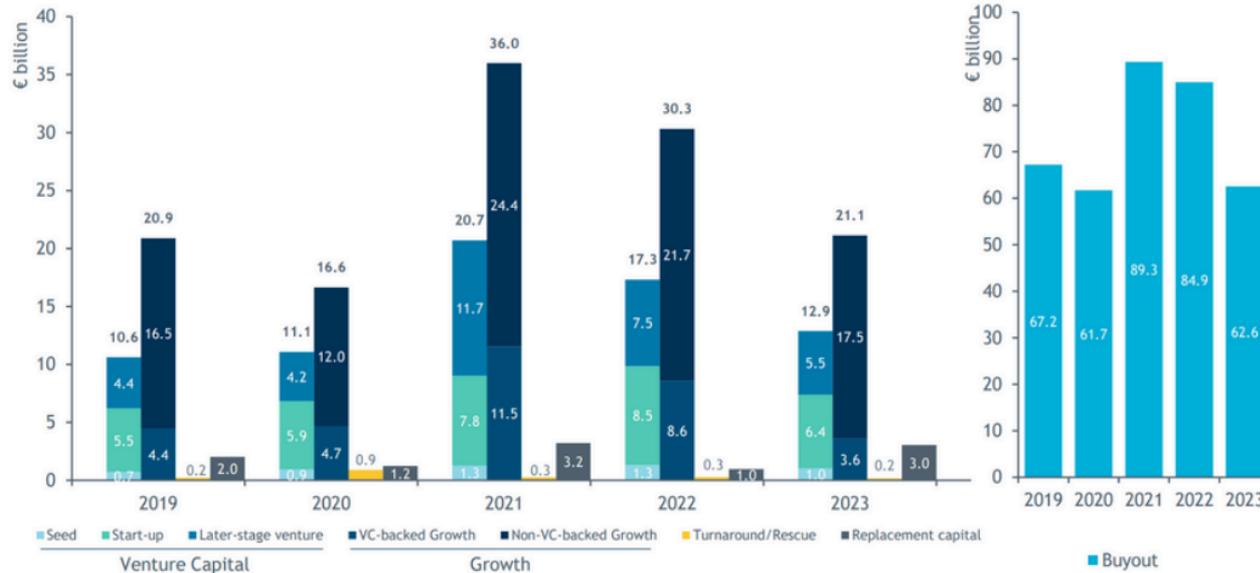


Figure 2: VC Investments by Stage

Investments by stage

Market statistics - Amount



Source: Invest Europe Investing in Europe: Private Equity activity 2023, p41