

# 2020 STATE OF THE EUROPEAN FOODTECH REPORT

INVESTMENTS IN EUROPEAN FOODTECH 2014-2019

 **DigitalFoodLab** with



## KEY FACTS

### 2019 WAS RECORD-BREAKING FOR EUROPEAN FOODTECH

Investments in European FoodTech have been as regular as clockwork for the last six years: one year up, one year down. After a record-breaking year in 2017 (€1.5B), investments almost halved in 2018 (€0.9B) and then skyrocketed in 2019 with €2.4B. FoodTech investments are also rising faster in Europe than they are elsewhere, making the old continent a leading hub for agriculture, food and retail innovation.

€2.4B

European FoodTech startups raised a record-breaking €2.4B of private capital in 2019. That's 70% more than they did in 2018.

€1.4B

Total of the top five investments (in Deliveroo, Glovo, Ynsect, Picnic and Wolt). That's 58% of the €2.4B invested in Europe. If we look at the top ten, we climb up to 69%.

72%

Share of 2019 European FoodTech investments in startups in these eight cities: London, Berlin, Paris, Amsterdam, Barcelona, Milan, Zurich and Stockholm. The first five cities account for 66%.

## WHO IS BEHIND THIS REPORT

THIS REPORT IS THE WORK OF [DIGITALFOODLAB](#) WITH THE SPONSORSHIP OF [KEA](#), [EUTOPIA](#), [NESTLÉ](#) AND [VITAGORA](#)



DigitalFoodLab

**DigitalFoodLab** is the **European FoodTech** insight and strategy **consultancy**.

We help food and beverage companies achieve sustainable and **higher growth by acting on the best innovation opportunities**.

EUTOPIA

**Eutopia** is a **European VC fund** specialised in **consumer startups**. Eutopia bases its investment thesis on the **transformations of the consumer society**, which have brought out a new wave of brands that reinvent and improve our daily lives.

Kéa  
Partners  
for transformation

**Kea & Partners** is a strategy consulting firm, with 500 consultants and 15 offices worldwide.

FMCG – especially food – and retail represent 50% of its turnover in France.



**Nestlé** is the world's largest food and beverage company. We have more than 2000 brands.

France is the 1st European market for Nestlé, the 3rd in the world and 70% of our food raw ingredients used in our Factories are French sourced.

VITAGORA

**Vitagora** is the agri-food innovation cluster of the Burgundy Franche-Comté and Paris regions. Its mission: to **make agile innovation a growth driver in high-value food markets**, locally and internationally.

## WHAT'S IN THIS REPORT?

- What is FoodTech? What categories does it cover?
- How much capital has been invested in the European FoodTech ecosystem in 2019 and the previous six years?
- What trends can we identify from new startup and investments?
- Who are the leaders in each FoodTech category?
- Which are the leading countries and cities in Europe?

## WHY THIS REPORT?

For important things (and for DigitalFoodLab and its sponsors, European FoodTech is one of them), a bit of formality can't be wrong. Therefore, we have set out three goals for this report:

- To give a regular and comparable view of the evolution of the FoodTech ecosystem (you can look at our 2019 report for comparison)
- To showcase some of the best initiatives with our shared conviction of the importance of a strong local FoodTech for the future of our agribusinesses and the food ecosystem at large
- As a new and evolving subject, to define the various areas covered by FoodTech, from farm to fork

## METHOD & DATA SOURCES

### HOW WAS THE DATA OBTAINED?

The data was aggregated to preserve the confidentiality of the individual deals. Fundings showcased in “top deals” only reveal information otherwise publicly available.

### WHAT IS YOUR CLASSIFICATION OF FOODTECH AND FUNDING DEALS?

To make FoodTech more accessible, we have divided it into six categories and more than thirty sub-categories. This report doesn't take into account public grants, debt and money raised through publicly traded markets (notably IPOs) but it includes cryptocurrency (ICO) deals.

### UNDISCLOSED DEALS

Of the deals identified for this report, more than 100 are undisclosed, leaving us with no information on the investments made.

### WHAT IS THE GEOGRAPHICAL SCOPE.

This report focuses on investments in FoodTech startups founded in Europe, excluding Russia and Turkey.

### WHAT IS THE TIME FRAME OF THIS REPORT?

This report covers the period between 2014 and the end of 2019. This six-year comparison aims to measure FoodTech developments and future trends.

### HOW CURRENCIES WERE MANAGED?

The report displays data in euros. Deals were collected in their original currencies before conversion at the exchange rate applicable at that time.

### HOW CAN I USE THIS REPORT?

You are free to share the document and findings on condition of correctly citing the source. Resale or commercial use of all or part of this report is forbidden.



## DigitalFoodLab's data

The information used to make this report comes from data collected directly from startups, investors and also from the media (such as press releases, articles).

Public information on startups is available in the DigitalFoodLab FoodTech directory [available here](#).

Investment data with tags and categories are available in DigitalFoodLab's database.

[More information here.](#)

## DEFINITIONS

# FOODTECH IS THE ECOSYSTEM MADE UP OF ALL THE AGRIFOOD ENTREPRENEURS AND STARTUPS (FROM PRODUCTION TO DISTRIBUTION) INNOVATING ON PRODUCTS, DISTRIBUTION, MARKETING OR BUSINESS MODEL.

The six categories of FoodTech are close to the food value chain from farm (AgTech) to fork (Foodservice for restaurants, Foodscience for CPG products) and distribution (Delivery, Retail and Coaching).

### AGTECH

Startups disrupting agriculture. They come up with solutions to improve farming output and quality using drones, sensors and farm management software. AgTech is also about new farm products, next-generation farms and urban farming.

### FOODSERVICE

Startups reinventing the hospitality industry. They improve the way HoReCa businesses are managed today. They also create the conditions for the restaurant of the future with robotics and cloud kitchens.

### FOODSCIENCE

Startups developing new food products answering the need for more transparency, health and environmental concerns. Products range from market innovations to radical disruptions using revolutionary ingredients.

### DELIVERY

Startups answering the delivery challenges in the food industry, with home delivery of groceries, restaurant meals or meals prepared in their kitchens

### RETAIL

Startups developing solutions for the food retail industry, from the digitalisation of the supply chain to a better in-store shopper experience.

### COACHING

Startups answering the questions “is my food good for me?” and “what should I eat?”. These services target the final customer and help him to have a better view of his food purchases and intakes to reach his personal goals.





# INVESTMENTS IN EUROPE

**€2.4B** Investments in European FoodTech startups in 2019

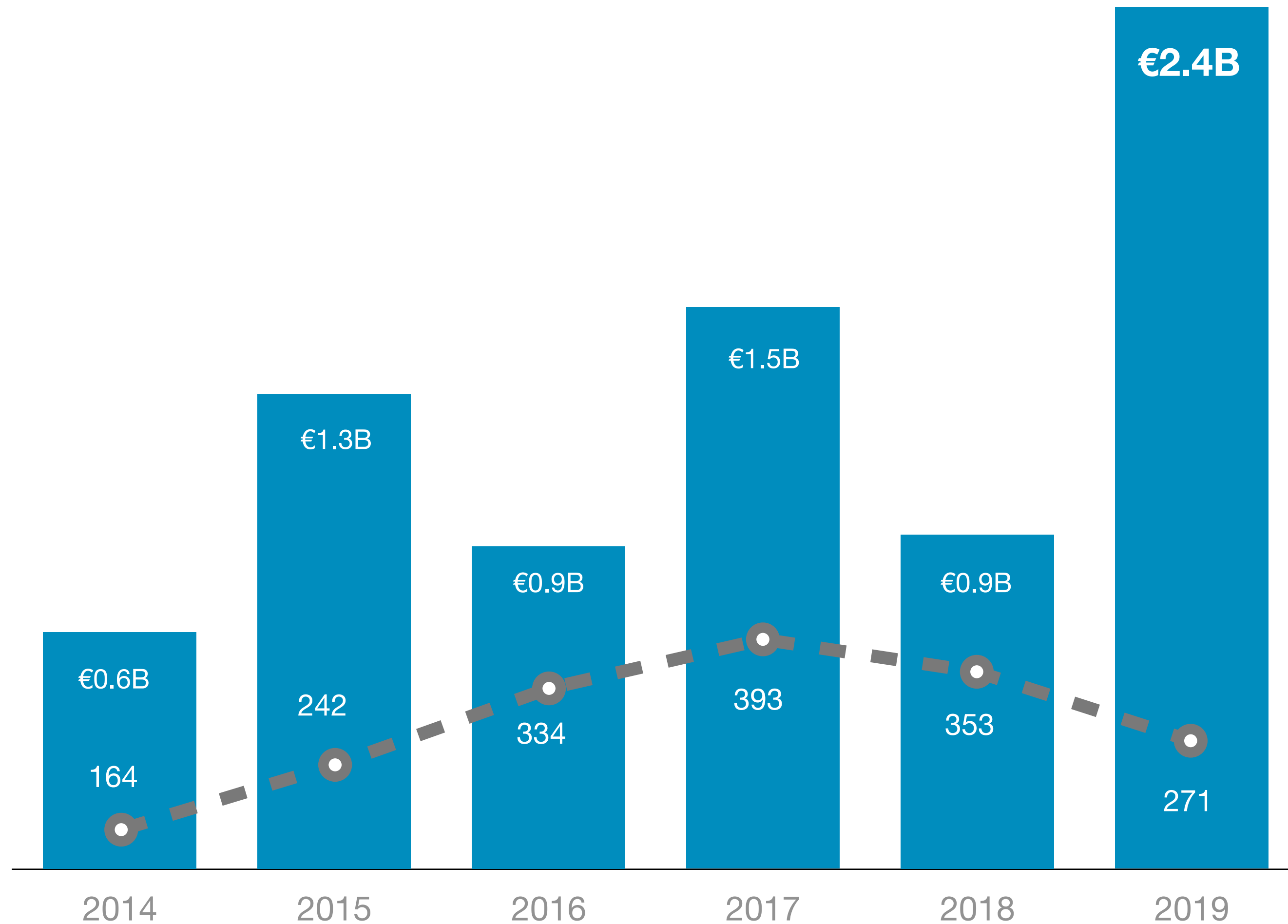
## KEY FACTS

Investments in European FoodTech startups more than doubled between 2018 and 2019. It is even more outstanding in a context of the decline of investments in other geographies. Until 2017, a small group of unicorns dominated with disproportionate deals. After a pause, in 2019, a new set of fast growing startups took the lead.



## I - INVESTMENTS

# INVESTMENTS IN EUROPEAN FOODTECH STARTUPS (AND NUMBER OF DEALS)



### ONE YEAR IN, ONE YEAR OUT

Investments in European FoodTech have been as clockwork for the last six years: one year up, one year down. After a record-breaking 2017 (€1.5B), investments almost halved in 2018 (€0.9B) and then skyrocketed in 2019 with €2.4B.

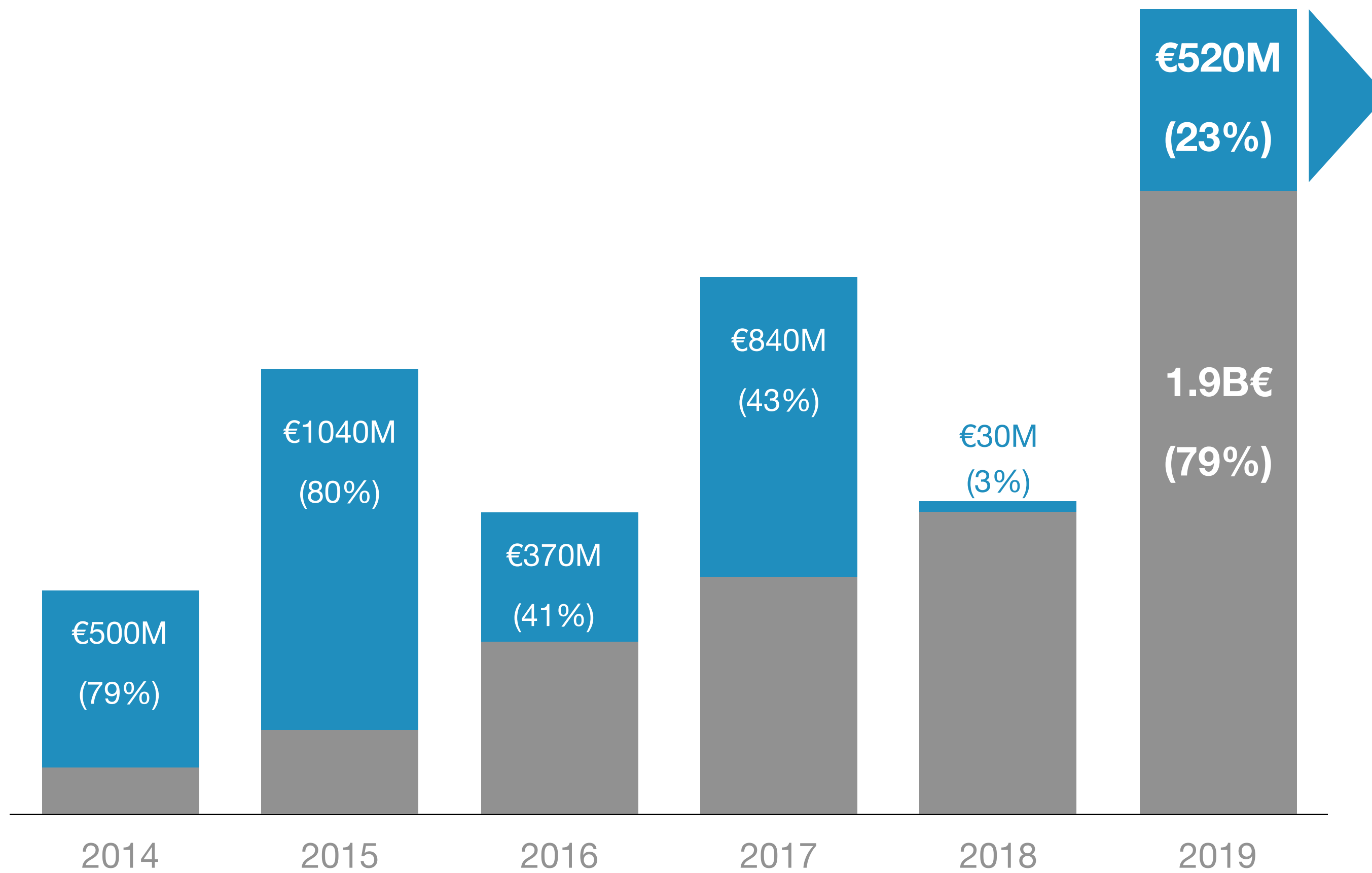
### MORE CASH, FEWER DEALS

If investments tend to vary a lot between from one year to the next, the number of deals has been fairly stable between 2016 and 2018. 2019's decrease, even if quite strong, should not be given tragic proportions (as [seen on page 10](#)). As the size and number of large deals grow, early-stage startups are finding it harder to communicate on their investments. Consequently, we tend to identify these pre-seed round investments 12 to 18 months afterwards when the startups raise their series A (notably in non-English speaking countries).



# I - INVESTMENTS

## EUROPEAN UNICORNS LEAVE MORE AND MORE ROOM FOR NEW PLAYERS



€ 7.6Mds - € 3.3Mds = € 4.3Mds

In the last 6 years, the 7 European unicorns (startups today valued more than one billion euros) have accounted for more than 43% of all private capital raised by European FoodTech startups. All, Deliveroo and Brewdog excepted, are now publicly traded, and therefore financed through markets and debt.

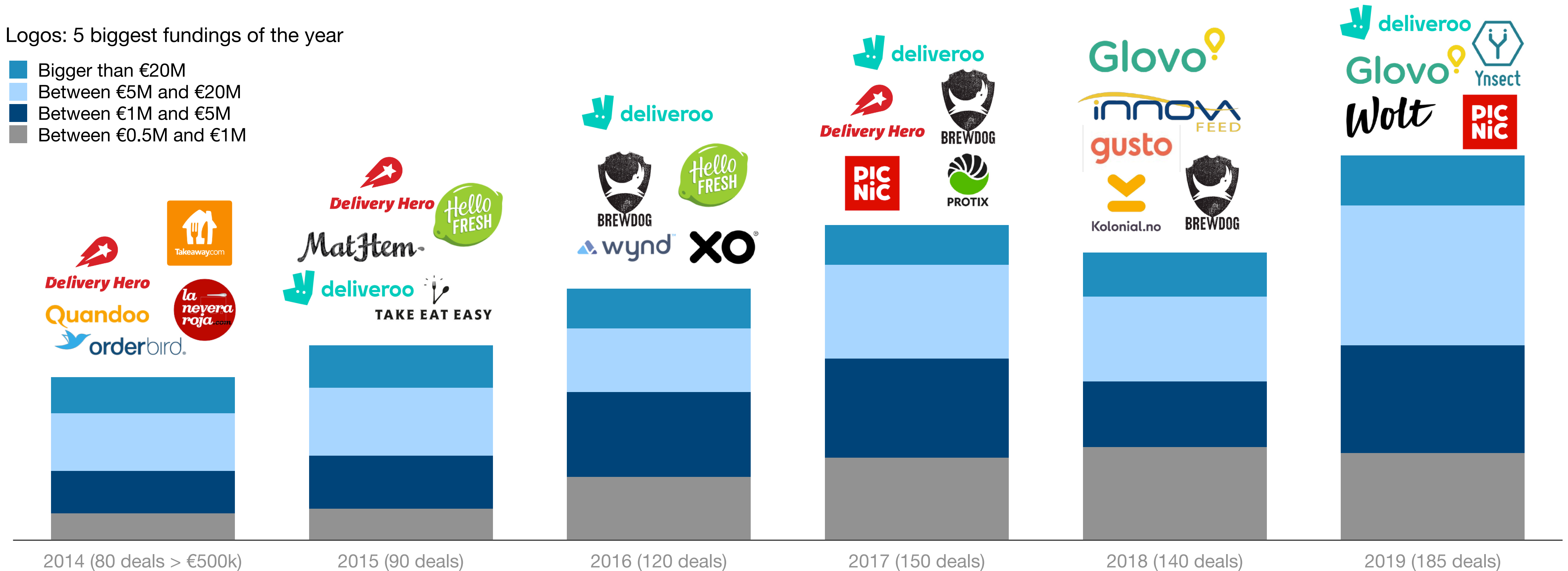
# I - INVESTMENTS

## NUMBER OF NOTABLE (>€500K) DEALS CONTINUES TO RISE

As seen on page 8, the total number of deals decreased. However, if we only look at deals bigger than €500K, the picture is different. Deals have increased steadily over the last six years. Among the top five funded startups of each year, only one has disappeared (Take eat easy, top 5 in 2015). Two were acquired (Quandoo by Recruit in 2015 and La navera roja by Just Eat), while two merged (Takeaway and Just Eat).

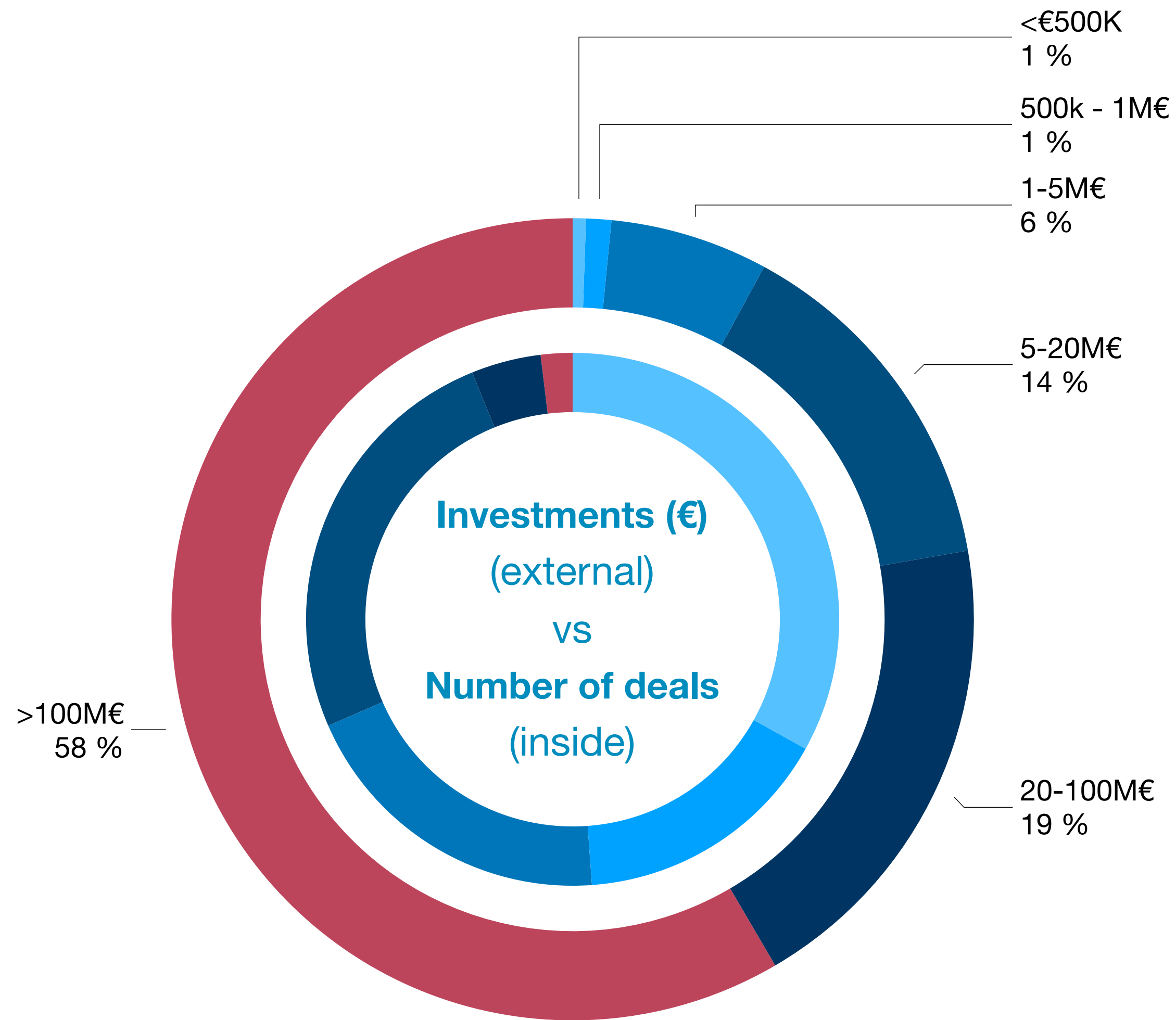
Logos: 5 biggest fundings of the year

- Bigger than €20M
- Between €5M and €20M
- Between €1M and €5M
- Between €0.5M and €1M



# I - INVESTMENTS

## 2019 DISTRIBUTION OF INVESTMENTS (IN €) AND NUMBER OF DEALS



From the graphs on the previous page and this one, we can make two observations:

1- If the number of deals bigger than €500k is increasing, it is not doing so on all parts of the investment funnel. While €5M+ deals continue to grow, the number of smaller rounds has been almost constant since 2017.

2- Not surprisingly, a small number of huge deals concentrates the bulk of investments. As it can be seen on page 13, the top 5 fundings of 2019 (bigger than €100M) account for almost €1.4B. **58% of all the investments in European FoodTech in 2019 was made in only five startups.**

This leads to the conclusion that **the increase in later-stage investments is due to the growth observed a few years ago in early stage fundings** (from 2014 to 2017). It looks like **Europe's FoodTech ecosystem is reaching maturity with a plateau in the number of new ventures created, or at least the ability to fund them at a very early-stage.**

## GROWING VERTICALLY, HORIZONTALLY OR THROUGH ACQUISITIONS?

As unicorn delivery startups are entering a new stage of their development by being publicly traded, they are now more than ever seeking profitable growth. Some, such as Takeaway, double down on their core focus through acquisitions. In contrast, others try for vertical integration of the value chain or expansion in new markets.



**Founded:** 2012, London  
**Total funding:** \$1.5B  
**Status:** private (IPO rumoured)  
**Notable investor:** Amazon  
**Sub-category:** Restaurant Delivery (Delivery)  
**Key points:** Growing organically in restaurant delivery. New ventures in cloud kitchens and restaurant procurement.



**Founded:** 2000, Amsterdam  
**Total funding:** \$0.8B  
**Status:** public (since 2016, €9B valuation)  
**Sub-category:** Restaurant Delivery (Delivery)  
**Key points:** High growth through acquisitions (Delivery Hero European activities, merger with Just Eat)

### FOCUS + ACQUISITIONS

When considering the European restaurant delivery ecosystem, Deliveroo and Delivery Hero often are the two top of mind names. However, Takeaway, their Dutch counterpart, has gone through a very intense development in 2019 and is now a leader in many continental markets. First, it acquired Delivery Hero's activities in Europe and then merged/acquired Just Eat.

### VERTICAL AND HORIZONTAL EXPANSION

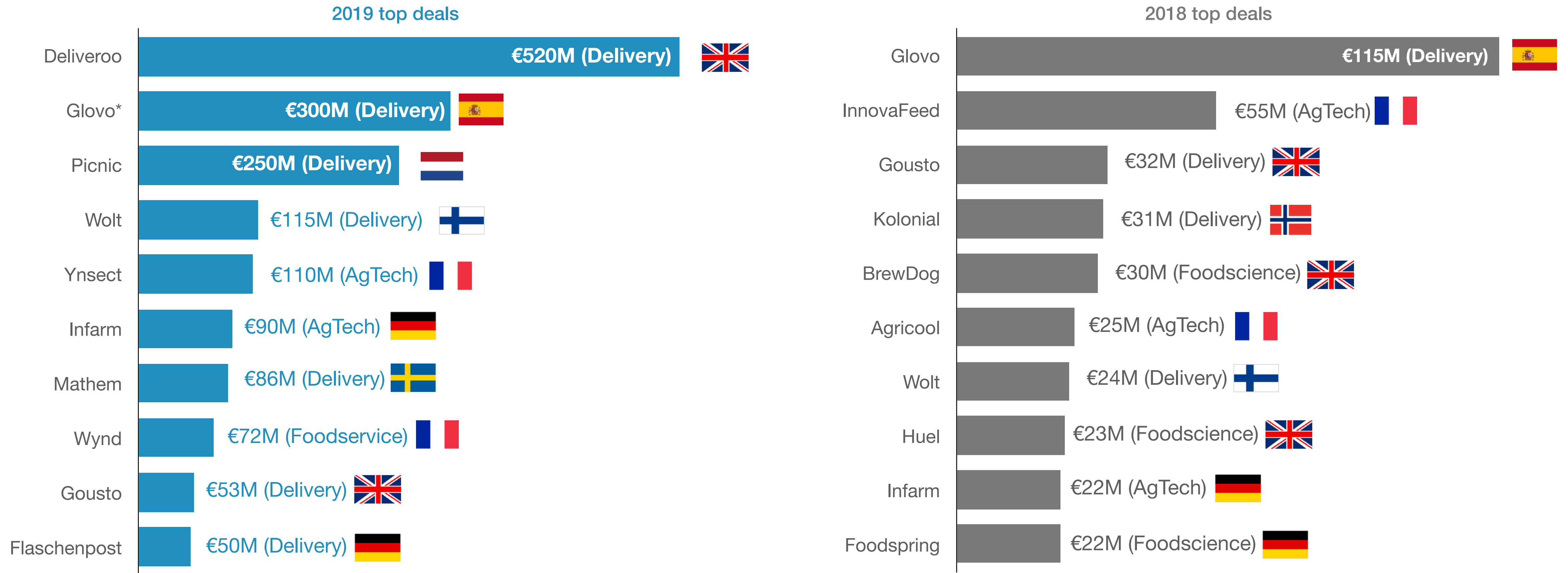
In the meantime, we have seen other delivery unicorns expand outside of their core business with various strategies:

- HelloFresh is now proposing at-work meals through smart fridges
- Deliveroo is more and more involved in cloud kitchens management, procurement for restaurateurs and is experimenting in grocery delivery in some cities.

# I - INVESTMENTS

## TOP TEN DEALS IN 2018 AND 2019

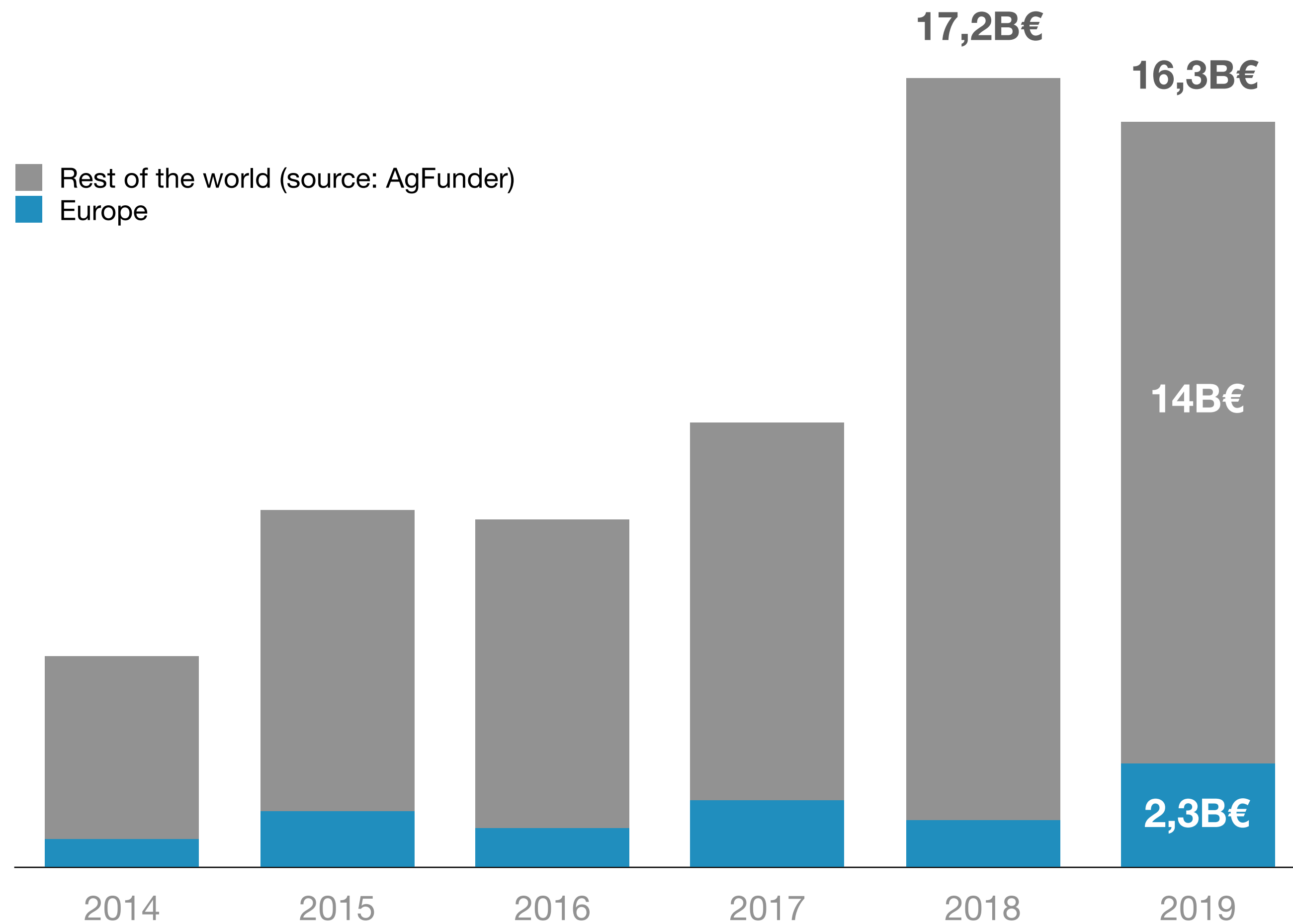
Comparing 2018 and 2019 top fundings is telling, with amounts growing significantly. Only two of 2018's top ten would have made it into 2019's list.



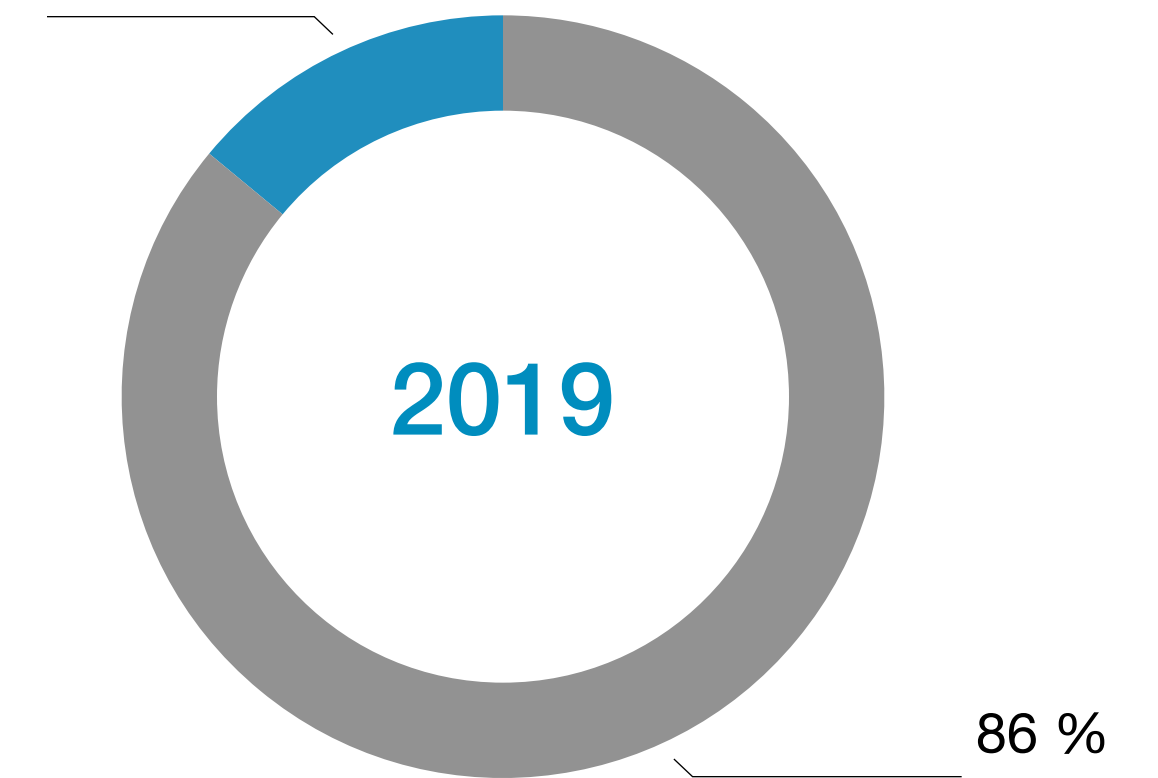
\*Glovo raised two rounds of €150M in 2019

# I - INVESTMENTS

## HOW DOES EUROPE COMPARE TO THE REST OF THE WORLD?



14 %



### EUROPEAN FOODTECH IS SMALL BUT FINALLY GROWING

European startups still account for a small amount of the total funding received by FoodTech startups globally, but in 2019, two trends crossed:

- globally, investments decreased, notably in food marketplaces, a category with very few European startups,
- in Europe, investments rose sharply in many areas, even in delivery.

Early data on 2020 investments (pre COVID-19) tends to confirm this trend of a European Foodtech ecosystem rising on the global stage.

*A warning note: for this page, we use AgFunder's data and our respective perimeters differ significantly. Consequently, this data should mostly be used to compare macro trends rather than absolute values.*

## INVESTING IN THE FUTURE OF FOOD



Camille KRIEBITZSCH

Investment Director & Co-Founder  
Eutopia

**Eutopia is a European VC fund specialised in consumer startups. Eutopia bases its investment thesis on the transformations of the consumer society which have brought out a new wave of brands that reinvent and improve our daily lives.**

### Which FoodTech categories do you follow?

With Eutopia, when looking at FoodTech, we focus on foodscience and retail:

- Foodscience: we have the conviction that the consumer society as we know it is nearing the end of a cycle. Environmental issues and the rising demand for products that are more local, less processed and better for your health will accelerate this transformation. Animal protein alternatives (from plant-based

replicates to lab-grown meat) have a huge potential here. These new products answer a surge in demand for foods that are both more healthy and more respectful of the environment

- Retail: this category is yet mostly ignored by investors. It should be very dynamic in the incoming years. “E-grocery” models, which were already successful, have been reinforced by the COVID-19 crisis. Many consumers are now convinced by how convenient grocery delivery can be. New models are emerging, notably around shortening the supply chain, reducing waste and improving the customer experience through personalisation.

### What do you look for in a food startup?

As for any investment, our first bet is on the people behind it. We look for committed and highly ambitious teams which have values aligned with their projects. As food is a highly competitive ecosystem, we also look for

projects:

- operating in growing markets where new players can become leaders.
- providing high value to their market through by mastering their distribution, production or sourcing.
- with a brand with strong potential proven by sale.

Finally, we invest in projects which are “good for you, for the society and the planet”.

### Why focusing on brands?

We have the conviction that consumers are waiting for more: more values, more transparency, more authenticity and a stronger link to the product they buy. Moreover, the digital revolution (and social media in particular) has total changed way consumers’ attitude toward brand communication and distribution. New players are both more legitimate and more agile to answer these challenges. That’s why we bet on this new generation of entrepreneurs aiming to shake up things.



## BREAKDOWN BY GEOGRAPHY

72%

Investments made in 2019 in startups located in the top 8 cities.

### KEY FACTS

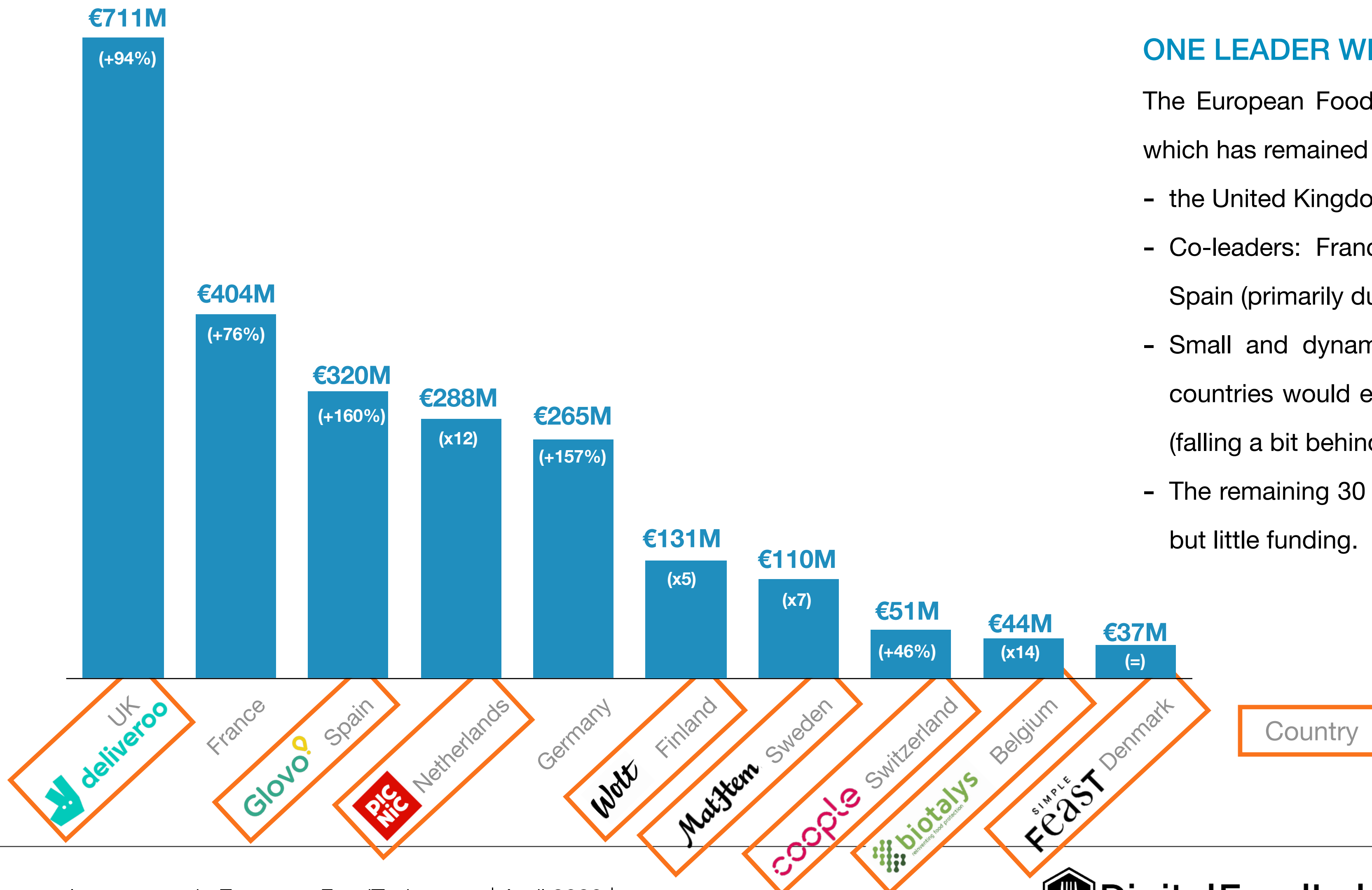
A few countries and hubs concentrate most of Europe's FoodTech. 72% of Europe's FoodTech investments went to startups located in eight cities: London, Berlin, Paris, Amsterdam, Barcelona, Milan, Zurich and Stockholm.





## II - BREAKDOWN BY GEOGRAPHY

### TOP TEN COUNTRIES FOR INVESTMENTS IN EUROPE IN 2019 (%GROWTH FROM 2018)



#### ONE LEADER WITH 4+1 FOLLOWERS

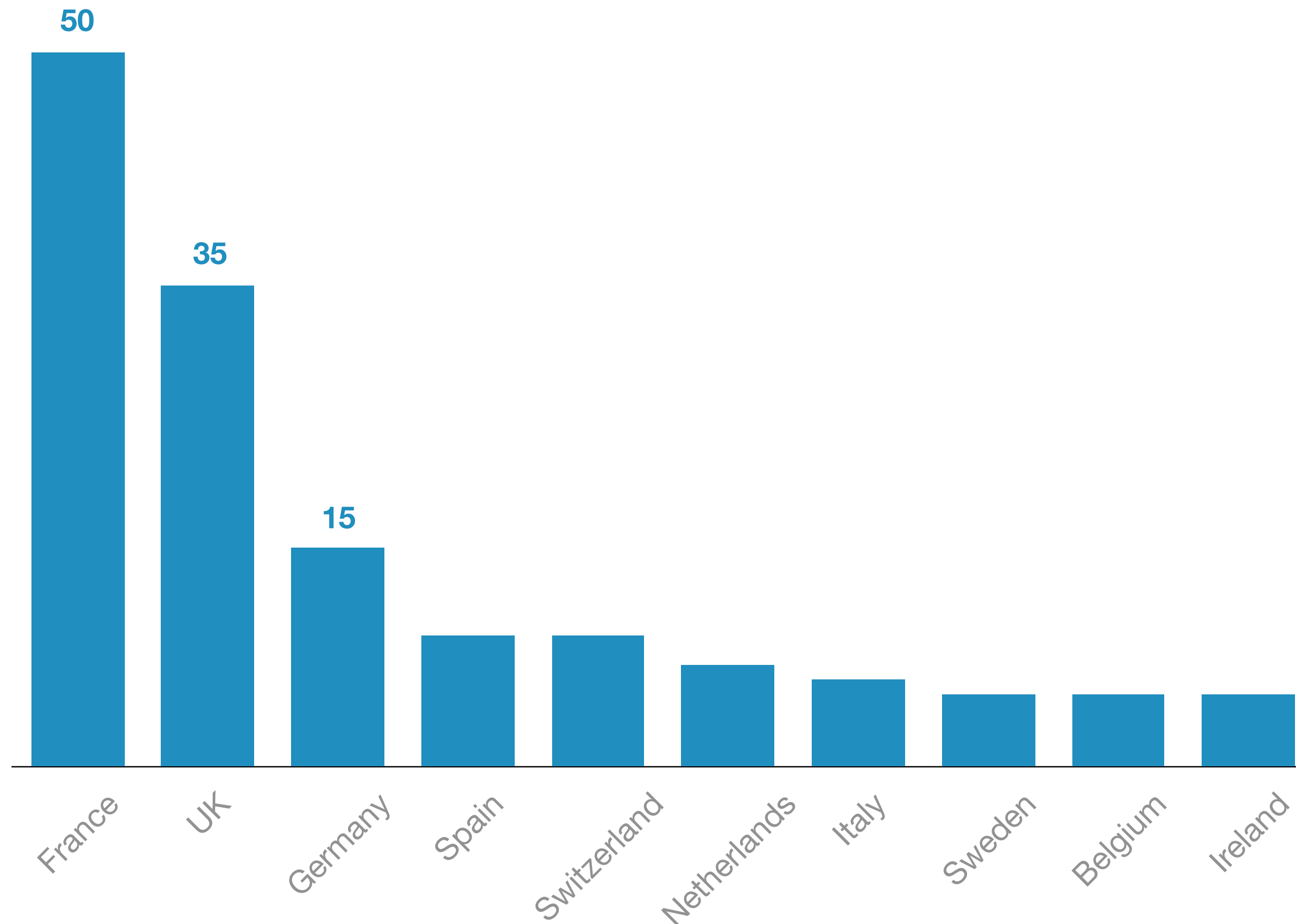
The European FoodTech ecosystem is divided into four groups of countries, which has remained stable for the last couple of years:

- the United Kingdom, leader for the last six years
- Co-leaders: France, Germany, The Netherlands, joined more recently by Spain (primarily due to Glovo)
- Small and dynamic ecosystems in the Nordic countries (united, the five countries would easily take the fourth place), Switzerland, Belgium and Italy (falling a bit behind).
- The remaining 30 countries lagging behind have local FoodTech ecosystems but little funding.

Countries for whom the total amount raised by FoodTech startups in 2019 derives for more than 50% from a single startup.

## II - BREAKDOWN BY GEOGRAPHY

### TOP TEN COUNTRIES BY DEALS GREATER THAN €1M IN 2019



#### ITALY & IRELAND

Comparing the graphs on the previous page (2019 investments) and on this page (number of deals greater than €1M) shows few differences. However, Ireland and Italy replace Denmark and Finland. Indeed, Finnish and Danish FoodTech investments are dominated by one startup each (Wolt, a restaurant delivery leader in Eastern Europe, and Simple Feast, vegetarian meal kits).

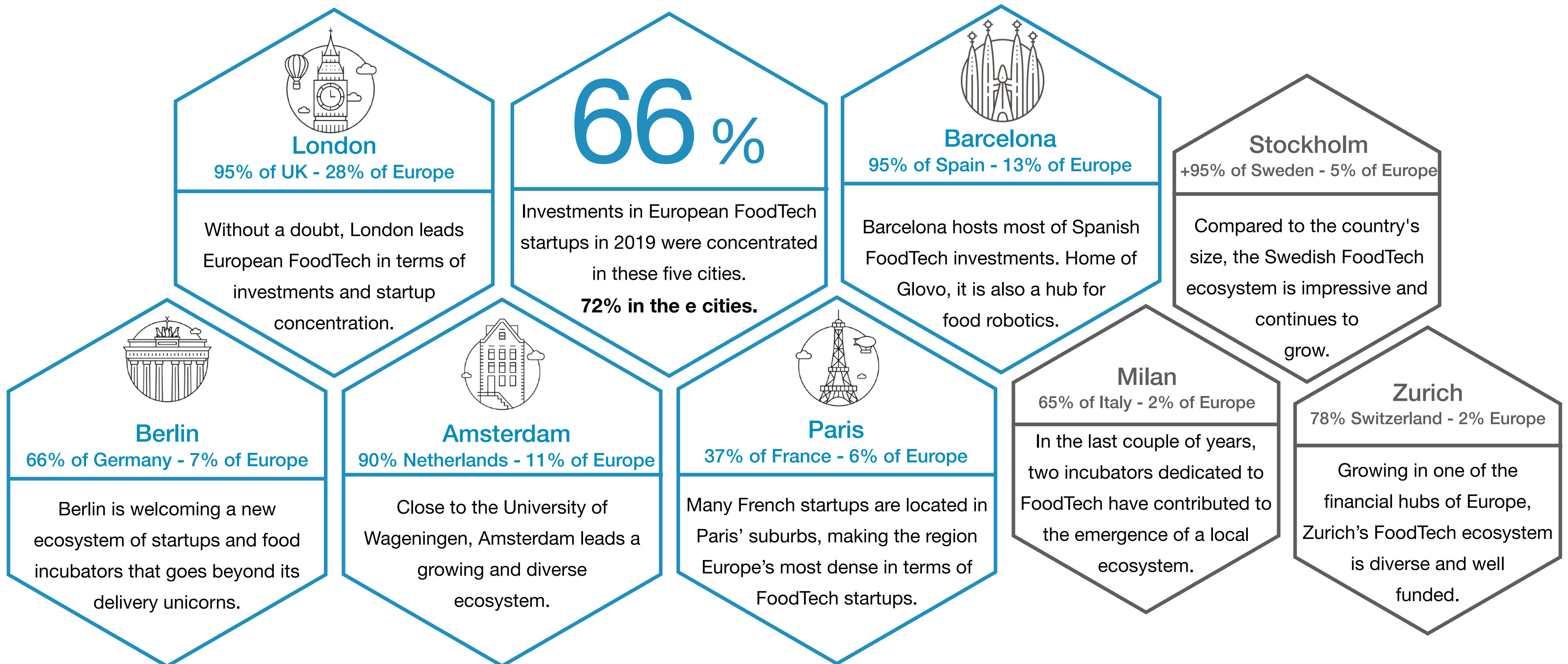
#### FRANCE V.S UK

The number of deals greater than €1M has consistently been higher in France than in any other European country, followed by the UK. But why is this not translating in the total amounts invested? It seems mainly due to the French delivery and foodscience startups' (cash-intensive categories) inability to grow enough to attract significant investments. Indeed, a look at these startups reveals that most are only operating locally level. At the same time, British counterparts tend to grow faster outside the UK.

## II - BREAKDOWN BY GEOGRAPHY

### FOODTECH IN THE CITY: 5 LEADERS AND 3 EMERGING HUBS

% of national investments made in the city in 2019 - % of European investments



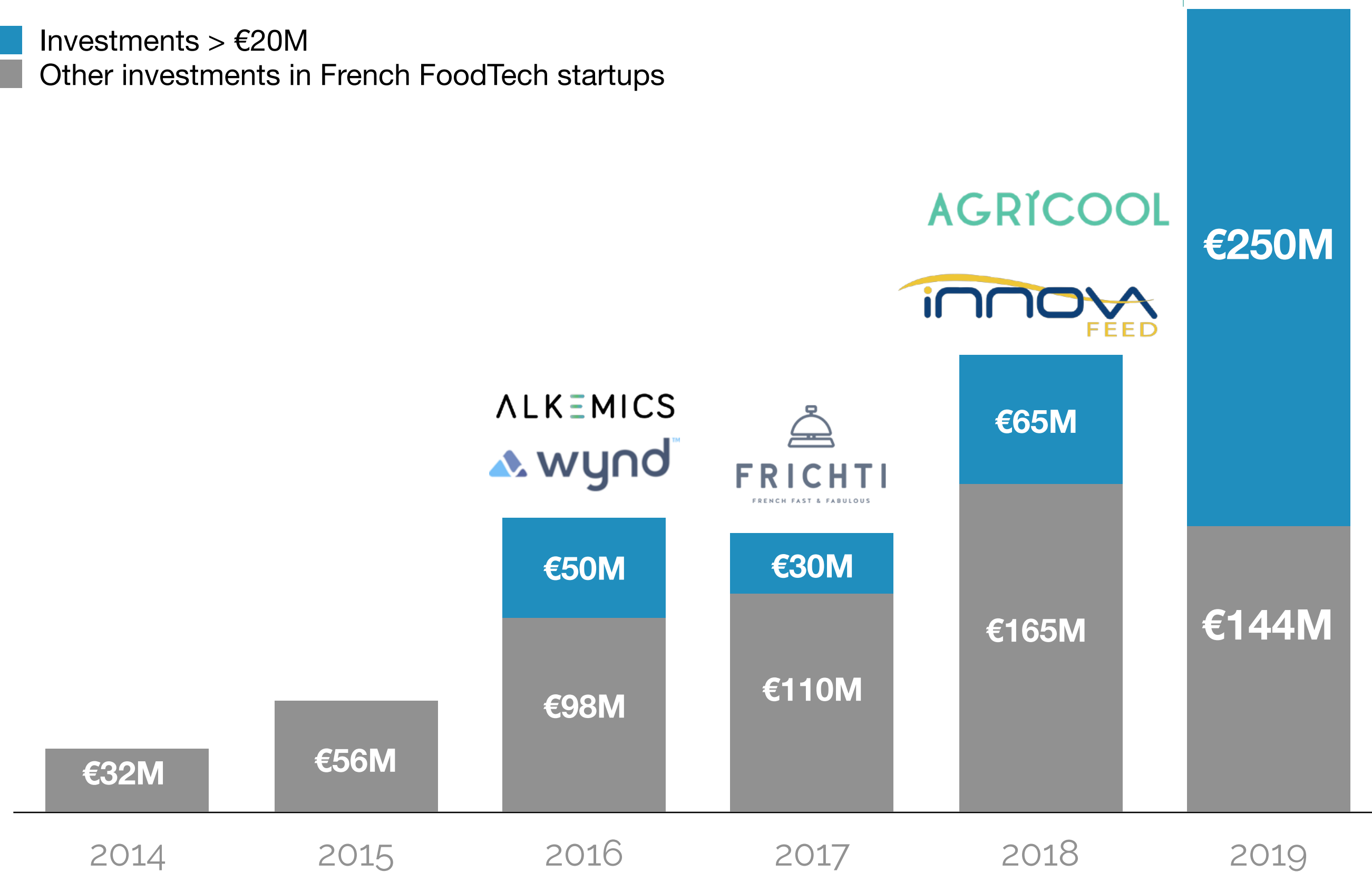
## II - BREAKDOWN BY GEOGRAPHY

### FRANCE - GROWING WITHOUT A LEADER



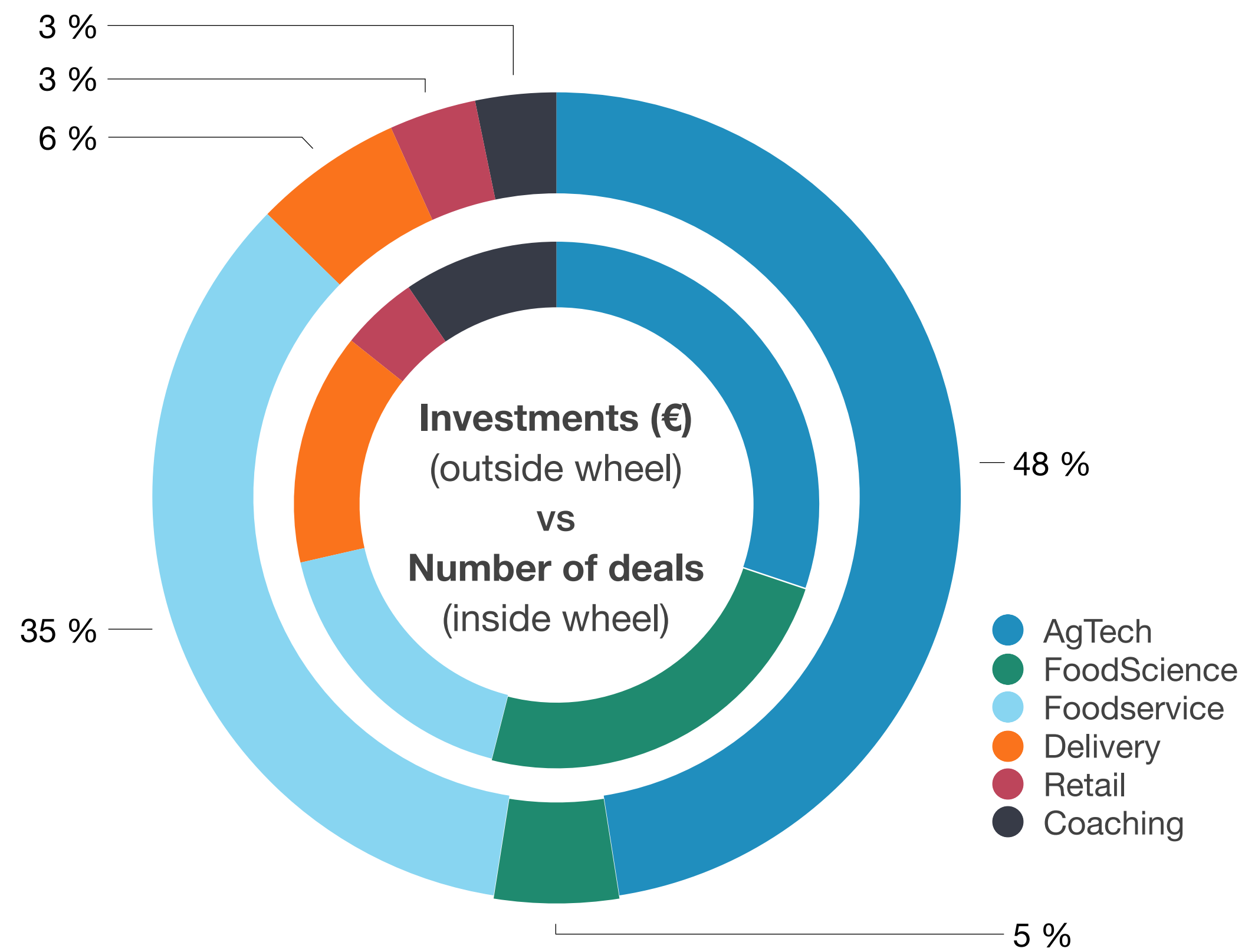
Logos: French startups with fundings > €20M

- Investments > €20M
- Other investments in French FoodTech startups



#### FRANCE FOODTECH - FOODTECH ECOSYSTEM

- 2nd for investments, 1st in number of €1M+ deals
- Mostly concentrated in Paris
- Focused on AgTech and Foodservice

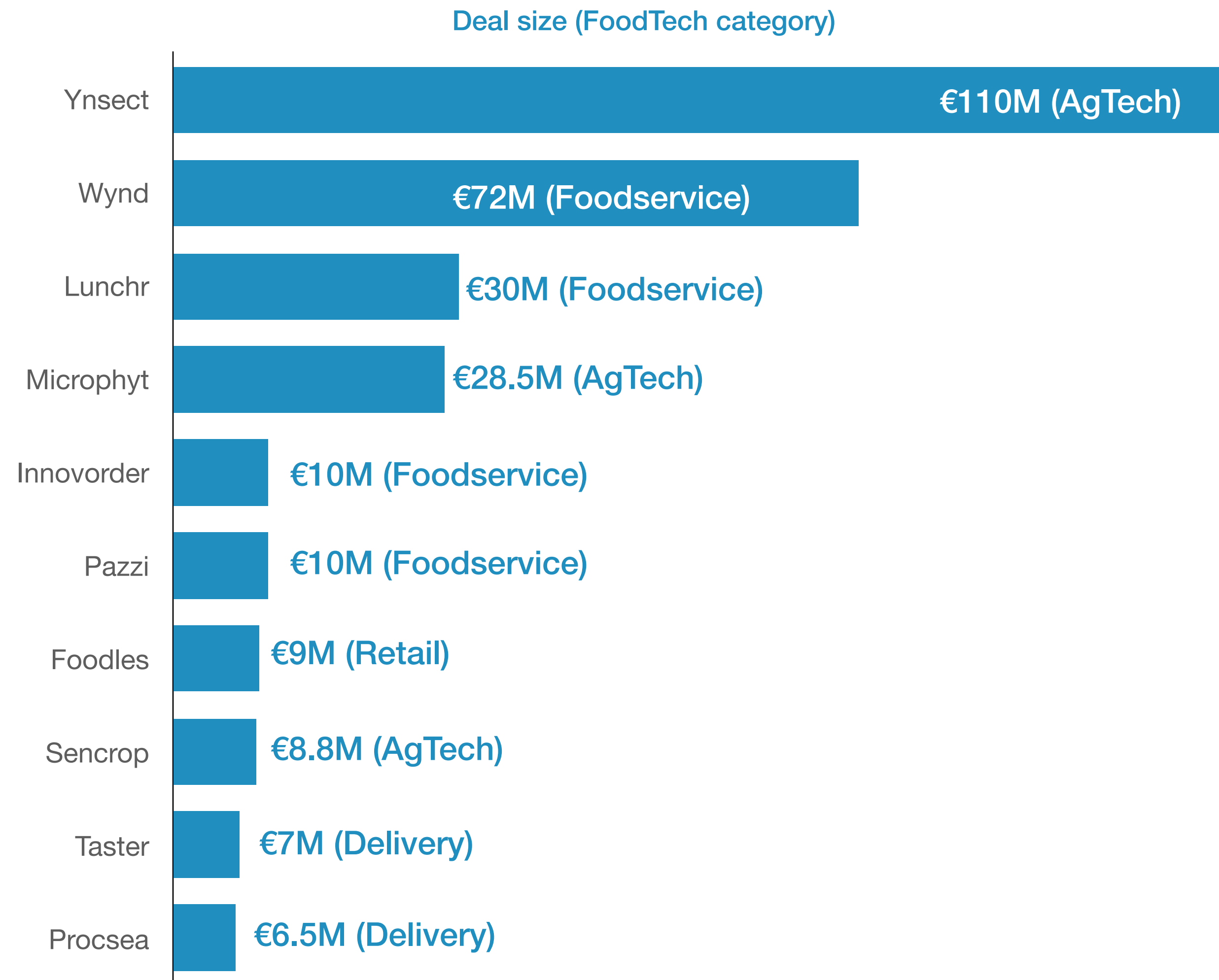


## II - BREAKDOWN BY GEOGRAPHY

### FRANCE - TOP 10 DEALS IN 2019

The French FoodTech ecosystem is peculiar in many ways:

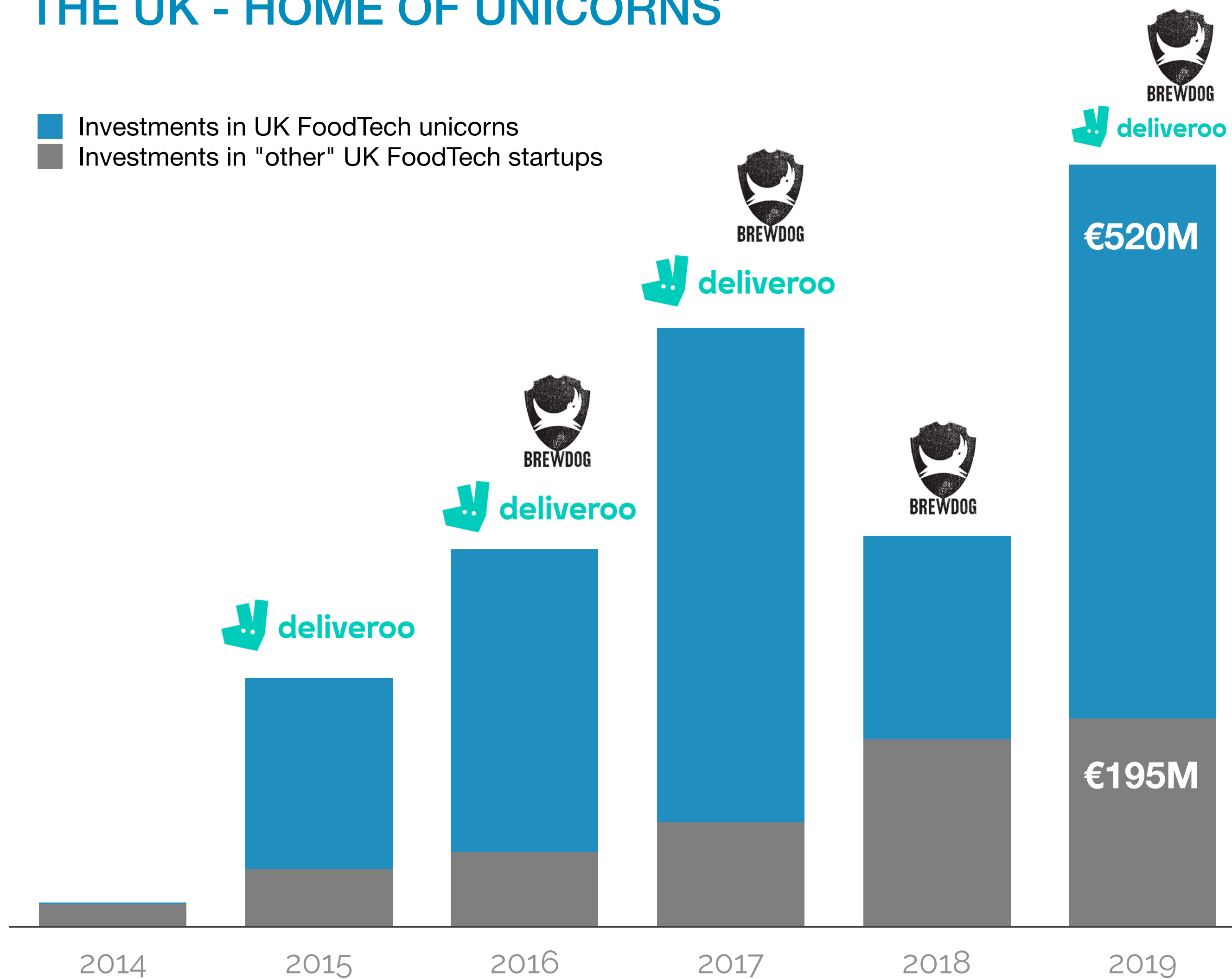
- investments took off seriously in 2016, more than two years later than the UK and Germany
- delivery startups tend to get acquired before becoming international and reaching later stage rounds of financing (Foodchéri got acquired by Sodexo in 2018 and Dejbox by Carrefour in 2019). Therefore, **France is the only major European country without a leading delivery startup.**
- investments are heavily concentrated in
  - **Foodservice:** with a tradition of e-commerce and tech entrepreneurs, French FoodTech founders have found a sweet spot in payment services (notably ePOS) and are leading the way in food robotics.
  - **AgTech** with startups on B2B marketplaces (Agriconomie), insect-based animal feed (Ynsect, InnovaFeed) and agriculture biotechs (Microphyt).



## II - BREAKDOWN BY GEOGRAPHY

### THE UK - HOME OF UNICORNS

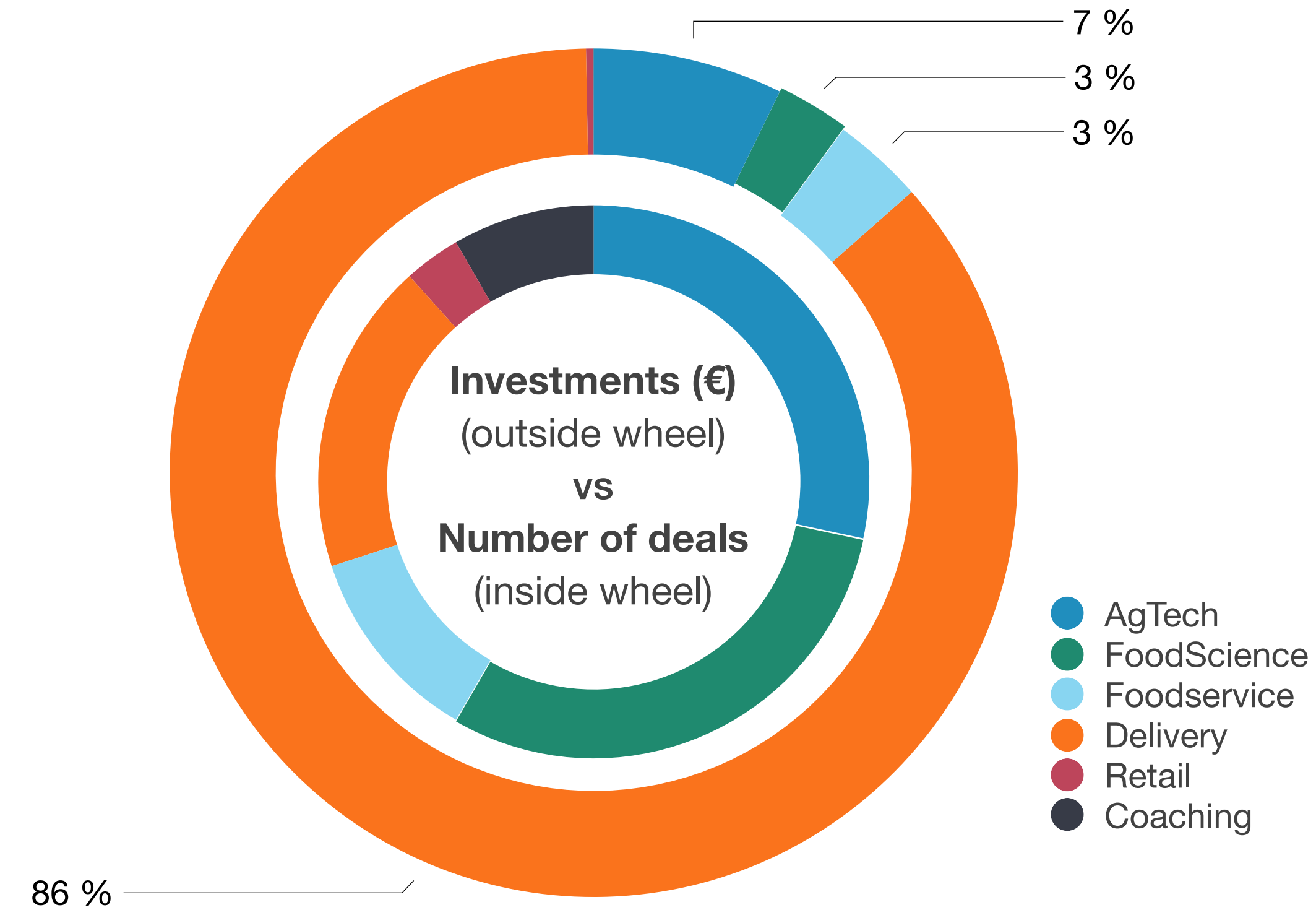
■ Investments in UK FoodTech unicorns  
■ Investments in "other" UK FoodTech startups



#### UNITED KINGDOM - FOODTECH ECOSYSTEM



- 1st for investments
- Home of unicorns (Deliveroo, Ocado...)
- Highly concentrated in London
- Diverse and balanced ecosystem



## II - BREAKDOWN BY GEOGRAPHY

### THE UK - THE LEADING ECOSYSTEM

For the last decade, British startups have been unquestionably leading European FoodTech (as for other industries). More than an easier access to financing, it may be due to the ability of British entrepreneurs to quickly adapt proven concepts from the US, notably in delivery or foodscience.

#### NEXT GENERATION

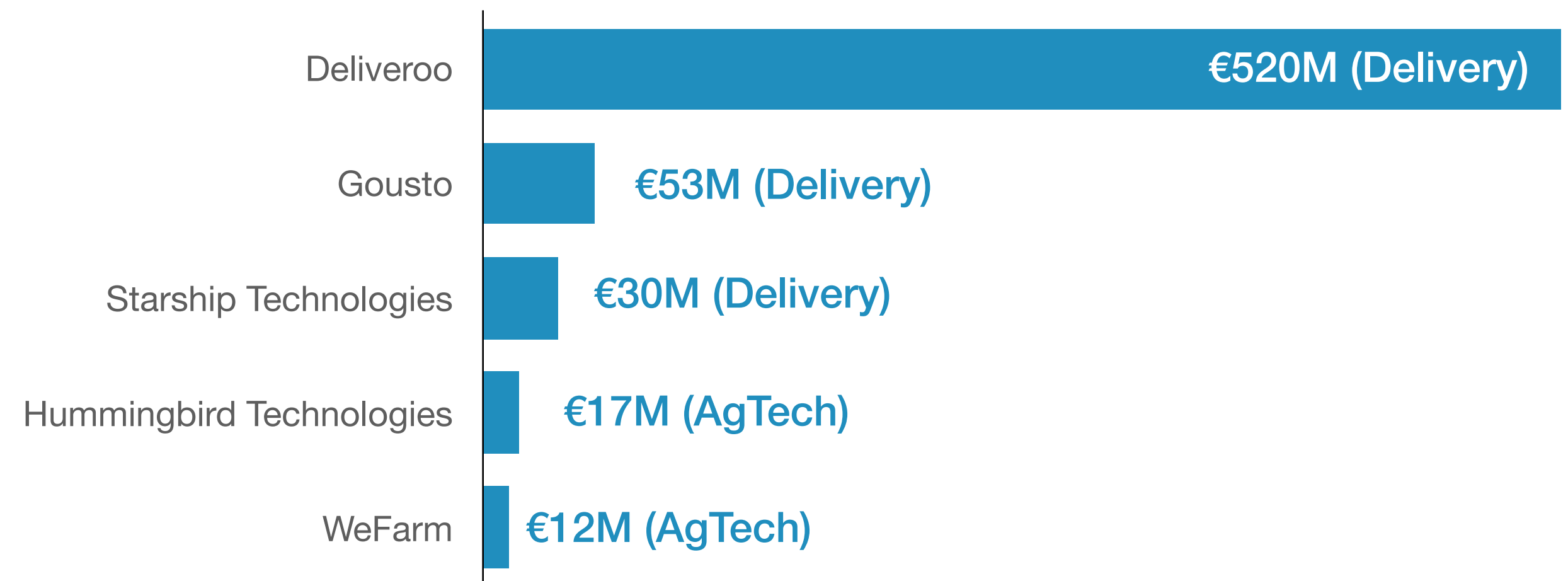
After the rise of unicorns such as Ocado, Just Eat and Deliveroo, a new generation of startups is emerging in the various categories of Foodtech:

- In delivery with Gousto, which raised €53M in 2019 to grow its meal kits
- In AgTech with two of the top deals in 2019
- in foodscience, startups such as Huel (meal replacement) and This (plant-based meat alternatives)

#### LEADING IN FOODSCIENCE

Already the home of Brewdog, one of the very few foodscience unicorns globally, it is quite striking to see on the page above, the share of 2019's deals made into this category. With curious consumers, the UK is probably (with the Netherlands), the best place for the most disruptive food innovation in Europe. However, as for their continental counterparts, British foodscience startups have a hard time going abroad and face the limitation of their domestic market.

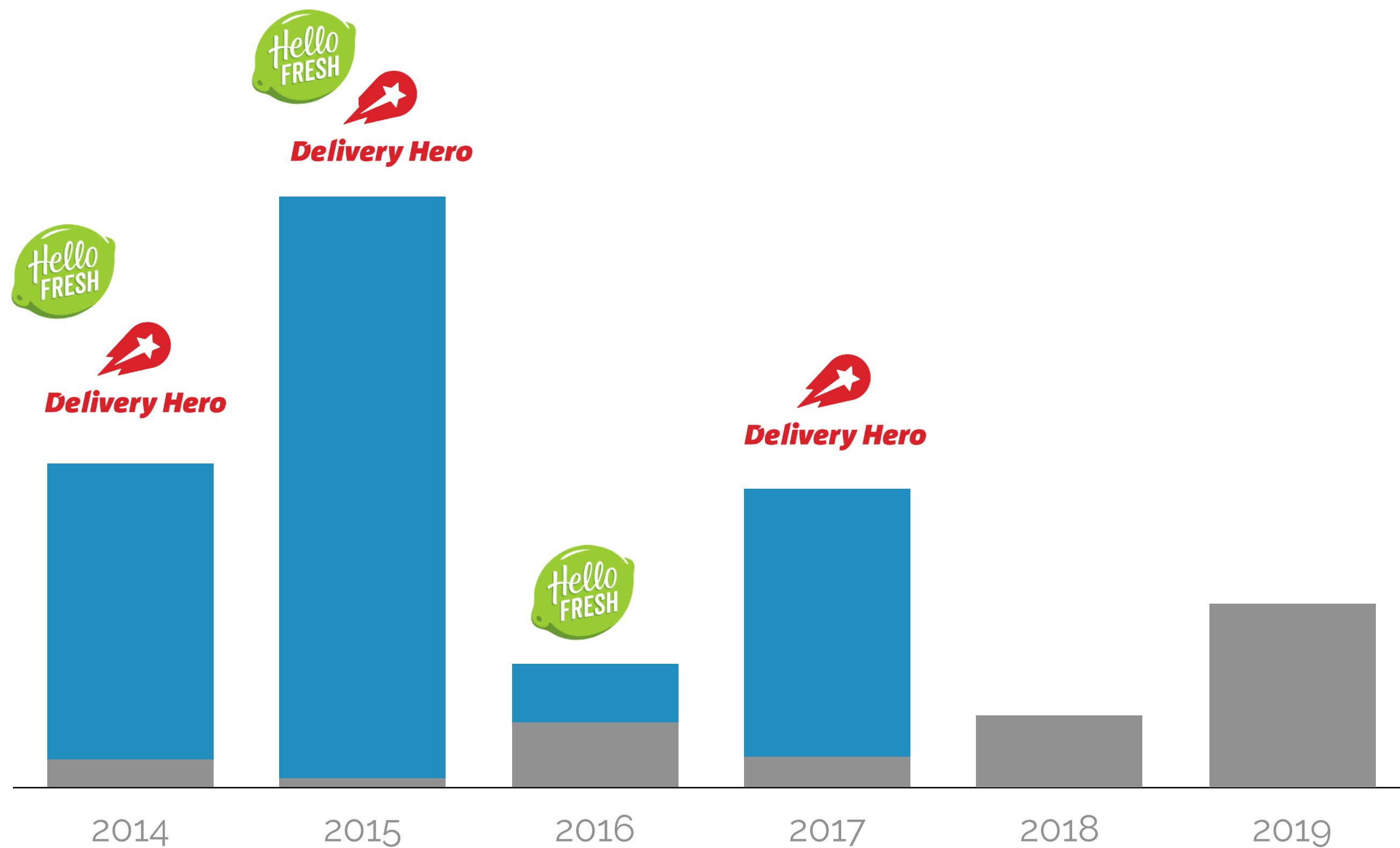
Top deals in UK FoodTech startups in 2019 (FoodTech category)



## II - BREAKDOWN BY GEOGRAPHY

### GERMANY - GROWING OUTSIDE OF DELIVERY

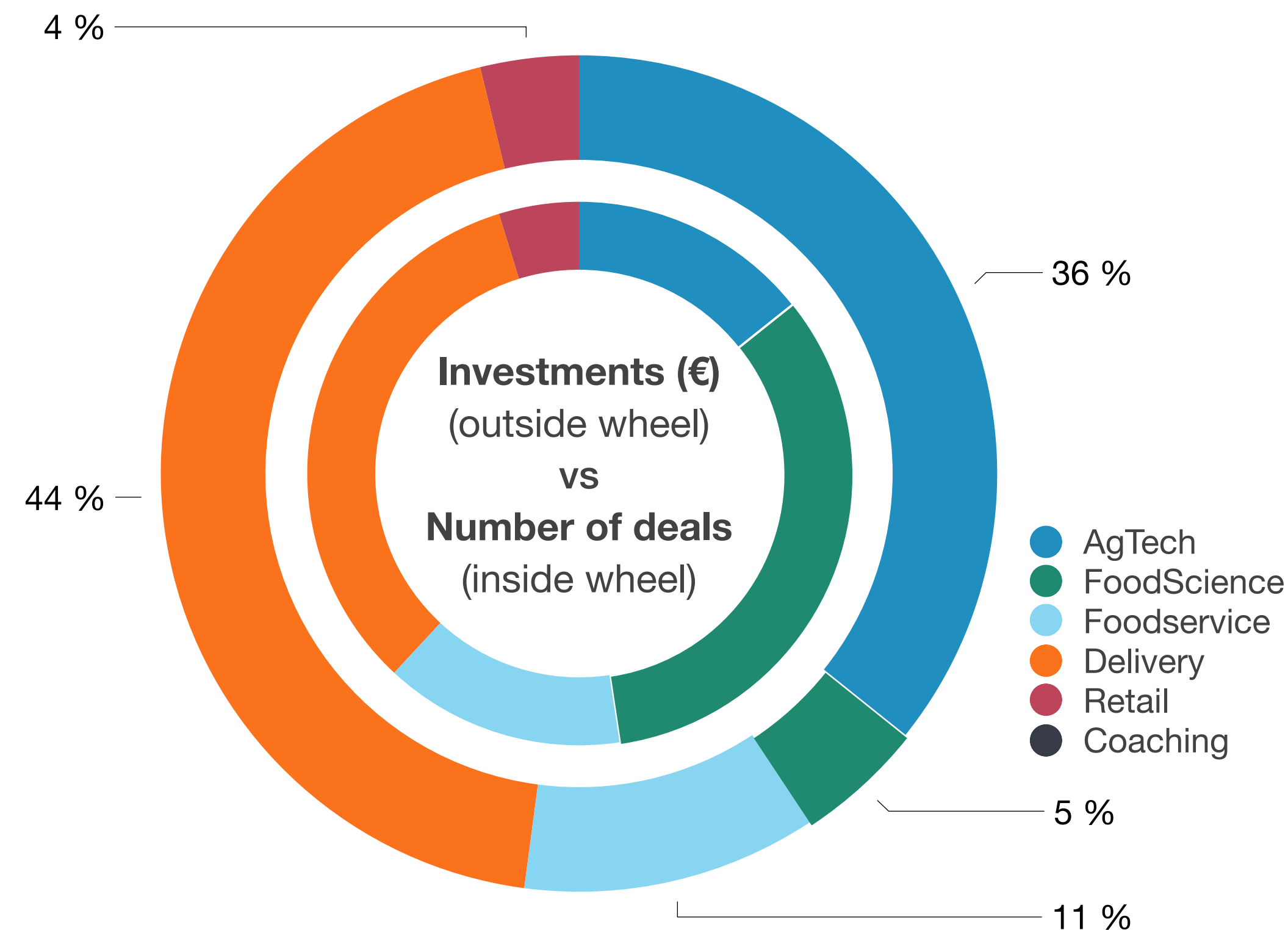
- Investments in German FoodTech Unicorns
- Investments in German "other" FoodTech startups



#### GERMANY - FOODTECH ECOSYSTEM



- 4th for investments in 2019, 1st in 2017
- Home of international delivery successes (Delivery Hero, Marley Spoon, HelloFresh)
- Hosts next generation leaders





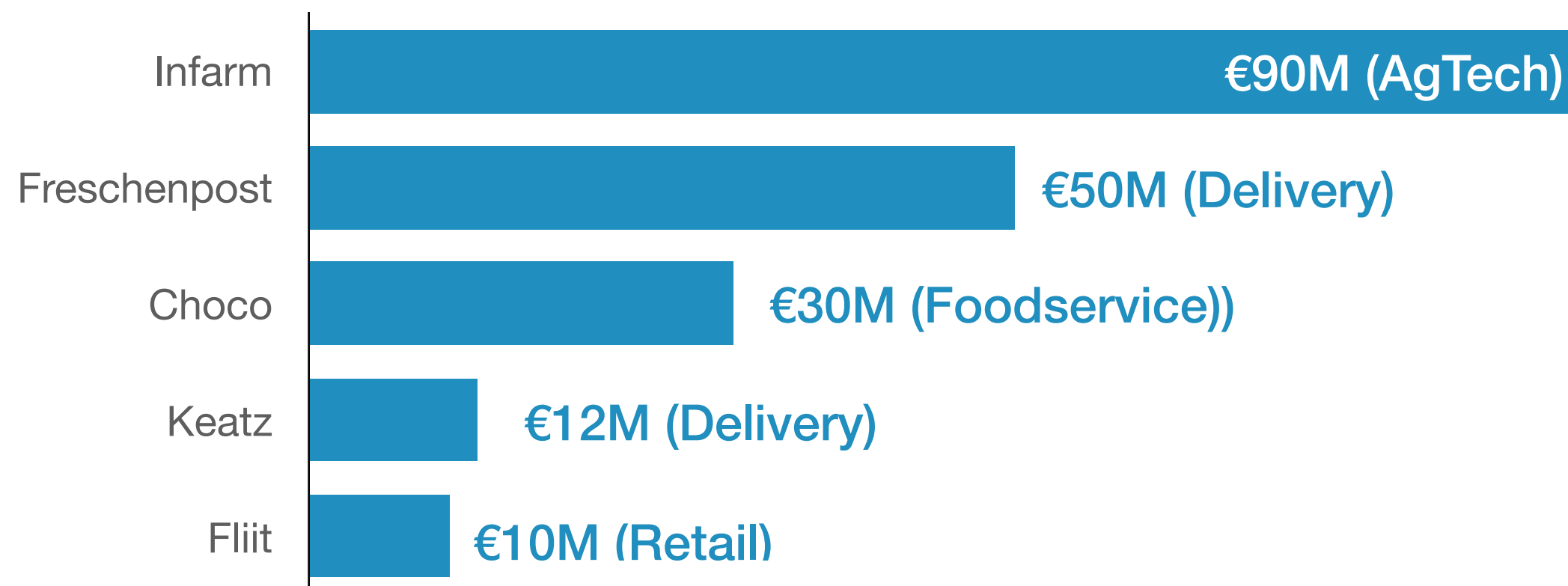
## II - BREAKDOWN BY GEOGRAPHY

### GERMANY - A NEW GENERATION OF STARTUPS LEADING IN THEIR CATEGORY

We can be confident in the ability of the German ecosystem to nurture, grow and finance potential unicorns that will deploy globally. Indeed, a common point of the three publicly traded German FoodTech startups is how they have grown outside of Germany and even Europe:

- Delivery Hero sold all its European activities to TakeAway in 2019 to focus on Latam and South East Asia
- HelloFresh and Marley Spoon are leading the meal kit markets in the US and Australia respectively

Top deals in German FoodTech startups in 2019 (FoodTech category)



### GROWING FUTURE LEADERS OUTSIDE OF DELIVERY

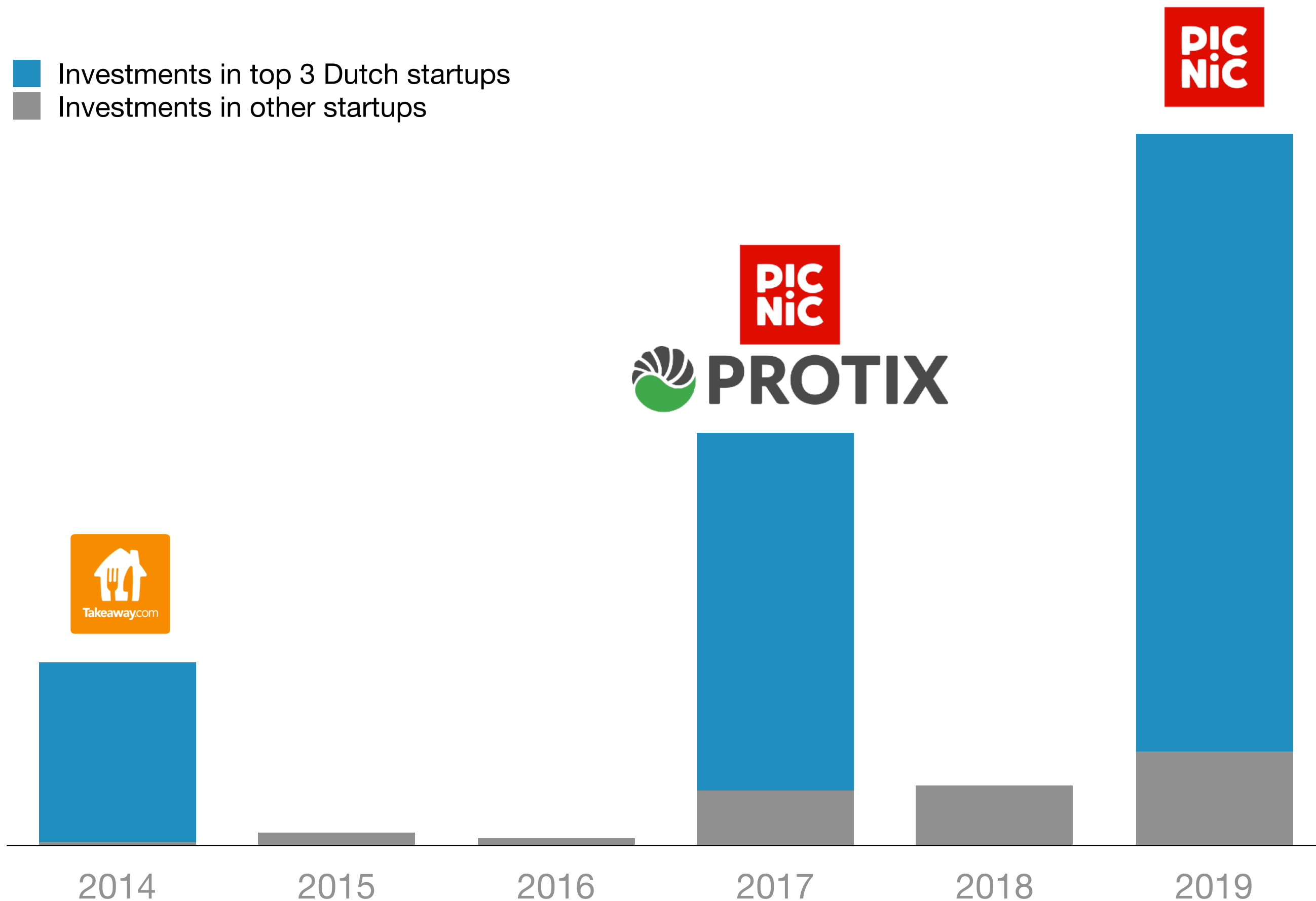
The new German FoodTech ecosystem is much more diverse than it was a few years ago. Now, much of the funding goes to startups outside delivery. Among the top deals are Infarm (urban farming), Choco (an ordering platform for hospitality businesses that digitize wholesaling) and Fliit (Uber for food logistics).

In some areas, Germany is even leading a new wave. For example for virtual restaurants, German startups are testing many business models. These goes from Keatz (virtual restaurants with multiple locations and brands delivered to consumers through delivery platforms) to EatClever (a platform with a single menu that is cooked by multiple restaurant partners).



## II - BREAKDOWN BY GEOGRAPHY

### THE NETHERLANDS - INVESTMENTS DRIVEN BY THREE STARTUPS



#### THE NETHERLANDS - FOODTECH ECOSYSTEM

- 3rd for investments in 2019
- Ecosystem dominated by a few highly funded giants
- Leading Europe's lab grown meat movement

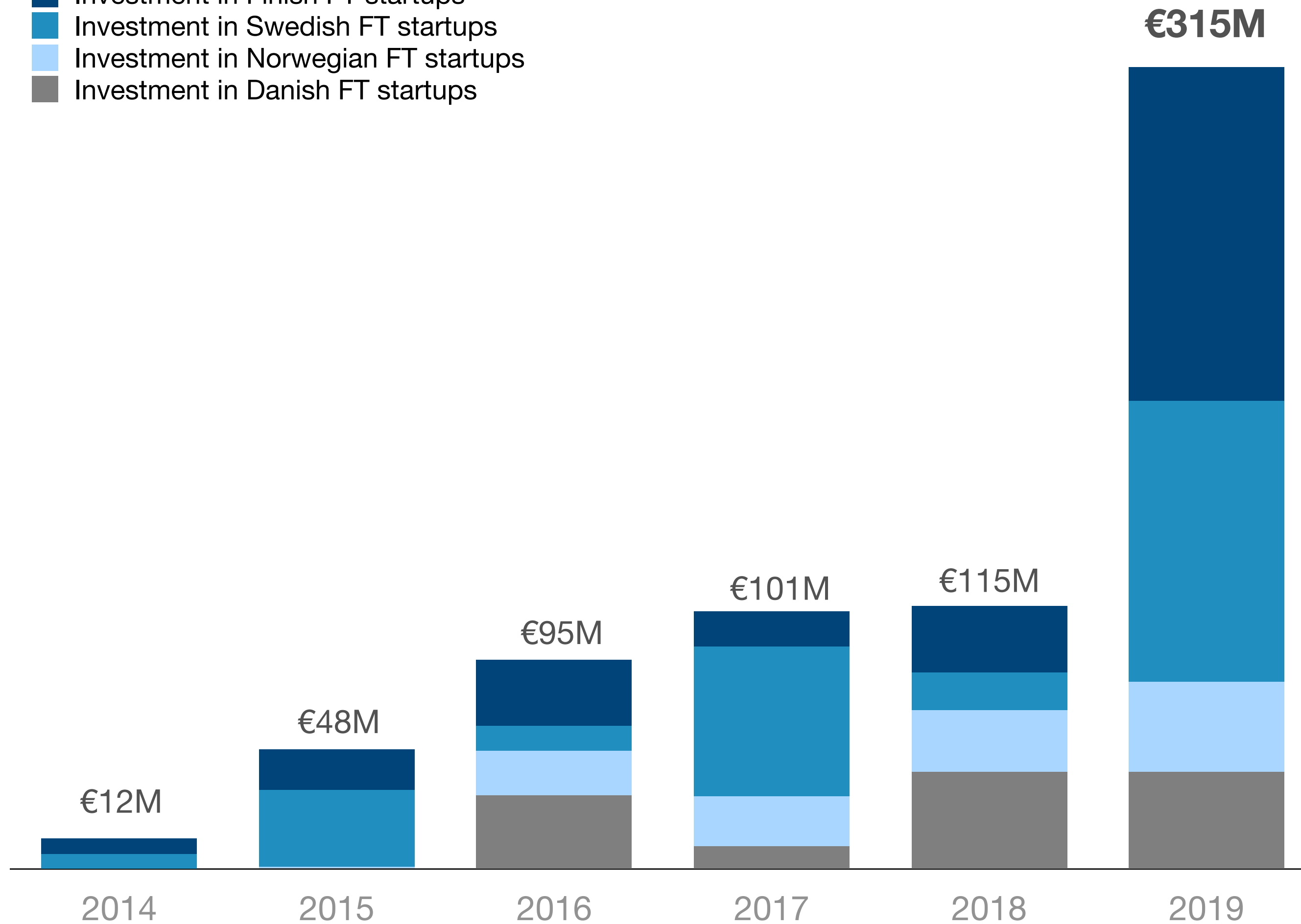
After Takeaway's 2016 IPO, the Dutch FoodTech ecosystem has bounced back on its two usual feet:

- innovative delivery startups with Picnic as a new leader. Founded in 2015, it has already raised €600M for its online grocery delivery platform. Its promise is simple, but still very effective. It operates "as the milkman used to do, by being at your street any given day at a set time".
- AgBiotech startups leveraging the national focus on technology and high yield agriculture, such as Protix (insect animal-feed)

## II - BREAKDOWN BY GEOGRAPHY

### THE RISING NORDIC STARS

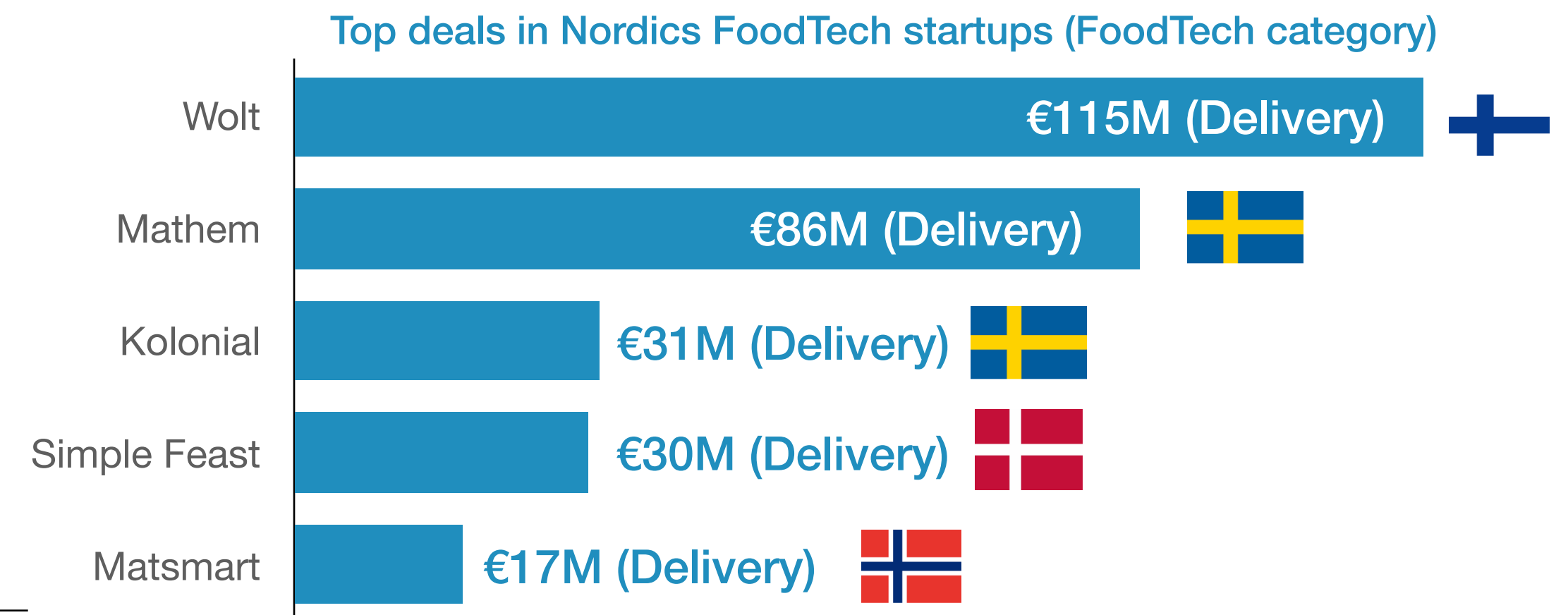
- Investment in Finish FT startups
- Investment in Swedish FT startups
- Investment in Norwegian FT startups
- Investment in Danish FT startups



#### NORDIC - FOODTECH ECOSYTEM COMBINED

- 4th for investments in 2019
- Diverse ecosystem
- Led by Stockholm acting as one of Europe's FoodTech hubs

The rise of the Nordic FoodTech ecosystem is one of the most exciting findings of this report, and somewhat a surprise for us. Together, the four Nordic countries have a diverse and growing ecosystem. While focused on delivery, it has the most well-funded startups in categories such as coaching, wine marketplaces and food waste management services.





## THE RULES OF FOOD BUSINESS ARE REWRITTEN



**Christophe BREUILLET**

Managing Director - Vitagora

**Vitagora is a French agri-food innovation cluster, with the distinction of having launched its own FoodTech acceleration program, ToasterLAB. Since 2017, Vitagora has accelerated 50 SMEs and startups via this program.**

### What was behind your decision to launch ToasterLAB?

Young agri-food companies in Europe, often in the post-incubation stage, urgently needed a support program to acquire the stability of generating their own revenue to sustain their development, and thus avoid lurching from investor to investor. We focused our program on allowing entrepreneurs to connect to an

ecosystem of experts and food professionals and make the transition from a “start-up” to a “business” with products or services, a market and a reliable revenue stream. Working with agile startups has provided Vitagora with a huge insight into how companies can reinvent themselves in the face of disruptions.

We are currently working on applying those lessons to increasing the ability of larger food businesses to adapt to game changers in our industry.

### What are some of these game changers?

The coronavirus crisis has been a major wake-up call regarding how the basics of our business can be upended, even though food remains an essential component of a functioning society. Beyond current events, other game changers could include the transitions towards a plastic-free industry, the progressive rejection of unsustainable food productions (either through government regulation

or consumer pressure), or indeed the radical reconfiguring of our distribution channels, which we are seeing right now thanks to the coronavirus.

### What scope is there for larger food businesses to match a startup’s agility?

Understanding the central role played by your business model is the first step. We have been working with the Burgundy School of Business for two years to develop reliable decision support tools to help our members to strategize new agri-food business models. The next step is to disconnect an innovative business project from the cumbersome corporate processes that weigh it down and to reconnect it to an agile support system of experts. The “intrapreneurship” model is a proven means of doing so. As the rules of how we do food business are being rewritten, this is a timely lesson in agility for us all.



# BREAKDOWN BY CATEGORIES

66%

share of the European FoodTech investments that went into delivery startups

## KEY FACTS

While investments rise in European FoodTech, the primary beneficiaries are mostly restaurant and grocery deliveries.

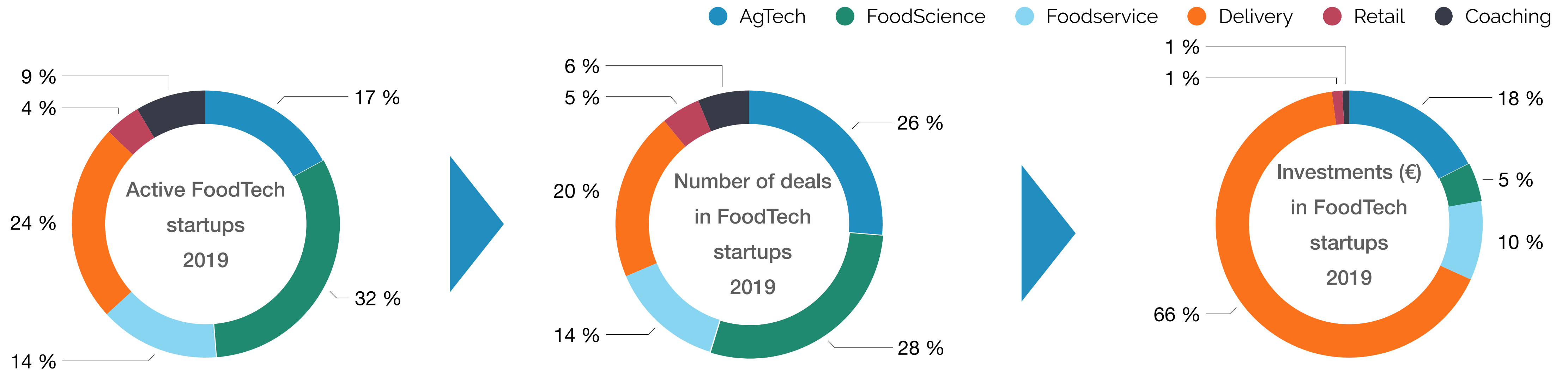
AgTech and foodservice startups are still attracting a large share of the investments.

Foodscience startups (innovative food & beverage and packaging) are getting more numerous. They raise a lot of small deals but seem to fail to attract more significant investments.



### III - BREAKDOWN BY CATEGORIES

## FOODTECH IS GETTING BIGGER: WHAT ARE THE ENTREPRENEURS & INVESTORS BETTING ON?



### ACTIVE STARTUPS & FOODTECH DEAL DISTRIBUTION ARE ALMOST EQUIVALENT

As this report (and more broadly, most news) focuses on investments, it is always interesting to take a step back and look at where investments are made.

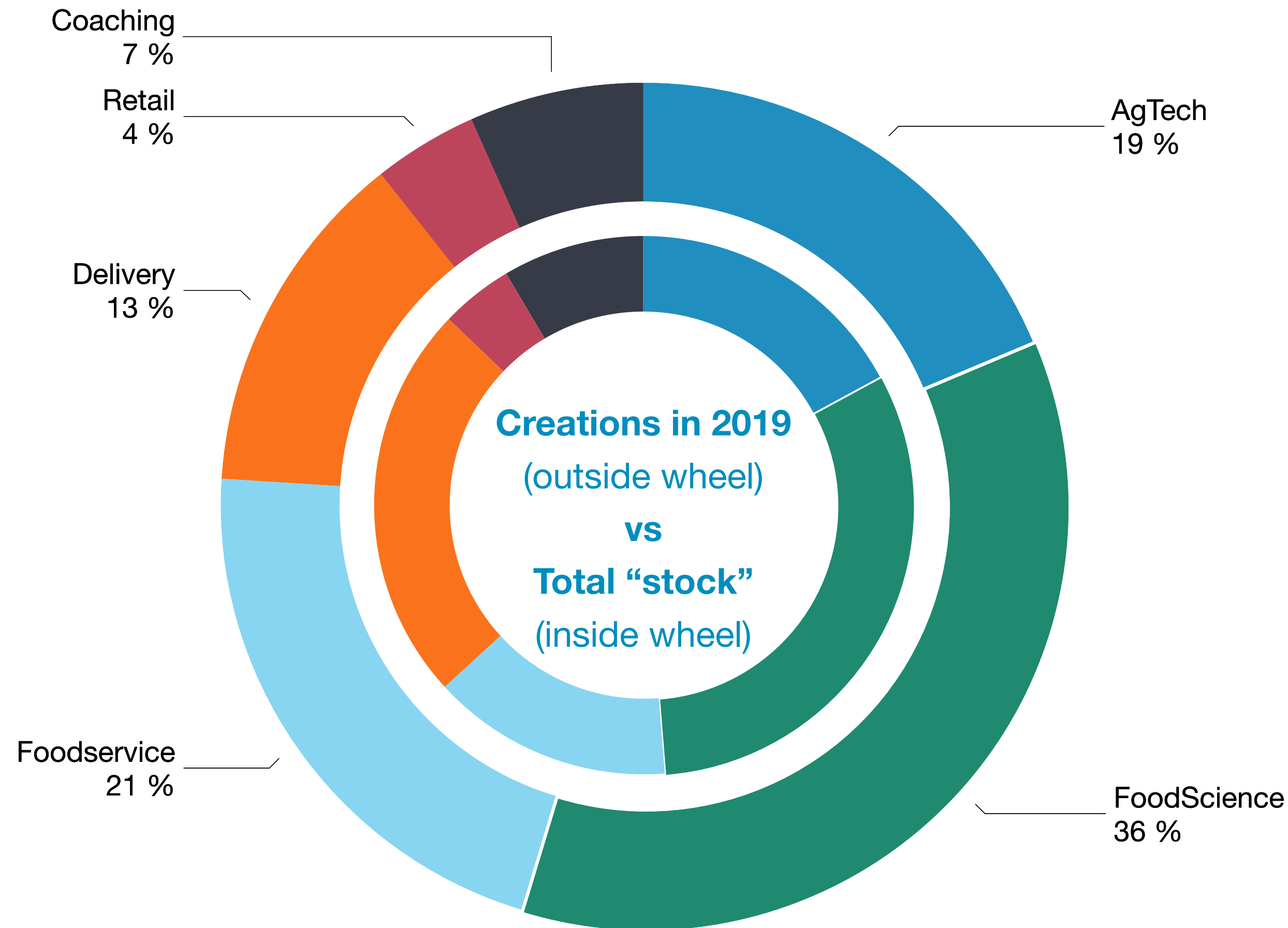
Not surprisingly, active startups and deal distributions are almost equivalent. Indeed, as startups can be defined as money-losing ventures needing investments to validate market or product hypothesis, they all need, at some level, funding to grow.

### INVESTMENT DISTRIBUTION

As expected, when looking at top deals, investments in European FoodTech startups are highly concentrated into delivery startups. The second most startling point is the **absurdly small share of investments in foodscience**.

### III - BREAKDOWN BY CATEGORIES

## WHAT IS HOT FOR ENTREPRENEURS? - ACTIVE STARTUPS & STARTUP CREATION IN 2019



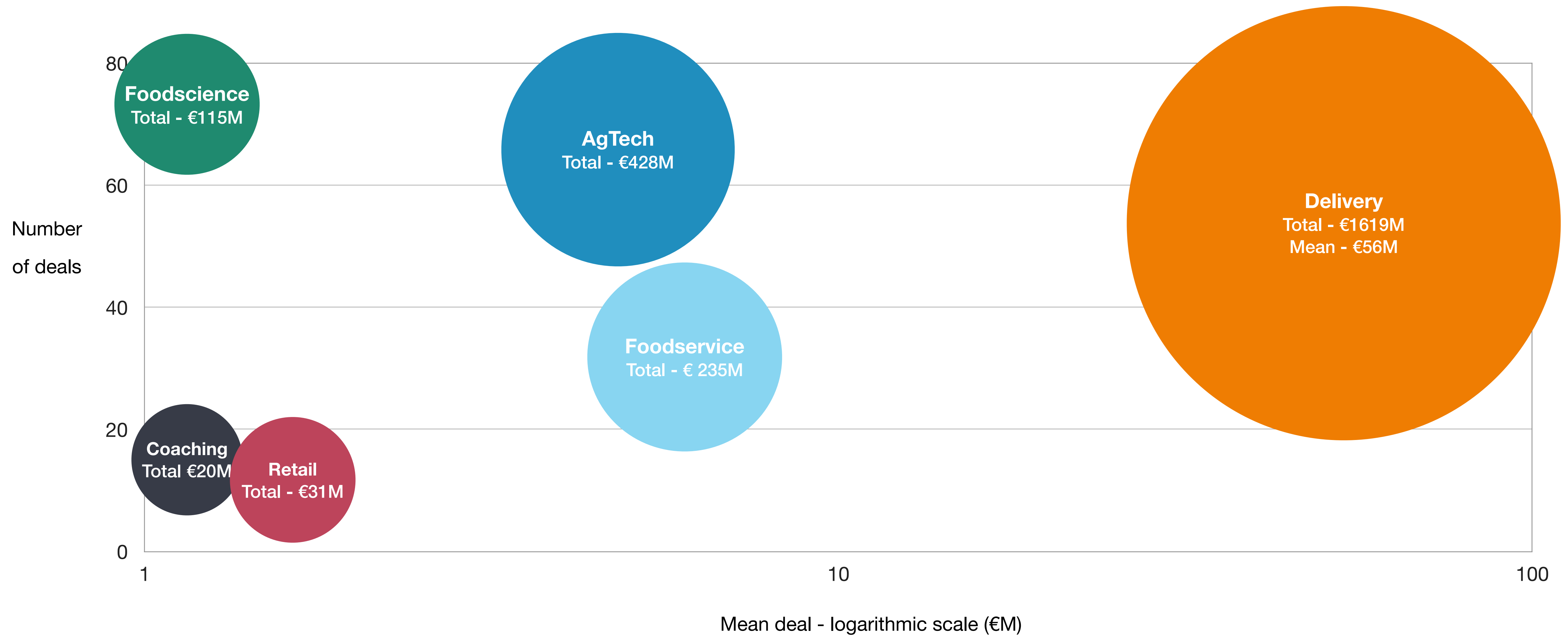
### NEW ENTREPRENEURS FOCUS ON FOODSCIENCE & FOODSERVICE

Let's take a step back from fundings and deals for a minute. This enables us to consider the FoodTech categories where entrepreneurs, at the heart of this ecosystem, put their energy. The opposite graph which compares the "pool" of all currently active startups (inside wheel) and the startups created in 2019 (outside wheel), most of whom have not raised money:

- For the last couple of years, the share of new entrepreneurs venturing into delivery has constantly been shrinking. Indeed, as this space gets crowded, it requires more funding to contemplate success.
- The share of foodscience (innovative products and packaging) and foodservice (innovations in hospitality businesses through services, robots and space management) startups have risen sharply. This is now followed by more and more deals in these categories.

### III - BREAKDOWN BY CATEGORIES

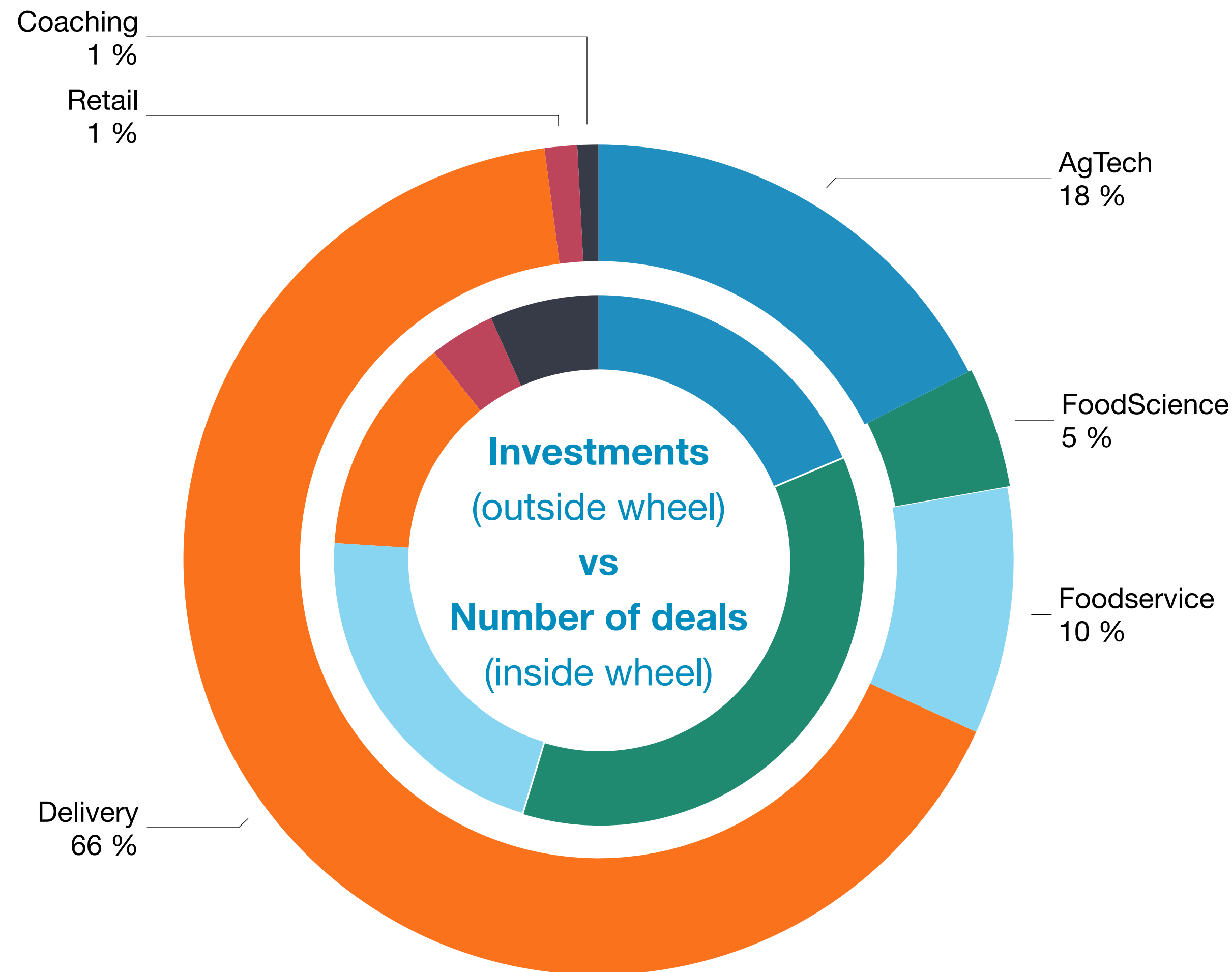
## DEALS AND INVESTMENTS BY CATEGORIES IN 2019





### III - BREAKDOWN BY CATEGORIES

## WHAT IS HOT FOR INVESTORS? - DISTRIBUTION OF INVESTMENTS (€) AND DEALS



### IS DELIVERY LEADING AT THE COST OF FOODSCIENCE?

As seen in the graphs on this and the previous page, delivery is dominating investments by a large proportion, even if the deal distribution is much more balanced:

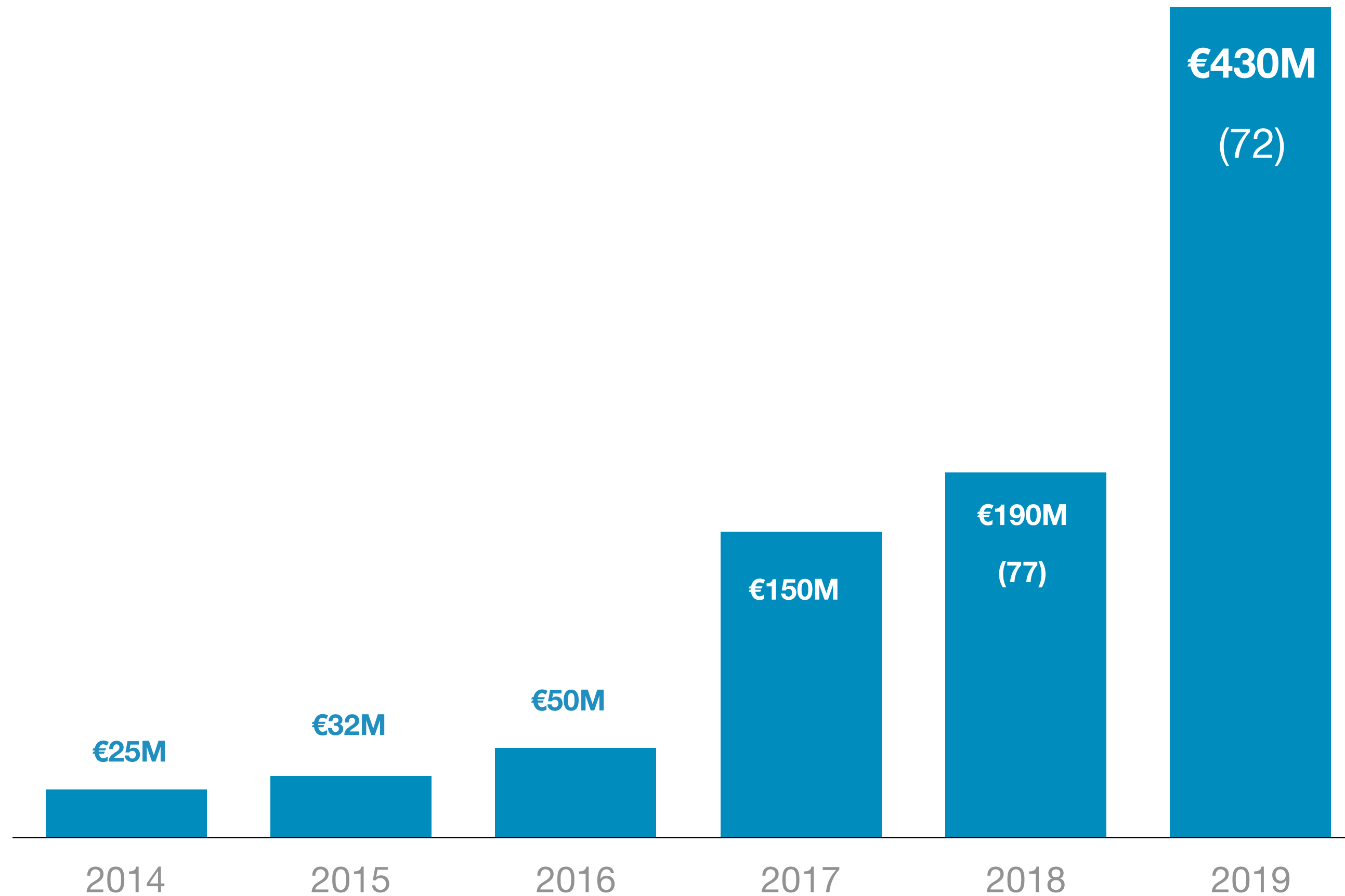
- We can see an 18 to 24-month lag from when the distribution of active startups (or startup creations) is translated into the deal distribution, and the same timeframe again before the translation into investments. Thus, it may take up to 4 years for ventures corresponding to a new trend to raise sufficiently high amounts to change the overall picture.
- The highly commented success of Beyond Meat's IPO has inspired many large deals in alternative meat startups in other continents. However, European FoodTech startups have mostly not benefited from the "Beyond Meat effect", with only a few exceptions in seed rounds.

### III - BREAKDOWN BY CATEGORIES

## AGTECH - INVESTMENTS & NUMBER OF DEALS



■ Investments in European AgTech startups



### DEFINITION

Startups disrupting agriculture. They come up with solutions to improve farming output and quality using drones, sensors and farm management software. AgTech is also about new farm products, next-generation farms and urban farming.

### AGTECH IN EUROPE



### KEY FACTS

- 2nd category of investments and number of deals in European FoodTech for the last 6 years,
- Leading ecosystem in terms of deals and investments in France, 2nd for investments in Germany and in the UK
- AgBiotech is the leading sub-category (notably with animal feed startups)

### III - BREAKDOWN BY CATEGORIES

## AGTECH - DEFINITIONS & TOP DEALS IN 2019

### SUB-CATEGORIES

**Drones & Robots:** Startups providing farmers with robots and drones. These can either collect and process data or replace humans for trying jobs.

**Ag-Biotech:** Research and development-oriented startups with a focus on living systems and organisms for agriculture and food.

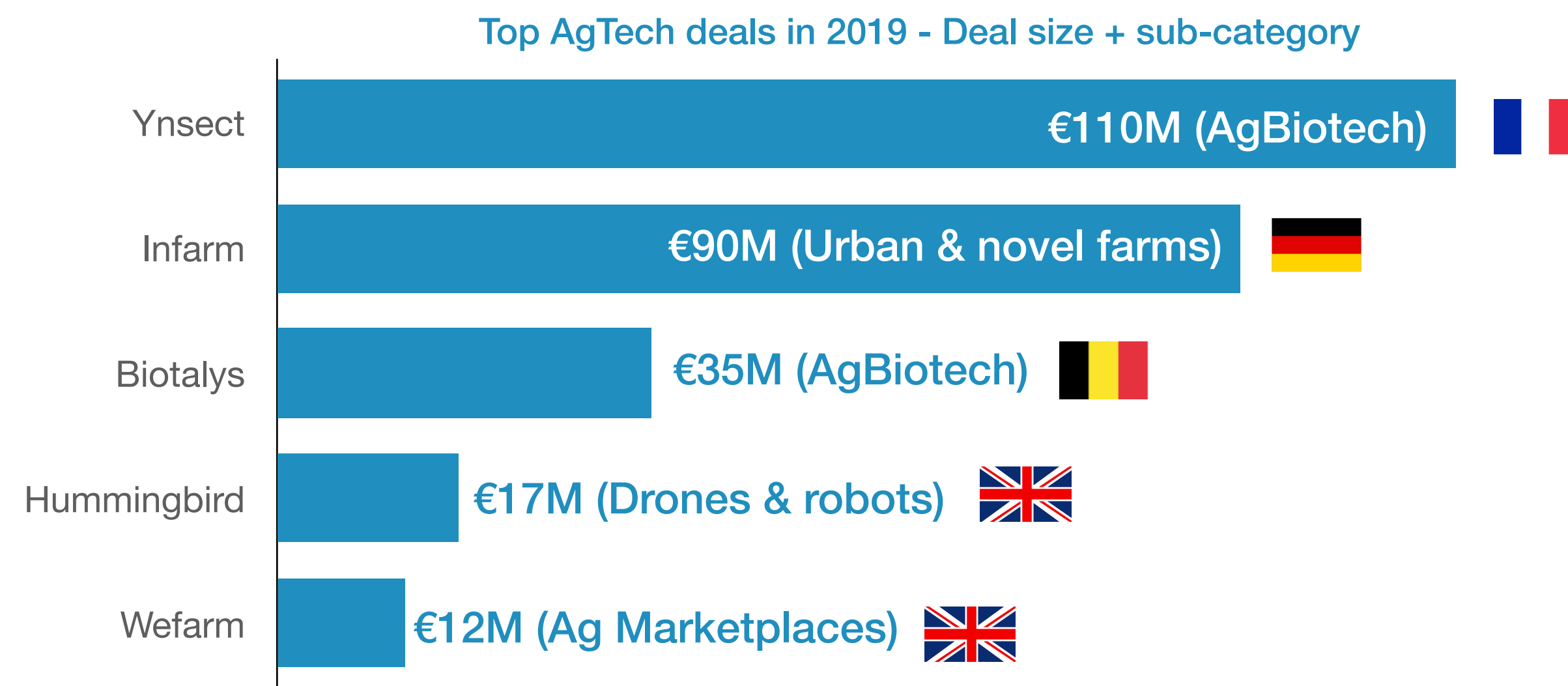
**Agricultural marketplaces:** Startups working on B2B e-commerce marketplaces for farmers (with products ranging from seeds to equipment).

**Farm management software:** Startups assisting farmers in managing, organising and optimising all of the tasks on their farm.

**Urban and novel farms:** Startups developing urban farms to reduce the distance between production and consumption or developing new-generation farms to increase yields, quality and sustainability.

### A NEW VISION FOR AGTECH

As AgTech is one of the first areas of European FoodTech to emerge, startups and investors are active on all the above sub-categories. On marketplaces (an area where European startups are often lagging due to smaller markets, notably for groceries and fresh produce), AgTech startups perform well. Additionally, Agriconomie would probably have a place in the top deals graph if the numbers of its 2019 round of funding in were to be disclosed.

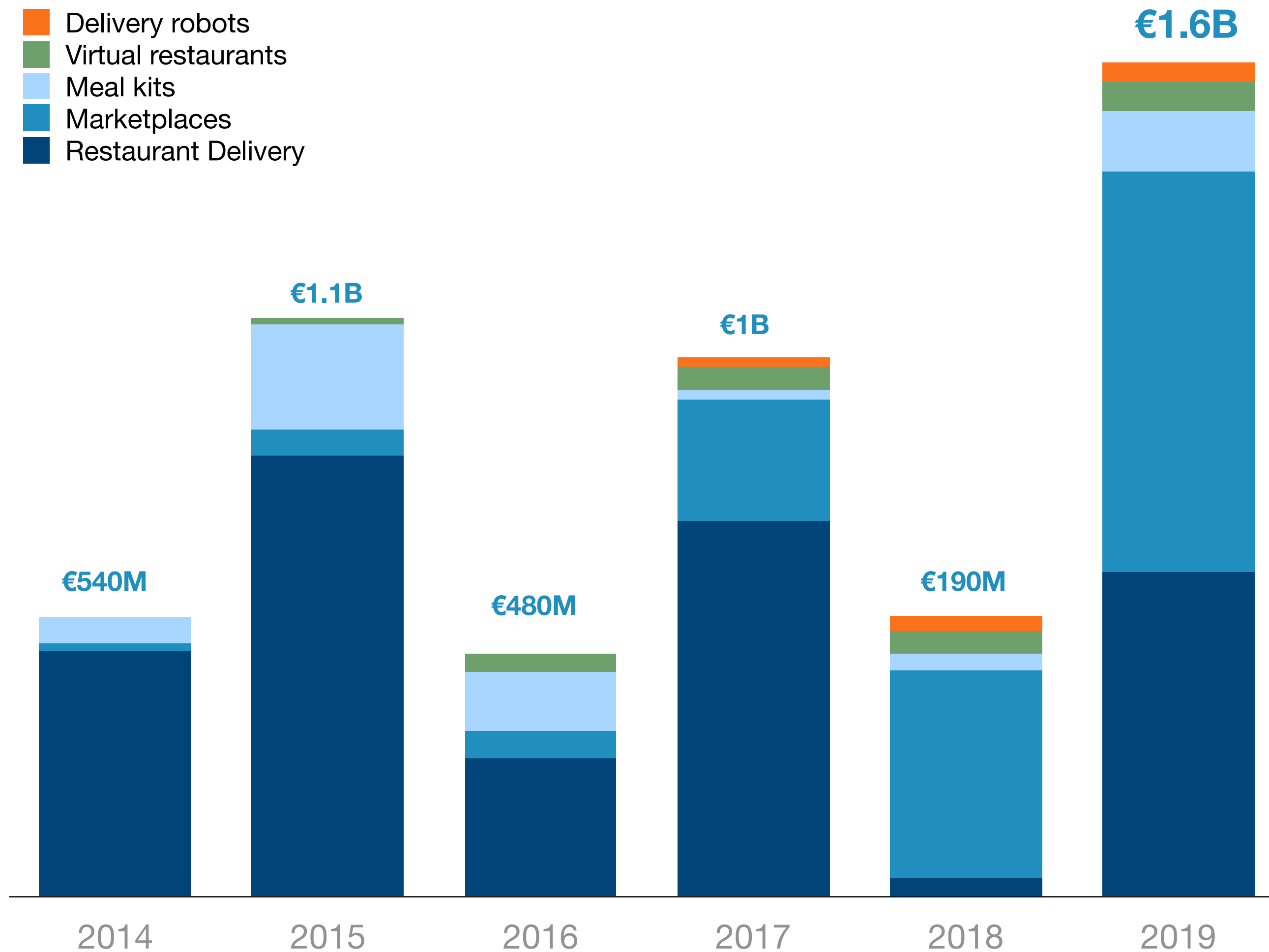


### III - BREAKDOWN BY CATEGORIES

## DELIVERY - INVESTMENTS CONTINUE TO GROW BUT IN NEW CATEGORIES



- Delivery robots
- Virtual restaurants
- Meal kits
- Marketplaces
- Restaurant Delivery



#### DEFINITION

Startups answering the delivery challenges in the food industry, with home delivery of groceries, restaurant meals or meals prepared in their kitchens.

#### DELIVERY IN EUROPE



#### KEY FACTS

- Led investments for the last 6 years
- Share of deals is decreasing
- Still leads both number of deals and investments in Germany, but only investments in the UK and none in France
- Marketplaces (online groceries) are taking off while virtual restaurants and Delivery robots are emerging

### III - BREAKDOWN BY CATEGORIES

## DELIVERY - DEFINITIONS & TOP FUNDINGS IN 2019

### SUB-CATEGORIES

**Meal kits:** Startups regularly delivering to their customers all the ingredients to make meals by adapting quantities to the home.

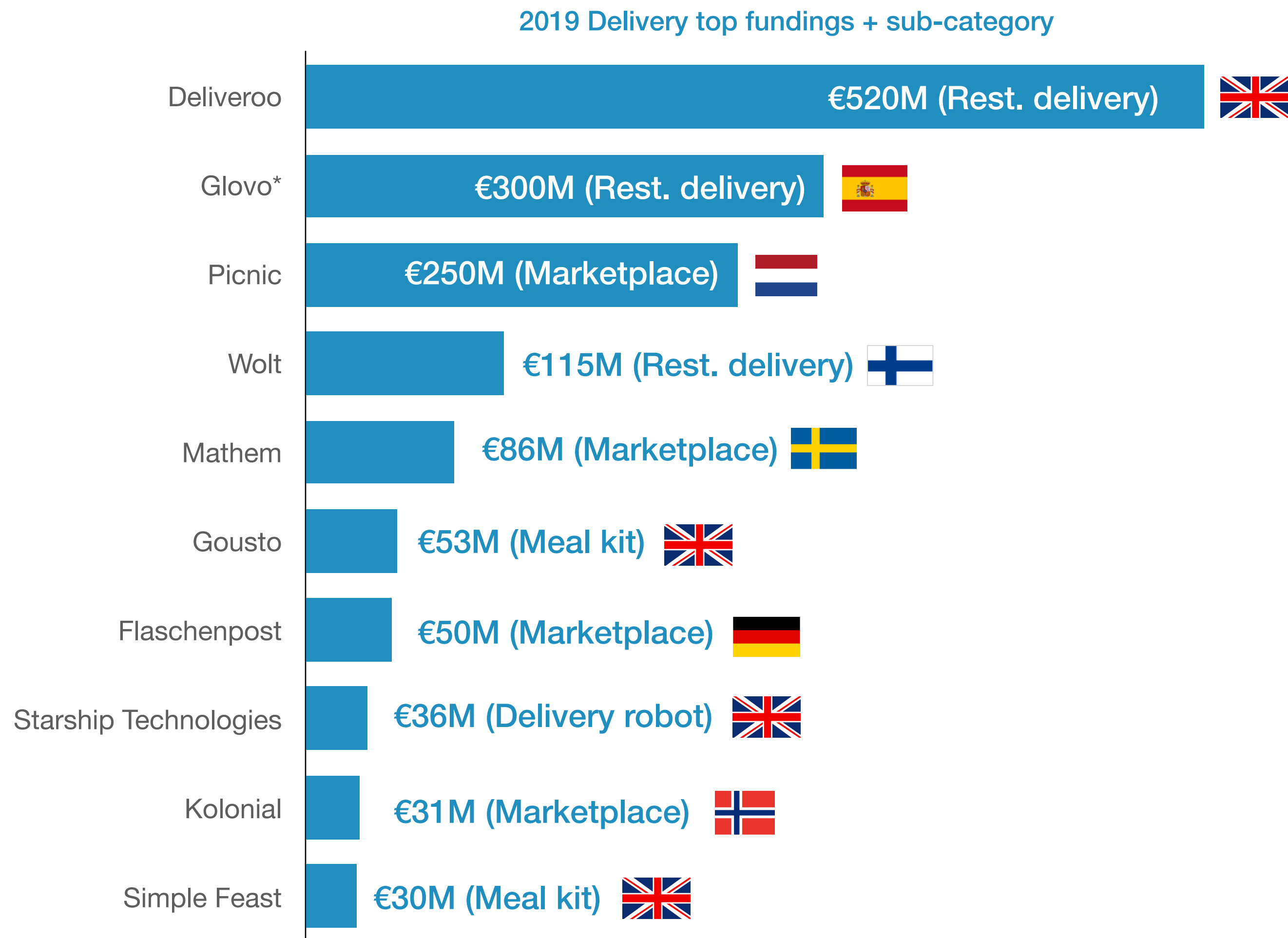
**Delivery Robots:** Startups developing food delivery drones or robots.

**Discovery box:** Delivery services to receive products selected by experts every month. Wine, tea, coffee and exotic new products from around the world are among the most popular themes.

**Virtual restaurants:** Startups operating kitchens (their own or rented cloud kitchens), using them to develop their own set of brands.

**Restaurant delivery:** Startups enabling their customers to be delivered with prepared meals from nearby restaurants, mostly through independent drivers.

**Marketplaces:** Startups developing food e-commerce platforms, including farm-to-home solutions and stores delivery.



\*Glovo raised two rounds of €150M in 2019, hence the top “fundings” title

### III - BREAKDOWN BY CATEGORIES

## DELIVERY - LEADING FOODTECH IN EUROPE - FOR HOW LONG?

### LEADING THE INVESTMENTS

Delivery startups are concentrating most of the investments made in FoodTech startups in 2019:

- This is not in itself a surprise, as this trend has been here for many years
- As the former generation of restaurant delivery startups (Delivery Hero, Takeaway, Just Eat) is now raising money through the markets, we could have expected a decrease. But this ecosystem remains strong with Wolt and Deliveroo still driving the growth of FoodTech investments.
- It is almost a surprise, after a couple of years of bad press, to see continuing investments in Meal kits. Startups such as Gousto (UK) and Simple Feast (Denmark, with a focus on vegetarian and vegan recipes) are still going strong.

### ONLINE GROCERIES (FINALLY) GROWING

If global funding in FoodTech startups decreased in 2019, it is mostly due to delivery and especially to online groceries.

In Europe, this category is now emerging:

- A new generation of delivery startups specialised in online groceries is rising with leaders outside of the European core countries (notably Matsmart, Mathem in Sweden, Kolonial in Norway, Supermercato24 in Italy)
- The growth of new international restaurant delivery platforms reaching a continental appeal such as Wolt.

### LONG TERM GROWTH AHEAD

Will food delivery continue to lead investments in FoodTech in Europe? Without predicting the future, we may say it has all the ingredients for even brighter days ahead:

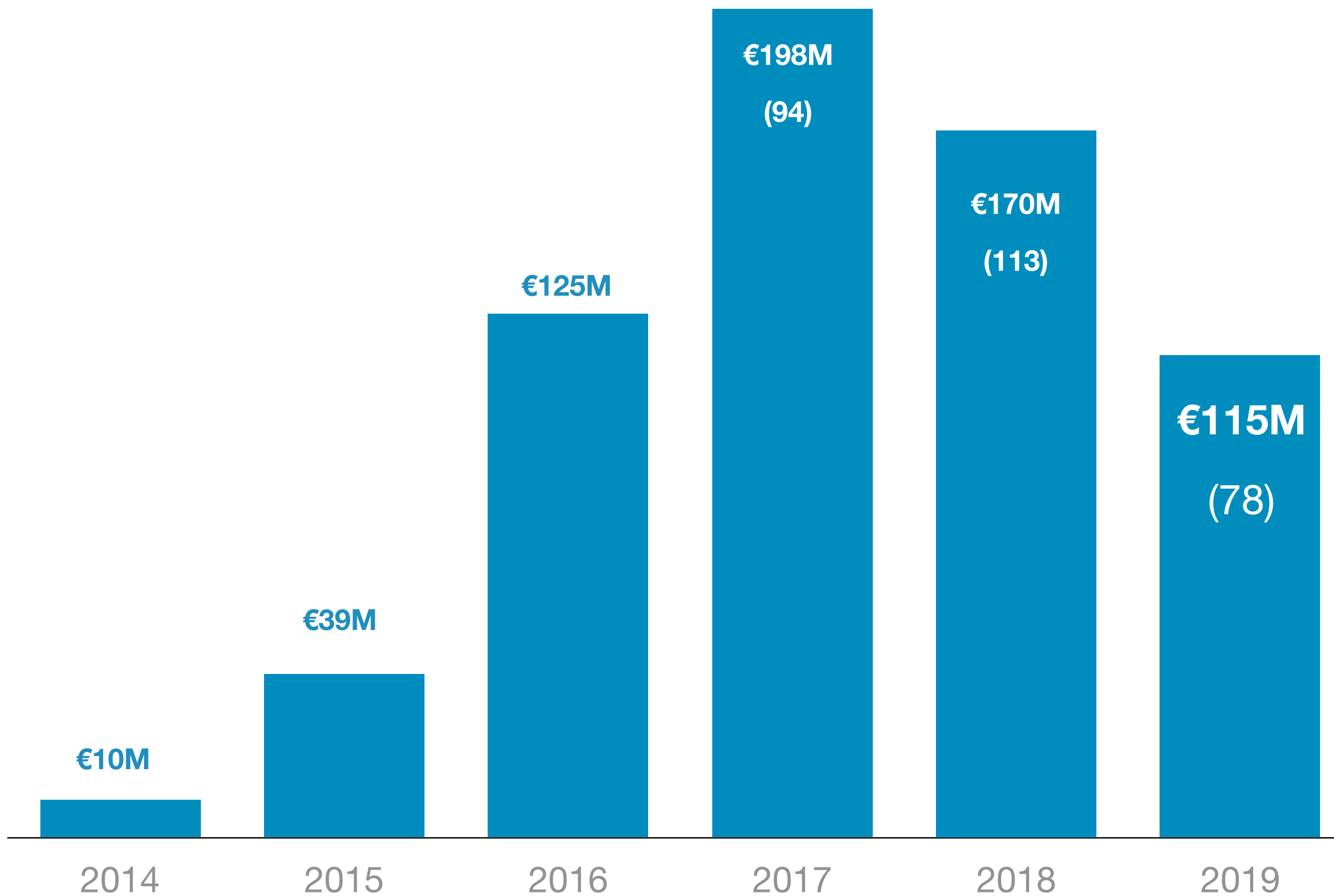
- 2019 was the year where virtual restaurants made a name for themselves by rising fast and getting more funding.
- Food delivery robots and drones startups are well represented in Europe with Starship Technologies and Manna.

### III - BREAKDOWN BY CATEGORIES

## FOODSCIENCE - INVESTMENTS & NUMBER OF DEALS



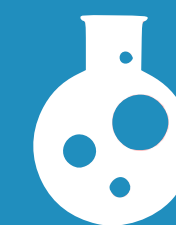
■ Investments in European Foodscience startups



### DEFINITION

Startups developing new food products answering the need for more transparency, health and environmental concerns. Products range from market innovations to radical disruptions using revolutionary ingredients.

### FOODSCIENCE IN EUROPE



- 1st category for the number of deals or active startups but only 4th for investments
- Lagging behind the US in terms of investments, notably in plant-based and other alternative proteins
- Led in Europe by deals in meal replacement and packaging startups

### III - BREAKDOWN BY CATEGORIES

## FOODSCIENCE - DEFINITIONS & TOP DEALS IN 2019

### SUB-CATEGORIES

**Future Food:** Startups working on breakthrough food products, mostly to replace those currently in use with more sustainable and healthier alternatives.

**Product innovation:** Startups working on already well-established ingredients or markets (such as chocolate or baby food). They differentiate through innovation in the product itself, the transparency of its composition, the means of distribution or greater customisation of the products.

**Drinks:** Startups working on new forms of drinks, alcoholic or not, to promote different ingredients or a healthier lifestyle.

**Meal substitutes:** Startups reinventing the meal. Their bars, drinks or powders replace the traditional meal with highly nutritious alternatives.

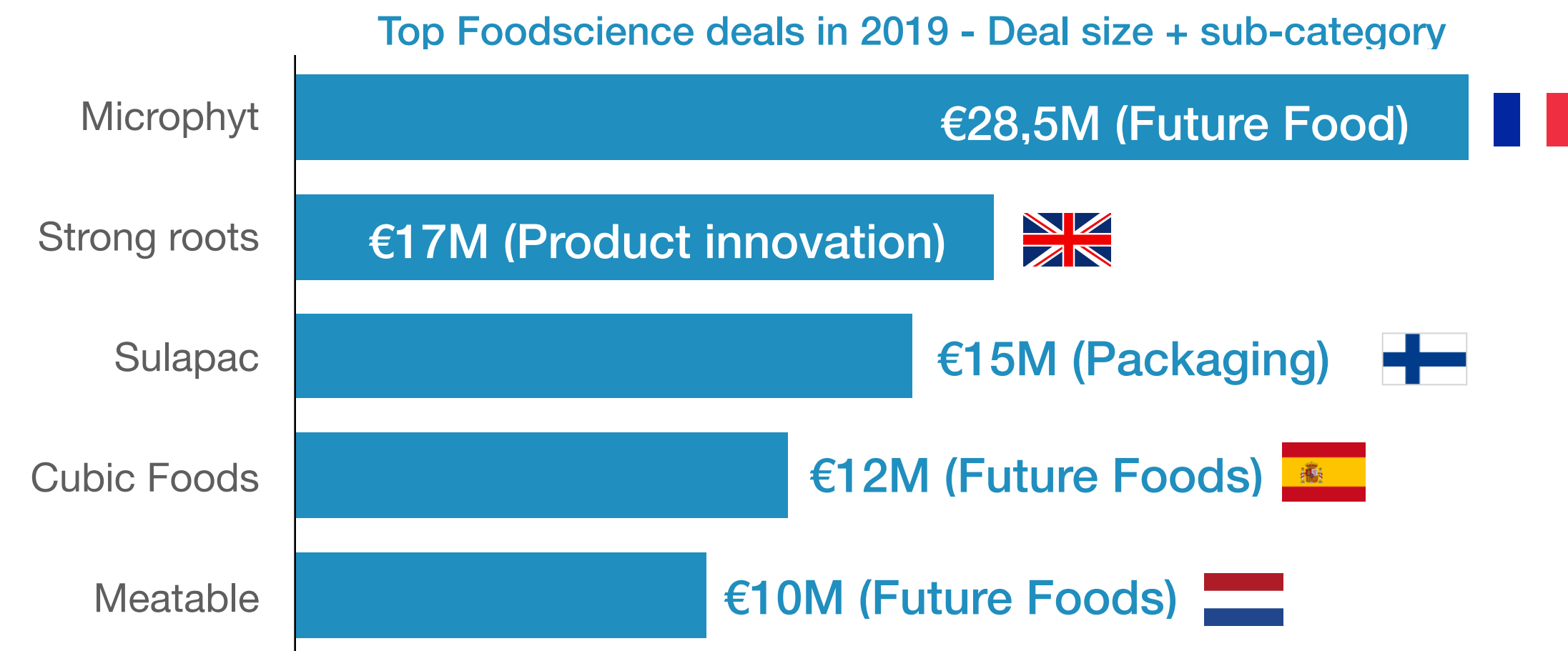
**Packaging:** Startups developing smarter and more sustainable food and beverage packagings.

**Appliances & cookware:** Startups developing a new generation of appliances or cookware. They provide more technology, new distribution channels or more personalisation.

### THE DEADLIEST ECOSYSTEM

As mentioned, we haven't observed a "Beyond Meat" effect and no Food D2C (direct to consumer) effect at large. A peak was reached in 2017 and that the total investments in this category are declining. Indeed, while the mean deal can be as low as a few tens of thousands of euros, the death-rate can go beyond 50% for startups already in our radar.

On a more optimistic note, a new generation of more realistic businesses (focused on building a profitable activity rather than rapid growth) is appearing in various parts of Europe.

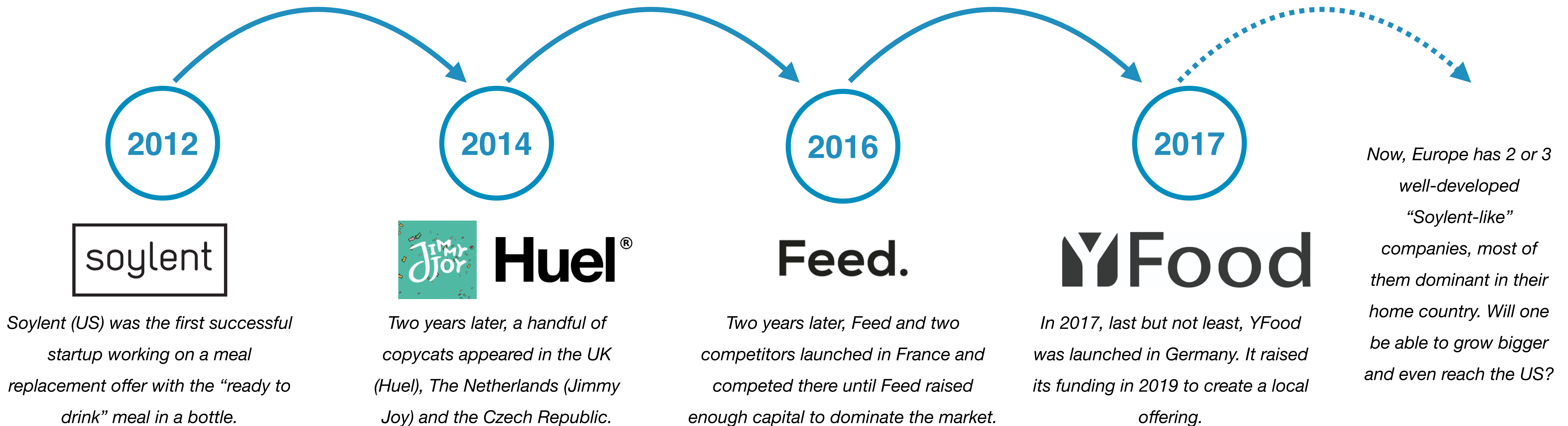




### III - BREAKDOWN BY CATEGORIES

## FOODSCIENCE - EUROPE IS NOT A UNIFIED MARKET - MEAL REPLACEMENT EXAMPLE

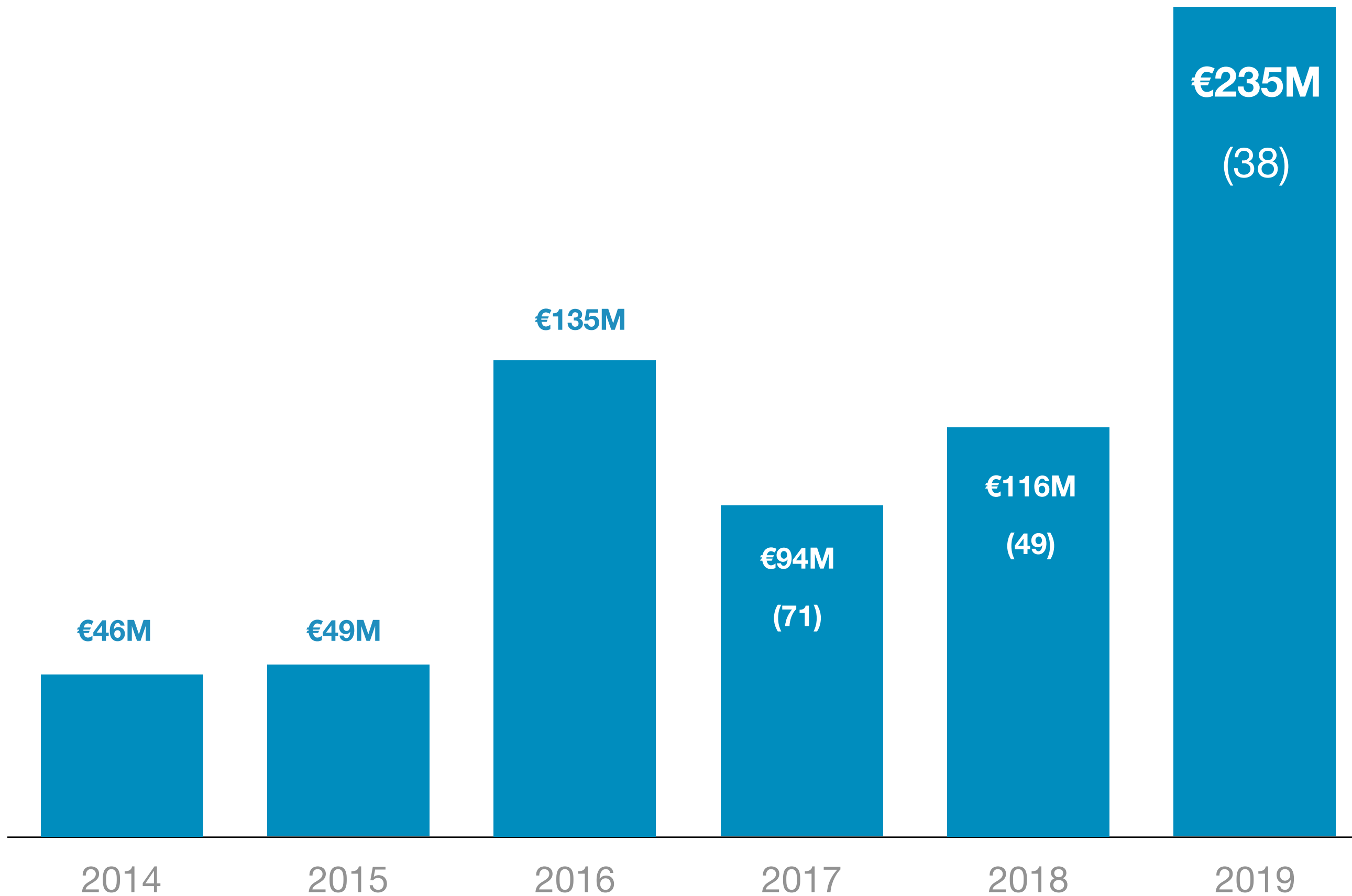
One of the main hurdles for a European foodscience startup is the limited size of its domestic market. The difference between these markets, notably in responsiveness to innovation, creates another difficulty. While British and Dutch consumers are eager to try new food products and restaurants, French and Germans may be less enthusiastic. It often leads to a “concept” (often embodied by a startup) succeeding in the US being then copycatted (adapted more or less thoroughly) market by market in Europe by various startups. These grow, compete in their local markets and then have a hard time to expand internationally and often remain local. Below is the “quite perfect” example of the meal replacement market.



### III - BREAKDOWN BY CATEGORIES

## FOODSERVICE - INVESTMENTS & NUMBER OF DEALS

■ Investments in European Foodservice startups



### DEFINITION

Startups reinventing the hospitality industry. They improve the way HoReCa businesses are managed today. They also create the conditions for the restaurant of the future with robotics and cloud kitchens.

### FOODSERVICE IN EUROPE



### KEY FACTS

- 3rd category for investments, active startups and number of deals
- Less cash intensive than AgTech and Delivery
- 2nd in terms of investments in France, 3rd in the UK and Germany
- Most significant deals are linked to payment solutions, new ventures in food robotics

### III - BREAKDOWN BY CATEGORIES

## FOODSERVICE - DEFINITIONS & TOP DEALS IN 2019

### SUB-CATEGORIES

**Reservation platforms:** Services to book a restaurant table, generally with a discount. These startups can be generalists or specialise on areas as diverse as unsold food or high-end restaurants.

**Foodservice Management:** Services to improve restaurant management. They help restaurateurs improve operations from their online presence, marketing, customer feedback, procurement, inventory management to transparency.

**Cloud Kitchens:** Startups managing kitchens and renting them to other companies (often directly to virtual restaurants) to let them operate delivery operations.

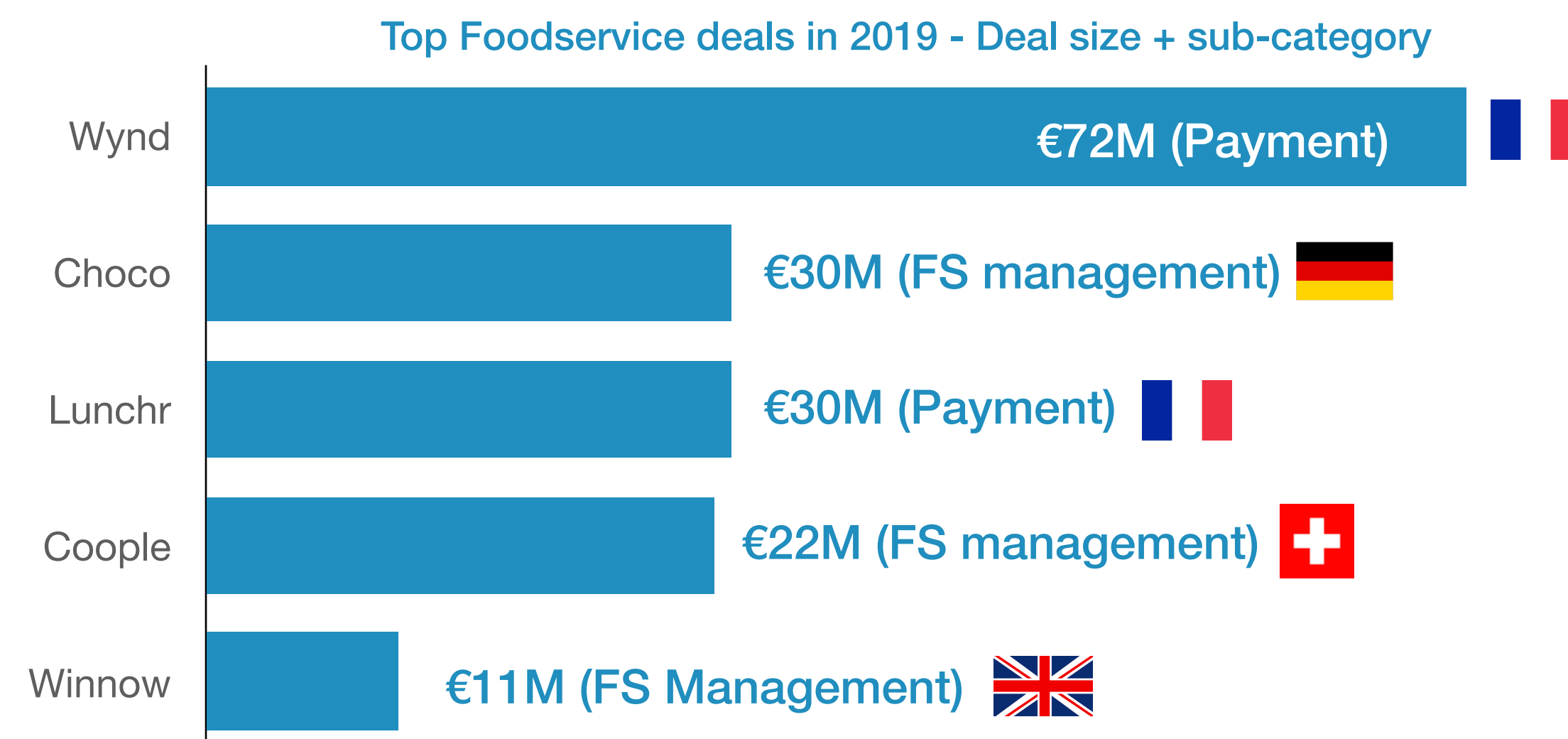
**Cooking robots:** Startups developing cooking robots to help or replace human tasks. This also includes 3D printers, automated kiosks and bartending robots.

**Payment services (ePOS):** Services managing the point of sale of the restaurant, generally acting as a hub for other services connected to it.

**Catering:** Startups enabling anyone to hire the services of a local chef to organise a dinner or cocktail party based on their tastes and budget.

### IS FOODSERVICE EUROPE'S STRONGEST CATEGORY?

As individual restaurant owners and chains equip themselves with more digital services and delivery operations, local Foodservice players get more business. At the end of the COVID-19 crisis, we can expect even faster growth in this category with the (slow) emergence of a European cloud kitchen ecosystem and new wholesale marketplaces (such as Choco).



### III - BREAKDOWN BY CATEGORIES

## COACHING & RETAIL - DEFINITIONS

### COACHING

**Startups answering the questions “is my food good for me?” and “what should I eat?”. These services target the final customer and help him to have a better view of his food purchases and intakes to reach his personal goals.**

**Nutrigenomics:** Startups working on genome or microbiota-based tests to establish the personalised nutritional needs of each customer.

**Recommendation:** Startups answering the question “what should I eat (or drink)?” with recommendations of meals, recipes, shopping lists or wines based on each customer’s expectations. These startups use manual recommendations from specialists or algorithms based on artificial intelligence.

**Recipes:** Startups reinventing the recipe as we know it with new formats such as interactive games or addictive videos broadcast on social networks.

**Transparency:** Startups enabling consumers to access quality information on food products. They aim to create standardised content that is easily accessible by everyone and potentially exchangeable between different services.



**Food Experiences:** Startups creating tourist experiences around a food-related point of interest (brewery, vineyard ...) or reinventing access to cooking classes.

### RETAIL

**Startups developing solutions for the food retail industry, from the digitalisation of the supply chain to a better in-store shopper experience.**

**Data for Supply Chain:** Startups addressing the issues of the food supply chain with tools to improve data management.

**Loyalty:** Startups working to (re)build a bond between brands and their customers while providing food corporates with more in-store data on consumer behaviours.

**Vending Machines:** A new generation of automated machine providing food groceries, meals and snacks.

### III - BREAKDOWN BY CATEGORIES

## COACHING & RETAIL - EVOLUTIONS



#### COACHING IN EUROPE



#### KEY FACTS

- 9% of active startups and 7% of startups created in 2019
- 1% of investments in European FoodTech startups
- Led in Europe by startups working on recommendations and transparency
- Few startups on nutrigenomics compared to the US

#### RETAIL IN EUROPE



#### KEY FACTS

- 4% of active startups (and 2019's creations)
- 1% of investments in European FoodTech startups
- Led in Europe by vending machines, but still a small ecosystem
- Few startups working on data for supply chain compared to other areas

#### COACHING: UNDER INVESTED BUT HIGHLY VISIBLE

Coaching startups have a hard time in Europe. They may have great success in terms of downloads and usage, but that rarely translates into financial means. Consumers may trust neither retailers nor food corporates but, they are not yet ready to pay for advice from a coaching app, notably for their diet.

#### RETAIL STARTUPS: HUGE ROOM TO GROW

Retail startups have a huge room to grow in Europe since retailers (big and small) are more than ever in need of digitizing services in their supply chain. The trend toward internal developments may reverse.

For vending machines, the flow of investments is growing. It may continue to do so with the need better meal offering for employees.

## TRANSFORMATION IS MORE IMPORTANT THAN EVER



**Christophe BURTIN**

Senior Partner - Kea&Partners



**Mathieu DAUDE-LAGRAVE**

Partner - Kea&Partners

**Kea & Partners is a strategy consulting firm, with 500 consultants and 15 offices worldwide.**

### What makes agribusinesses and retailers transformation so important?

The main focus of our consultancy is the transformation of traditional companies, notably in agri-food businesses. This transformation is now more important than ever. Indeed, we are living on the remains of an old model that is at the end of its rope.

A shift in paradigm is needed at many levels in these big corporations.

### How can startups help toward this transformation?

Startups bring a great benefit: they know (and can) take risks. One of the most notable ways they do so is by moving away from internal procedures and traditional rules of the market they want to operate in. Startups have, therefore, the potential to be elements of change in traditional companies.

Traditional companies have to figure out how startups can help this change in a positive way, by taking equity, acquisitions or cooperations. One of the first steps is for corporates to move away from a model organised to kill these innovative structures to one that nurtures them. Corporates can bring insights on

how to industrialise, validate concepts and help to bring products to the market. Startups' most valuable assets may be intangible, as they bring new ways to listen to the market and to operate fast. In the long run, corporates should aim at producing (at least partially) these innovations internally, through intrapreneurship.

### Is there a recipe for a successful transformation?

Unfortunately, there is no “magic recipe”. Corporates shall understand their need of transformation for their model. A first step is to understand its environment and the trends shaping it, hence this report. Then, corporates should move toward a strategic review of all the tools available and identify those matching their means, culture and goals.



# INVESTOR ACTIVITY AND EXITS

# 10%

Increase in the median series A deal in a European FoodTech startup between 2018 and 2019

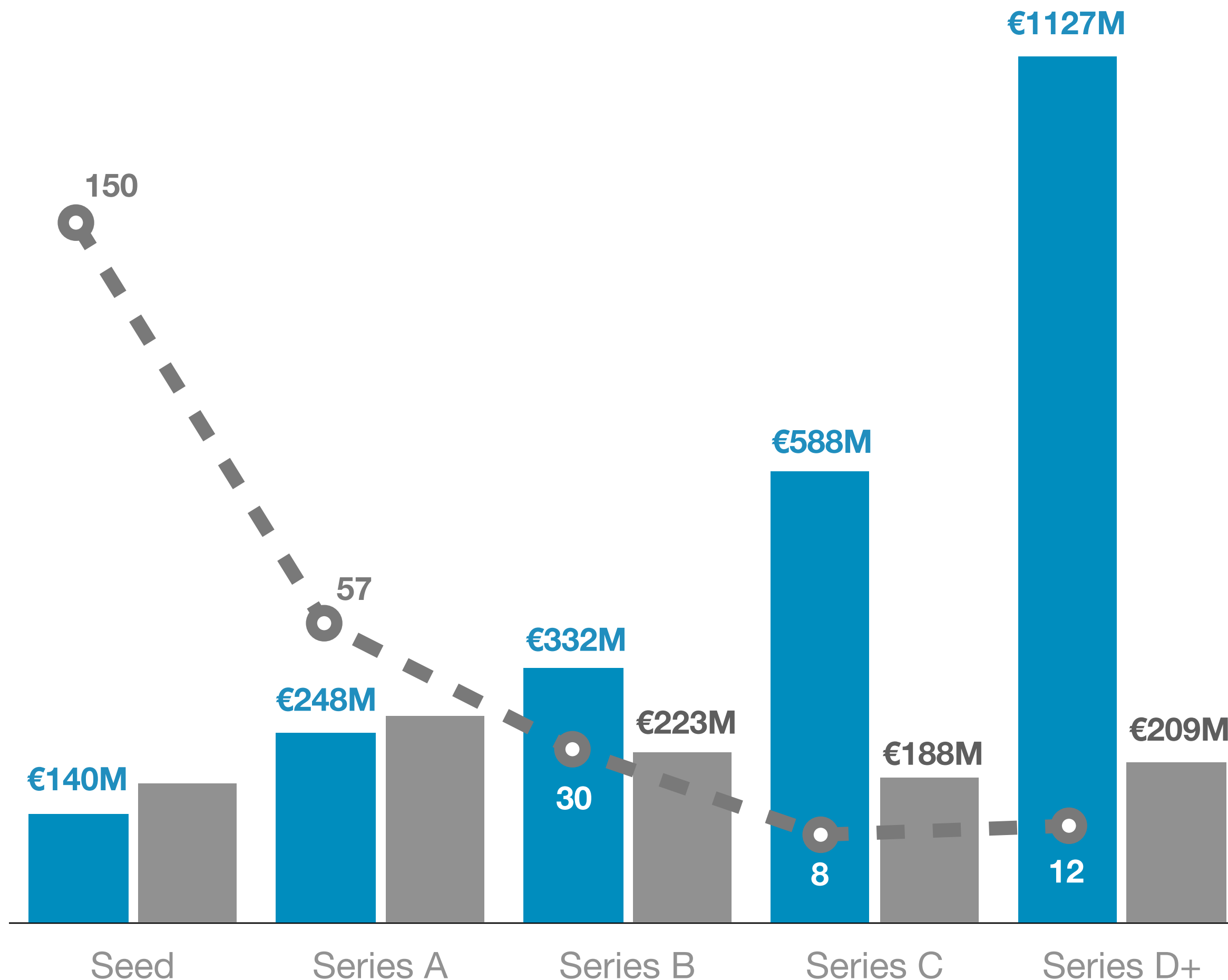
## KEY FACTS

- Foodtech investments have risen between 2018 and 2019, and the median deal has increased in most stages
- The increase is only due to series B, C and larger deals
- The total amounts invested in smaller deals (seed, series A) have even decreased



## IV - INVESTOR ACTIVITY & EXITS

### INVESTMENTS BY STAGE IN 2019 & 2018



- Total investments raised per stage in 2019
- Total investments raised per stage in 2018
- Number of deals per stage in 2019

The opposite graph is quite striking. **If investments in European FoodTech startups have almost tripled** (€2.4B in 2019 over 0.9B in 2019, a 2,7 factor), its mostly **due to large deals**.

#### MORE MONEY FOR LATE STAGE, LESS FOR EARLY STAGE

Is this a sign of an incoming turnaround in the trend toward a growing FoodTech ecosystem? It certainly looks like it with:

- an overall reduction in the number of deals (as seen on page 8) while deals are increasing in number for more mature startups,
- a decrease in the amounts invested in seed and series A startups while investments have surged in later stages.

**It appears that investors are already looking for more mature businesses (which have reached or are near profitability), rather than young ventures.**



## IV - INVESTOR ACTIVITY & EXITS

### MEDIAN DEAL EVOLUTION BETWEEN 2018 & 2019

Median amount raised in 2019

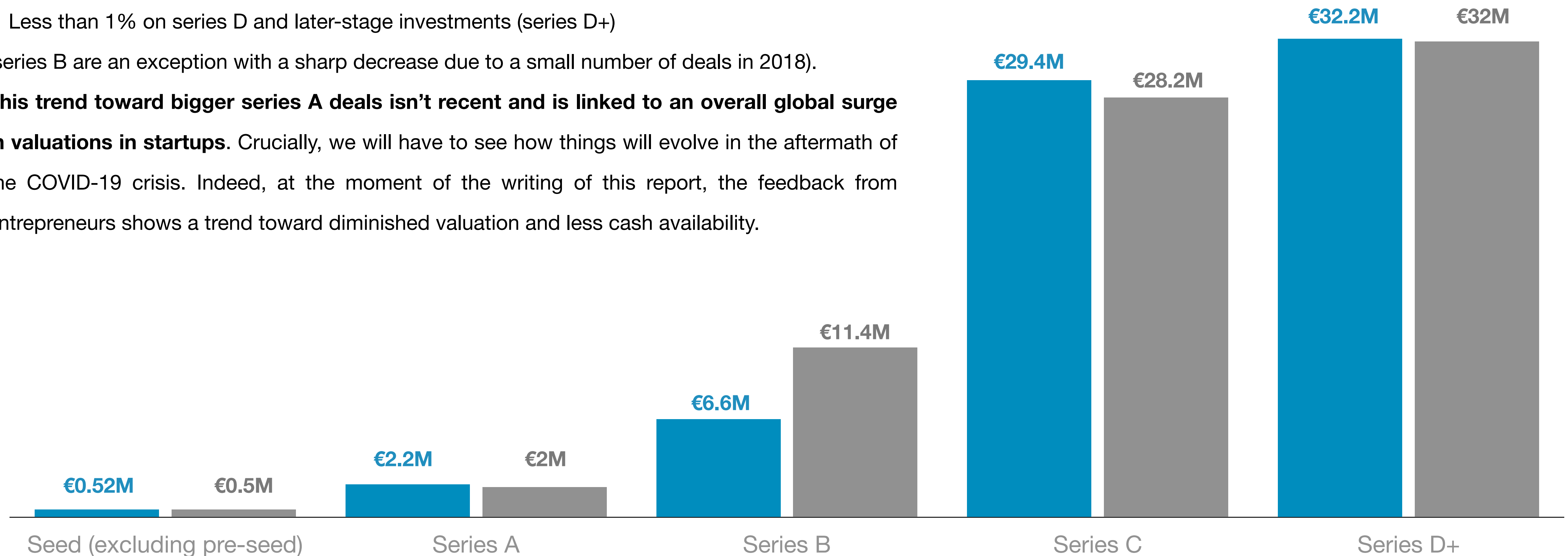
Median amount raised in 2018

Median investments have increased between 2018 and 2019 by:

- 4% on seed and series C deals
- 10% on series A
- Less than 1% on series D and later-stage investments (series D+)

(series B are an exception with a sharp decrease due to a small number of deals in 2018).





















**This trend toward bigger series A deals isn't recent and is linked to an overall global surge in valuations in startups.** Crucially, we will have to see how things will evolve in the aftermath of the COVID-19 crisis. Indeed, at the moment of the writing of this report, the feedback from entrepreneurs shows a trend toward diminished valuation and less cash availability.



## IV - INVESTOR ACTIVITY & EXITS


















# CORPORATE INVOLVEMENT AS INVESTORS IN EUROPEAN FOODTECH - NOTABLE 2019 DEALS 1/2

2019 was the strongest year by far in terms of corporate activity into European FoodTech startups. As for the investments themselves, they have been driven by large deals such as the one between Amazon and Deliveroo.

STARTUP	CATEGORY	DEAL SIZE	CORPORATE INVESTOR
	AgTech	undisclosed	
	AgTech	CHF12M	
	Foodservice	\$12M	
	Foodservice	\$72M	
	Foodscience	undisclosed	
	Foodscience	undisclosed	
	Foodscience	undisclosed	
	Foodscience	€8.3M	
	Foodscience	€4M	
	Foodscience	€15M	 <b>BONNIER</b>

## IV - INVESTOR ACTIVITY & EXITS

### CORPORATE INVOLVEMENT AS INVESTORS IN EUROPEAN FOODTECH - NOTABLE 2019 DEALS 2/2

STARTUP	CATEGORY	DEAL SIZE	CORPORATE INVESTOR
	Coaching	undisclosed	
	Delivery	\$575M	
	Delivery	€1.8M	
	Delivery	€18.5M	
	Delivery	£48M	
	Delivery	€150M	
	Delivery	undisclosed	
	Delivery	€16.7M	 

## IV - INVESTOR ACTIVITY & EXITS

### NOTABLE EUROPEAN FOODTECH M&A IN 2019 1/2

Startup acquired	Activity	Category	Country	Date	Amount	Acquirer
	Sports and nutrition products	Foodscience	Germany	June 2019	undisclosed	
	Non-alcoholic spirit	Foodscience	UK	August 2019	undisclosed	
	Healthy snacking	Foodscience	UK	February 2019	undisclosed	
	Universal integration platform for hospitality operators	Foodservice	UK	January 2019	£22M	
	Catering marketplace	Foodservice	UK	July 2019	£16M	
	Food waste preventing app	Foodservice	Spain	September 2019	undisclosed	
	ePOS	Foodservice	Spain	May 2019	undisclosed	
	Dark kitchens	Foodservice	UK	March 2019	undisclosed	

## IV - INVESTOR ACTIVITY & EXITS

### NOTABLE EUROPEAN FOODTECH M&A IN 2019 2/2

Startup acquired	Activity	Category	Country	Date	Amount	Acquirer
	Delivery platform	Delivery	Cyprus	September 2019	undisclosed	
	Groceries delivery	Delivery	Poland	October 2019	undisclosed	
	Delivery platform	Delivery	Poland	November 2019	€30M	
	Virtual restaurants	Delivery	Spain	December 2019	€8M+	
	Virtual restaurants	Delivery	Germany	December 2019	undisclosed	
	Delivery platform	Delivery	France	January 2020*	undisclosed	
	Turn recipes into shopping-lists	Retail	UK	March 2019	undisclosed	

\*announced in early January

# DIGITALFOODLAB WORKS WITH LEADING FOOD BRANDS AND RETAILERS



## PROVIDING KNOWLEDGE ABOUT FOODTECH

Understand and stay updated to the future of food talk and foodtech briefings.



## ACHIEVE SUSTAINABLE AND HIGHER GROWTH THROUGH DISRUPTIVE INNOVATION

From a specific problem to the need to define an innovation strategy, we work with you to identify and activate meaningful disruptive innovations.



## PROJECT COACHING

For accelerators and corporate projects looking to work with or as a startup, we share our experience and expertise through coaching.



# GOT A QUESTION?

## CONTACT US!

[startup@digitalfoodlab.com](mailto:startup@digitalfoodlab.com) - [corporate@digitalfoodlab.com](mailto:corporate@digitalfoodlab.com)

