

NEW VENTURE DEVELOPMENT

Insects are a common source of food protein for people in many parts of the world. One study suggests that 80 percent of the world population regularly includes insects in their diets. However, in much of the Africans the thought of eating insects is considered less than appetizing! This soon may be changing. With continued global population growth, concerns about the sustainability of our agricultural practices, and rising meat and grain prices, African cultures are beginning to entertain the notion of edible insects as a good source of protein. Entrepreneurs have taken note of these changes in attitudes and are beginning to develop business models that will benefit from the growing acceptance of worms, crickets, and other bugs as a food source.

Insects in Energy Bars

Patrick Katatumba introduced his energy bars, called Nsenene powder, as a means to offer an environmentally friendly source of protein to customers. Through his research, Katatumba discovered that crickets and Nsenene are 10 times more efficient than cows or pigs at turning vegetable matter into protein. Katatumba partnered with a friend who is a chef to develop a recipe for energy bars using cricket and Nsenene flour and had the bars approved by the Food and Drug Administration. Katatumba ran a Kickstarter campaign that raised enough money to make 2,000 bars, which sold quickly through online and retail sales. Based on his early success, Katatumba contracted with a company to make larger batches of the bars. Recent development has shown that market does exist after a local vendor video selling Nsenene on Uganda Airline flight went viral. The cricket bars are sold in 75 stores in Tanzania, and Katatumba is negotiating with larger national chains including Whole Foods like Games, City Malls for product placement. Nsenene is trending to reach \$1 million in annual revenues within its first two years of operations.

Insect Farming Supply

One of the advantages of cultivating insects as a source of protein is that it does not take much space to run an insect farm. In fact, Kagera Native Cooperative Union sells kits that allow anyone to farm edible insects in their homes or businesses. Mussa Gwambina, Manager at Kagera Native Cooperative Union, notes that there is a

shortage of food-grade insects available in Tanzania due to the increasing acceptance and demand for edible insects. Each kit includes a starter package of bugs (locusts, grasshoppers, and worms), insect farming tools and equipment, bug food, and an instruction manual for growing insects for food. Kagera Native Cooperative Union also provides online support, forums, and consulting for aspiring insect farmers. In addition to serving those raising Nsenene/bugs for personal consumption, Kagera Native Cooperative Union intends to become a major supplier for the growing number of commercial insect farmers.

Insect Food Cart

Brinda Mukesh loved snacking on insects/bugs when she was a young child growing up in Dar es Salaam. She decided to find a way to share her taste for insects with her new friends at IFM. Mukesh's food cart, Don Despacito, offers menu items such as bread waxworms, chocolate covered salted crickets, and toffee mealworms over vanilla ice cream. Mukesh also offers in-home catering services, featuring a full five-course meal of edible insects, and has begun to sell prepackaged versions of some of her creations.

1. What are the macro trends that support businesses selling edible insects to Tanzania consumers?
2. What are the risks that come with being an early entrant into the edible insect market?
3. Do you believe an edible insect business would be successful where you live? Why or why not?
4. How would you analyze the market for insects for a new venture?
5. Conduct a feasibility analyses on the company being sure to consider its market potential, industry attractiveness, and leadership.
6. Identify a fitting business model for the new venture.