

PVGrows Focus Group with Potential Community Investors
September 2014
Topline Results

Focus Group Make-up

- 10 respondents, including 2 couples
- 8 from the Pioneer Valley, 2 from out-of-state
- High level of familiarity with PVGrows, savvy about the local food movement, knowledgeable about socially responsible investing, but little-to-no awareness of the PVGrows Loan Fund.
- Experienced at considering investing locally. Everyone had either considered or did invest in a recent local investment opportunity – Real Pickles, River Valley Market, a neighbor’s brewery, etc.
- The group was a mix of accredited and non-accredited investors.
- The group skewed older, with no millennial, for example.

Local Investing is considered “Backyard Investing”

- For the majority who are local, they do not apply the classic investment criteria to local investing. They are not searching for the best return, or an investment in a far-off business, this is “backyard investing.” They even view this type of investing differently than socially responsible investing or even impact investing, where they are looking critically at balancing the good work while still trying to maximize returns. To them, local investing is a quasi-donation or part of a larger cause to support their local food system and quality of life.

“I get way better on my SRI investments than I do on any local investments I’ve participated in.”

- The out-of-towners view it as a more classic Socially Responsible Investment or impact investment and apply those principles to it.

Motivations for Investing: The Mission Matters

- Respondents felt strongly that if they are not investing in individuals, then they want to know that they are connected to the larger cause – growing a strong and resilient local food movement.

“If I knew this had the larger picture in mind, I would become very excited.”

- They want to learn about the farm and food businesses in the portfolio. Because of the “small town” nature of living and working in the Pioneer Valley, they may even know them. It might be a neighbor, a friend or the farm stand they frequent.

“The emotional connection is important. You can also be a customer of the business in addition to investing.”

Sources of Information: Neighbor-to-Neighbor

- Local investing means not only keeping their money local, but also learning about it locally. They have learned about past investment opportunities through local networking channels – friends, neighbors, local financial advisors, local investing groups, and conferences. Respondents mentioned Invest. Here. Now., Slow Money, Climate Justice Conferences and NOFA.

“I have a neighbor who’s a financial advisor.”

“It has to be recommended by someone I trust.”

- In general, respondents are not using social media, such as Facebook, Twitter, LinkedIn, or the Internet, to learn about local investing opportunities. (Note: Millennial might respond differently.)

The Offering: The Devil’s in the Details

- Overall, respondents are very interested in the community investment opportunity, but they also recognize that competition for their investment dollars is low.

“Right now there are so few choices. You can invest in all of them in a week!”

“Add some pictures to this [PVGrows Loan Fund flyer draft we provided] and put a stack of these in RVM, and you will fill the Fund.”

- Respondents understand it is a loan offering, not a “real” investment with variable returns or equity.
- The 2% return on investment feels low to them, but it’s not a deal breaker. It just reconfirms their need to believe in the mission.

“2% is on the donation end of things. Not exciting.”

- Respondents indicated that they would be interested in a range of return rates based on how each business is performing (e.g. a start-up vs. an established business).

“Some of these businesses are doing well, and in those cases I’m wanting a better return.”

- A couple of respondents raised the concern that supply (of investment dollars) in the Pioneer Valley will surpass demand (for loans). They are interested in knowing if the Fund is considering regional investments, especially if there is not enough borrower demand.

“My suspicion is that there is more money to invest than there are opportunities to invest in. Could PVGrows bring in other opportunities from other regions?”

- Respondents were interested in the possibility of investing more than \$10,000 (given that there were accredited investors in the group), and no one was interested in investing less than \$1,000.

“For me, \$10,000 is not a lot. Why can’t I do more?”

- Overall, respondents felt this is a low-risk investment, while recognizing that an investment of this type means you could lose everything.

“For local investing, I need to be willing to lose all of what I invest. I need to be clear about that in advance. The RVM contract says that in detail.”

- Respondents feel it’s important to do their due diligence in vetting the offering. The expectation is that the investment is being managed by professionals, and information should be readily available, in print, with some opportunities available to meet in person.

“I would like to meet with the fund planners, even in a group.”

“I joined an organization because I believed in the mission. Then I wanted a financial statement and they couldn’t get me one. That’s what stopped me.”

Conclusion: The Mission Matters

Respondents’ reactions to the community investment opportunity were positive overall. These are mission-driven people, who are highly interested in local investment opportunities. They don’t need to be sold on investing locally, but they do want to know how investing in the PVGrows Fund will strengthen the local food system. Communications about it should come through local networks and local sources of information.



This project was supported in part by the Northeast Sustainable Agriculture Research and Education (SARE) program. SARE is a program of the National Institute of Food and Agriculture, U.S. Department of Agriculture.