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Living Lab research concept in rural Areas – “LIVERUR”



DELIVERABLE D2.1: *Report on existing business model in EU countries and regions*

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I. INTRODUCTION

About the LIVERUR project

LIVERUR is a EU funded research and innovation project dedicated to improve existing business structures in rural areas by helping farmers and small and medium agricultural enterprises implement a circular economy approach in 13 selected pilot zones all over Europe, as well as selected countries in Africa and Asia. LIVERUR will achieve this objective by expanding an innovative and dedicated business model called [Living Labs](#) among those rural regions. Living Labs are ecosystems which operate in a territorial context, integrating research and innovation processes within a public-private partnership and in a co-creation process with all relevant actors in the territories.

LIVERUR identified and compared the differences between the new approach of Living Lab and more entrepreneurial traditional approaches (mass production, development of prices, optimizing cost structures with companies, rationalization) in order to implement a circular economy within each territory driven by waste reduction, new business creation and overall expansion of business opportunities for SMAEs.

About WP2 “Conceptualisation of existing business model en EU countries and regions”

The first step of LIVERUR Project was to identify and understand the unique characteristics of each region, in order to move beyond a ‘one size fits all’ model of growth and empower rural regions to capitalize on their distinctive territorial capital and turn diversity and demographic change into strengths.

WP2 aims at capitalizing and sharing know how on existing business models and value chains in rural areas.

II. OBJECTIVE AND METHODOLOGY

II.1 OBJECTIVES OF THE STUDY

II.1.1 INTRODUCTION

D2.1 “Report of existing business model in european countries and regions” presents the results of the task T2.1, which consists in collecting and analysing the existing business models that are operating at the European and regional/local level, providing a framework and basic state of the art for benchmark study, and further steps of LIVERUR.

II.1.2 GENERAL OBJECTIVES

- Creation of an extensive analysis of the existing business models in rural territories in order to foster collection and capitalization of existing knowledge;



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- Development of a comprehensive approach to rural business models analysis, which will identify relevant benchmarking criteria and suggest innovative comparison strategies,

II.1.3 SPECIFIC OBJECTIVES

- Create a Database of 200 projects, initiatives for analysis, to give methodology for the analysis
- Develop a tool for collection of data of the stakeholders
- Develop a tool for collection of info about business models and criteria, which will be presented to partners for review of the BM
- Develop questions for in-depth interviews

II.2 METHODOLOGY APPLIED

The consortium proceeded in three steps to reach the objectives of Task T2.1:

- Desk research to get a general overview of the rural area in EU and neighbourhood countries (inside and outside the consortium area) and of the main issues to address.
- Data collection from partners through an online questionnaire and database of 256 projects/initiatives, giving a much more micro-picture of the rural areas panorama, and highlights specificities and main challenges among EU countries, which should be addressed in LIVERUR further steps.
- Conceptualization of six existing business models types and seven innovative trends, through analysis of the macro and micro-picture. Finally, the 256 cases of the database were split into these categories, and around 30 cases from the database were used to exemplify the conceptualization.

III. RESULTS AND FINDINGS

Global picture of the Database

The 256 projects implemented in the database cover 23 EU and 10 non-EU countries, providing a broad representativeness of rural areas.

The questions address typical business model canvas criteria (product/services, customer, resources, key partners, channels, revenue stream, and cost structure) and “subjective” impact evaluation on social, economic, environmental criteria specified with LIVERUR expert partners.



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The report (chapter 3) gives the consolidated results, with graphs and comments for each item.

Key issues may be pointed out from the data global picture:

- The legal status is mainly carried by individual companies and the global geographical influence relies on regional areas. For this reason, a stronger cooperation between companies from different cities/countries would help to develop more advanced business models, which can have a national or even international impact.
- Maturity of the project: most of the projects/initiatives are going through their growth and maturity phase. As in this stage, the projects become visible and profitable, it is the time to get focused on taking advantage of this growth and try to readjust every aspect of the project which can be improved and of course taking into account the feedback from the market. Another big percentage of the projects/initiatives is in the maturity phase. In this case, the project is in its full potential and scope, but still some contributions can be added. The focus needs to be on extending this situation and invest in new developments. Only the 22% of the projects are in their innovation phase. Therefore, they need to be supported and prioritized.
- Types of products and services: 54% of the initiatives are based on products (mainly food & beverages). However, only 34% are based on services and only the 12% on other products. There is an opportunity to develop new business models focused on services in order to improve, for instance, accessibility or communications in rural areas.
- Another striking point is the very few projects in LiveRUR database related to water management and waste recycling, since both topics are gaining importance nowadays. This could represent a competitive advantage concerning the development of new business models in rural areas.
- Workforce: In most of the projects the workforce is under 100 people. Projects/initiatives should be promoted to make people know about them and therefore get a bigger cooperation. Marketing strategies should be involved within the projects and a more effective use of Social Media may represent a smart way to get expanded and specially to reach other targets besides the ones which are currently participating, like farmers or wholesalers.
- Positive impact on social, environmental, economic criteria: The lack of data to evaluate some environmental (water, energy consumption), economic (gross domestic product) and social (inclusion, norms for gender) criteria mean that a focused should be made to fill this gap through concrete and measuring tool and stakeholders participation.

Business Model Analysis



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Six existing business model types representative of rural areas have been conceptualized and are fully described in chapter 4.

50% of projects/initiatives analysed by LIVERUR are positioned on the two existing mainstream value chain of rural areas: Conventional farming, and Food & Drink industries. The main challenges for these small companies are to be more profitable, to increase competitiveness, to get more power in the value chain and to answer food safety, healthiness, and environmental increasing requirements. The proximity of small farms with customers and other stakeholders of the local ecosystem is a strength to create value through brand quality and diversification of activities (tourism, energy production, processing of farm products...).

If the majority of the LIVERUR database projects concern “mainstream” value chain in growth or maturity phase, new trends are also yet emerging. Seven innovative trends were indentified, answering to rural issues, and opening the way to new business models. Quality of food and more globally or rural products is the dominant trend, driven by brand value, regulations and expectations of customers. Developing excellence including product and service design, understanding user value trend are key issues to be competitive. Services, both as social and business support, represent 38% of LIVERUR projects innovative trends, showing the great dynamic of rural areas in development of services. Nevertheless, it seems that big challenges still have to be faced to move towards new business models that are both socially inclusive and economically viable. Organisation that give empowerment to rural communities, integrated and new flexible approach for coordination of services across different sectors (e.g. digital platform), alternative models to deliver services (e health, e mobility..), are kind of emerging innovative ways.

With only 4% of projects concerning local energy production and use, a focus should be done on how to make it a growing concern in the further steps. Specifically water consumption, which is the major environmental issue faced in the food and drink value chain, is very poorly represented in the database.

IV. CONCLUSION

D2.1 gives two main outputs that have been appropriated by partners and leaders of the following WP, in order to move from this existing view to innovative living lab concepts.

These two main outputs are:

- Database of 256 projects/initiatives, providing a wealth of information and network for partners to exchange practical experiences, obstacles to face and success stories.
- Development of a comprehensive approach to rural business models analysis which will identify relevant benchmarking criteria and suggest innovative comparison strategies: based on the results of the T2.1, literature analysis, review of the results of other projects, CESIE, CEA, CLEOPA and TRA teams have developed a tool with the



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benchmarking indicators. In this task T2.2 (Systemization of benchmarking criteria in order to compare existing value-chain approaches), the consortium identifies the weights to be attached to the criteria of analysis in order to create a benchmarking scale. Given the fact that different weights will lead to different results, the task lead partner will take care of following standardized protocols in the assessment, with the aim of creating an outcome, which is understandable and justifiable at a Pan-European scale.