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Living Lab research concept in rural Areas – “LIVERUR”

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DELIVERABLE D2.3: *Report on identified weaknesses and challenges*

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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

TASK 2.3 (T2.3): Weaknesses and challenges of existing rural business models.

Consortium role: here the technical partners were employed at a great extent to identify challenges of existing rural business models according to their expertise. The identification of weaknesses and challenges is crucial in order to depict the potential for new business strategies in rural context. In this perspective, LIVERUR capitalizes the effort done in conceptualizing and benchmarking the existing models utilizing the outcome to identify challenges and weaknesses that might not be evident at a first look. This task is specifically developed in order to overcome structural and conceptual challenges of existing models when it comes to build and picture a totally new value creation mechanism (*Source: Project Grant Agreement*).



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II.1.2 GENERAL OBJECTIVES

The aim is to carry out a systematic SWOT analysis of the existing business models in the countries of the Consortium partners based on the regions' reviews (results of the T2.1) and to support the development of the new value creation mechanism in correlation with the circular economy at the further stage of the project.

II.1.3 SPECIFIC OBJECTIVES

Involvement of the technical partner at a great extent to identify challenges of existing rural business models according to their expertise.

II.2 METHODOLOGY APPLIED

In order to achieve research issues of the T2.3, data received from the T2.1 and T2.2 were analysed and correlated with the T2.3. Following, the tool for collection of strengths and weaknesses, and threats and opportunities was proposed : SWOT.

After the implementation of the T2.1 - Review of existing business models and their outcomes in European areas and the T2.2 - Systemization of benchmarking criteria in order to compare traditional value – chain approaches, the Consortium understands that identifying different business models in rural areas, their potentials and limitations can have a constructive effect on the development of the analysed territories and solving their challenges.

The SWOT analysis was implemented to provide in-depth findings and to develop appropriate strategies. For this, internal and external environments were studied and a list of strengths, weaknesses, opportunities and threats was developed and finalised by the partnership.

All the partners were asked to contribute to the task accordingly:

- (1) This task was based on the analysis of the regions; which project partners are representing.
- (2) After this, all the Partners had to classify their region for one of the mentioned typologies (based on the results of the T2.1).
- (3) To implement the task, the Consortium members had to select and to contact one external regional stakeholder aiming to fill in the SWOT for the one selected existing business model. The external stakeholder represents local body/regional authority, etc., who can provide relevant data for the region for the most representative typology: for example, Food & Drink industry/Rural, etc. Tool for SWOT analysis and list of primary questions was proposed (Annex 6).
- (4) Finally, the provided SWOTs were mapped based on the business model presented. Overview of internal (strengths and weaknesses) and external (threats and



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opportunities) factors for the business models were summarised looking for similarities and differences between them.

These steps are important to enhance the Consortium's knowledge with the actual data, which contribute to the research about integration of the circular economy approach into existing rural business model and co-creation of Living Labs.

III. RESULTS AND FINDINGS

The study gives detailed SWOT analysis for each of the 6 business model types, with qualitative inputs on LIVERUR criteria of interest: economic, environmental, social, technological, innovation

As a result, highlight of the similarities and differences between the territories coming from the SWOT analysis (developed in chapter V) can support creation of directions for the rural Living Labs strategies and business models. These results, as well as the benchmark criteria (Task 2.2) will be integrated and consolidated in the last task of the WP2, aiming at providing a useful benchmark tool for rural entrepreneurs (Task 2.4).

Summarising main similarities and differences between the LIVERUR territories on the four dimensions of the SWOT, it is important to underline that: due to regional and EU financial support, rural areas are facing period of growth, more and more investments in new and modern equipment are considered important as well as the presence of infrastructures that support innovation and employment. Growing presence of young entrepreneurs support development of innovative business models and reborn of the territories. However, the territories are effected by different factors (for example: drastic weather changes, lack of population or low skilled workers, high costs of production, limitation to internet connection, etc.), this partly stops territories to orient their production to circular economy processes. Moreover, only part of territories has strong local networks for production organisation and sale of it. Meantime, many areas see business growth opportunities in business digitalisation and citizens' involvement into development of rural processes, for example through strong formal education on agricultural and agro-food sectors at regional level (See: part V of the document).

IV. CONCLUSION

This study is carried out to answer several questions: what are the potentials and limitations of rural development? What are the common realities and differences of the business models presented by the Consortium and finally, which obstacles should be overcome to develop appropriate strategies of effective utilization of strengths and opportunities, removing weaknesses and threats, in order to achieve circular rural development?

Such findings highlight the future directions, which should be taken into account, for the elaboration and co-creation of appropriate strategies for rural territories in partner countries.