Living Lab research concept in rural Areas – *"LIVERUR"*

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DELIVERABLE D2.4:
Report on the creation of the benchmark study

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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 2.4 (T2.4): report on the creation of the benchmark study

This WP2 final task is depicted by the creation of the first LIVERUR milestone: the benchmarking study on rural traditional business models in Europe. "This study will be a fruitful exercise for entrepreneurs and entrepreneurs to-be in rural context that will utilize this study in order to improve and renovate their business activities." (Source: LIVERUR Grant Agreement).

II.1.2 GENERAL OBJECTIVES

The objective of this task is the realisation of a **benchmark study**. In order to provide a **global picture of the rural traditional business models in Europe**, this study compares the pilot territories (with a NUTS 2 scale) regarding a set of criteria that have been defined in the task. The criteria used to do this comparison fit into the categories defined in T2.2:

- Economical
- Social
- Environmental
- Technological/Innovation
- Infrastructure
- Circular Economy

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II.1.3 SPECIFIC OBJECTIVES

II.2 METHODOLOGY APPLIED

Benchmarking process

Benchmarking is the practice of comparing business processes and performance metrics to industry bests and best practices from other companies. Dimensions typically measured are quality, time and cost.

Benchmarking is used to measure performance using a specific indicator (in industry typically: cost per unit of measure, productivity per unit of measure) resulting in a metric of performance that is then compared to others.

Here the objective is to compare pilot regions to one another regarding a given set of criteria, and taking into account the dominant business model attached, to identify the best practices and weaknesses in order for everyone to be able to know what they can change to improve.

The steps followed during the drafting of the benchmark study are adapted from *A Methodology for Performance Measurement and Peer Comparison in the Public Transportation Industry* (2010). In this methodology, eight steps are described, but in this case, as the objective is peer comparison (a level 2 benchmarking exercise), only steps 1 to 4 will be needed. (Ref A Methodology for Performance Measurement and Peer Comparison in the Public Transportation Industry).

- **Step 1:** Understand the context of the benchmarking exercise
- **Step 2:** Develop performance measures
- **Step 3:** Establish a peer group
- **Step 4:** Compare performance

Data collection

The data was gathered with the collaboration of pilot zones partners: each one of them had to fill in an Excel file containing the final list of criteria and precise sources where the data could be found (mostly Eurostat). When data could not be found on EUROSTAT, partners were invited to look for a more local source of data.

The data was then checked for outlier values and normalised with a scale of 5 (5 being the biggest value for each criteria), in order for the data to be displayable on a radar graph, which facilitates the comparison and interpretation. Through these visual profiles, regions can easily compare their profile to the other ones, identify their strengths and weaknesses and the criteria to boost to move to their circular Living Lab model.

III.   RESULTS AND FINDINGS

Data analysis is summarized through 13 region profiling, giving in a visual way their position regarding the benchmark criteria, and a comprehensive and useful guide for WP3 and WP4, to move from their current situation to Living lab innovative business models.

Example of region profiling

Emilia Romagna (IT)
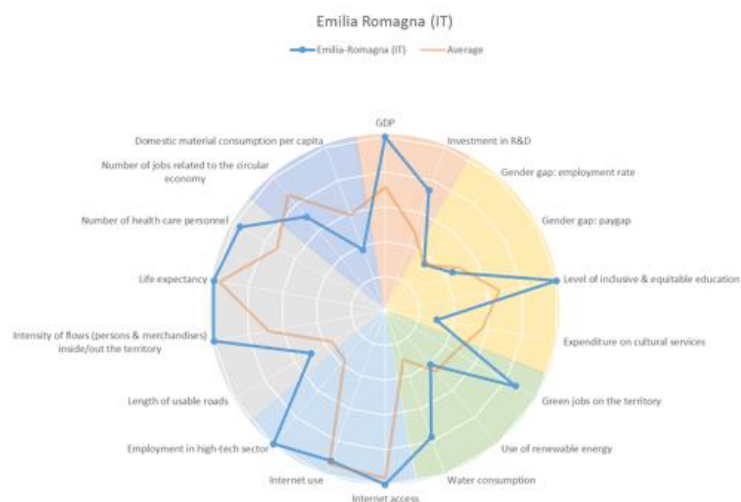
- Dominant Business Model : diversified farming
- Strenghts (better than average) : economic, high tech equipement, inclusive education, green jobs, water consumption
- Weaknesses (lower than average) : circular economy, cultural services

IV.   CONCLUSION

T2.4 is the final step of WP2 "Conceptualization of existing rural business models in EU and regional areas".

Thanks to the great involvement of the partners, it gives a relevant diagnostic of the rural territories situation, enlighten the diversity, specificities of each region, in term of traditional business models, strengths and weaknesses, which may be dynamic levers for change to a suitable business model connected to the living lab concept.

It also provides a reliable and consistent database:

- 256 projects/initiatives,
- 30 cases representative of the 6 traditional business models
- 13 swots coming from representative external stakeholders for each region,
- 20 benchmark criteria with completed data for each region (using mostly Eurostat source at NUTS 2 level)
- 13 region profiling, giving in a visual way their position regarding the benchmark criteria

All these data base should foster the sharing of best practices inside LIVERUR community, the development of cooperation and transition to innovative circular economy models.

This benchmark study will also provide relevant information for workpackage 5, namely task 5.2 "Testing piloting areas orientations for the toolbox" and task 5.5 "New rural business model catalogue".