



## Business models offer key insights into urban food access initiatives



Sustainable food is often associated with upper-middle urban classes. Some organizations, however, are working for a better access to good food for all. As part of the [FRUGAL research project](#), researchers from Saint-Etienne and Lyon Universities (in France) have developed a typology of the business models of these organizations. This helps to better understand challenges for their development and get prepared for them.

### Why does your business model matter?

Researchers studied six initiatives in the region of Lyon (France), each of them working towards food justice by pursuing one or several of these goals:

- Reduce all types of inequalities in access to food (spatial, economic, practical, socio-cultural...);
- Act upon the causes of food insecurity, i.e. ensure the environmental, social and economic sustainability of food systems;
- Address the structural causes of inequalities through food-related activities (such as back-to-work schemes).

These initiatives are interesting because they come from private (non-for profit) organizations that give themselves the mission to contribute to the public good. In doing so, they face a double challenge: **that of generating income (without which they cannot survive), and, at the same time, social value (which corresponds to their mission).**

This is why it is important to study the way these initiatives generate economic value and redistribute it. In other terms: their business model. According to the authors, the concept of business model (that comes from management sciences and the private sector) can be uncomfortable for some actors such as NGOs. However, this tool can be strategic for organizations. Indeed, **it helps better understand the way they work, the challenges they meet, and the solutions they can implement to succeed.**

The typology elaborated by the researchers is based on [recent work in management science](#). It is structured around **two questions that any organization should ask itself.**

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## First, is your social impact directly generated by the commercial relation with your clients?

The first axis of the topology (and hence the first question) deals with the way social impact is generated. This can be:

- Directly, when social benefits are created by the commercial relation itself. This is what happens, for instance, in food basket schemes that operate a reduced rate for lower-income households.
- Indirectly, when another activity needs to be developed to reach the social goals. For instance, when subsidized grocery stores give their beneficiaries advice on how to manage their food budget.

## Second, are your clients and your beneficiaries the same people?

A second element to take into account when analyzing business models is the nature of clients (i.e. the people who pay for the service) and of beneficiaries (i.e. the people who directly benefit from the organization's social impact). Depending on the initiatives, this will vary:

- **Clients and beneficiaries can be the same people.** This is the case in food basket schemes with reduced prices, or in subsidized grocery stores that manage to make the majority of their sales with lower-income households.
- **Clients can differ from beneficiaries.** This happens when the organization generate income with an activity that does not pursue any specific social impact and then invest in social actions. A good example is the Lyon-based caterer [Marmite Urbaine](#) that sells to private companies and then uses its income to finance urban agriculture activities in deprived areas. Another example ? Organizations that get founding from social housing companies to develop activities such as collective buying groups. Here, the social housing companies can be considered as the "clients" as they are the ones who pay for the action.

## Four type of structures, each with specific challenges

In the end, the typology presents four business models, each with specific challenges when it comes to developing their activity:

- Organizations whose beneficiaries and clients are the same people, and that generate social impact directly (like food baskets with reduced prices for low-income clients). For such organizations, **the risk is to fail to reach their clients/ beneficiaries**. Indeed, price is not the only dimension of accessibility, and they have to tackle at the same time the physical, organization and symbolic factors that prevent food access.
- Organizations whose beneficiaries and clients are the same people, and that generate social impact indirectly, as, for instance, subsidized groceries. Here, **the risk is failing to achieve the right level of social diversity to ensure that the organization accesses a diverse revenue stream**.
- Organizations whose beneficiaries are not the clients, and that generate social impact directly (as the aforementioned Marmite Urbaine, or the Légumerie, that manages urban food production spaces). For them, **the risk is that one activity stream, the one that generates more revenue, takes over the one that creates social benefits**. To address this, it is important that representatives from the beneficiaries are included in the organization' governance.
- Organizations whose beneficiaries are not the clients, and that generate social impact indirectly, such as enterprises reintegrating workers by economic activity. Here, **the risk is that of competition between the different dimensions of the activities** (job creation, training, food-related activities...).

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## Supporting these initiatives entails understanding their business model

The analysis of the business model is therefore useful for the organizations themselves. In order to help them understand better where they stand, [the researchers have developed an online questionnaire \(in French only\) that organizations can self-administer.](#)

The analysis can also help organizations that support such initiatives (such as local authorities, government departments or foundations) to better understand the logics of the projects they support and develop a coherent support policy.

The analysis also invites to differentiate between organizations that need support on a one-off basis to develop their activity and reach a healthy profitability rate, and those that need ongoing support. Indeed, when society as a whole benefits from an activity, then providing public funding for it is legitimate.

### The FRUGAL Project

FRUGAL is an action-research project that analyses the systemic challenges linked to the food supply of metropolis in France. It studies in particular:

- Metropolitan food flows.
- Actors and food governance.
- Urban food forms.

To know more:

<http://projetfrugal.fr/>

If you want to know more about the questionnaire for organizations, you can contact Emilie Lanciano: [emilie.lanciano@univ-st-etienne.fr](mailto:emilie.lanciano@univ-st-etienne.fr)

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#### Source

[Emilie Lanciano, Alexandrine Lapoutte, Séverine Saleilles. « Construire des modèles d'affaires pour la justice alimentaire : Le cas d'organisations solidaires favorisant l'accès des populations précaires à une alimentation de qualité ». Actes de la XXVIème conférence de l'Association Internationale de Management Stratégique, 2017](#)

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