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Digitally Enhanced Advanced Services

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Helping ensure survival

Digitally enhanced advanced services in community businesses

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May 2021

COMMUNITY FUND

Contents

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Mandy is a doctoral researcher at the University of the West of England (UWE). Her PhD is part-funded by Power to Change and UWE. She is interested in the values that people hold that lead them to become involved in running community businesses. The object of her research is to support new and existing community businesses to become more sustainable.

Previously Mandy led a sports charity in Bath and was also a regional manager for the English Football League Trust advising and supporting 26 charities attached to professional football clubs. She trained as a teacher and set up two study centres at Bristol City FC and Bristol Rovers FC as part of the Playing for Success initiative. She has an MA in Psychology and has more recently completed an MBA at UWE.

Dr Peter Bradley

Dr Peter Bradley, the project's principal investigator, is associate professor in economics at the University of the West of England and leads the Sustainable Economies Research Group. He has internationally recognised research on business models for sustainability alongside his other research. His research explores sustainable development challenges using empirical evidence-based research as well as conceptual and theory-based research. Peter is currently editor for the Journal of Sustainable Production and Consumption and the journal Sustainability.

Professor Glenn Parry

Professor Glenn Parry is the chair of Digital Transformation and head of the Department of Digital Economy Entrepreneurship and Innovation at Surrey Business School, University of Surrey. His work is characterised by an approach of partnering with organisations to develop creative solutions to challenges. He works with organisations to help them with business models, value capture, servitization and supply chains. He has managed research consortia within the automotive, aerospace, creative media and construction industries and has published and edited numerous international journals.

Professor Don Webber

Don Webber is a professor of managerial economics at The University of Sheffield. He undertakes policy-relevant, social science research with a multidisciplinary and applied focus, as illustrated by numerous reports and journal publications. His work currently focuses on the demand side of productivity, the effects of productivity-related policies on the enhancement of employees' contributions to a firm, and a worker's desire to make a recognisable and valuable contribution to their workplace and to society. He works with various levels of government to help them steer their policies for the greater good.

Acknowledgements

Executive summary

Background

This study arose out of a three-year longitudinal study exploring the values held by community business leaders and how these values impact on the financial and social sustainability of their businesses. The final wave of interviews with leaders took place in May 2020 during the first lockdown in England during the COVID-19 pandemic and while some community business leaders highlighted how they had adapted their business models to continue to deliver goods and services to their communities while following social distancing and lockdown restrictions, others were forced to close.

The researchers secured funding from Power to Change and the Digitally Enhanced Advanced Services (DEAS) Research group to further explore how 24 community businesses had adapted their business models to digitalised advanced services in light of the pandemic. Semi-structured interviews were conducted in October and November 2020 as the second lockdown in England was being introduced.

Key findings

The new digitalised business models which were rapidly developed by community businesses enabled many to offer key support services to their communities throughout lockdowns. This report discusses how these new services were funded, the enablers and barriers to their adoption, their expected long-term sustainability and the response by the community.

– Offering digitalised services enabled many community businesses to create financial value for their business and produce positive outcomes for their communities.

– The limited access to digital technologies and the internet, as well as low levels of digital literacy (the digital divide) within communities were major limiting factors in the roll out of digitalised services by community businesses.

– The cost of adapting business models to digitalised services was not identified as a barrier to community businesses, with many utilising widely available free and relatively cheap digital resources.

– The willingness of funders to make the terms of their grants and commissions more flexible was a major contributory factor in community businesses' ability to change business model to offer these new services.

– Adopting digitalised services helped to enhance the perceptions of the role of community businesses and their ability to respond on a hyper-local level by statutory agencies like health and local authorities.

— The first COVID-19 lockdown has highlighted the need for training and support within the businesses to allow them to fully benefit from the new opportunities that offering digitalised services can bring to their long-term sustainability.

— New customers were won and business opportunities were opened as a result of the digitalised services.

— COVID-19 and social distancing regulations highlighted the need to strengthen backroom digital services, e.g. contactless payments and Wi-Fi improvements within the community business.

— Community businesses highlighted the importance and strength of partnership working to meet the needs of the community during the pandemic. Previously, community-based organisations had competed for the same pots of funding but during the initial COVID-19 lockdown organisations worked together, utilising each other's strengths to serve the community.

— The COVID-19 pandemic has made community business leaders question their service delivery and think about ways that they could innovate and adapt their business model to incorporate digitalised services. Such services offer low-cost solutions to meeting the needs of communities and monetising these services may help to ensure the long-term economic sustainability of many businesses.
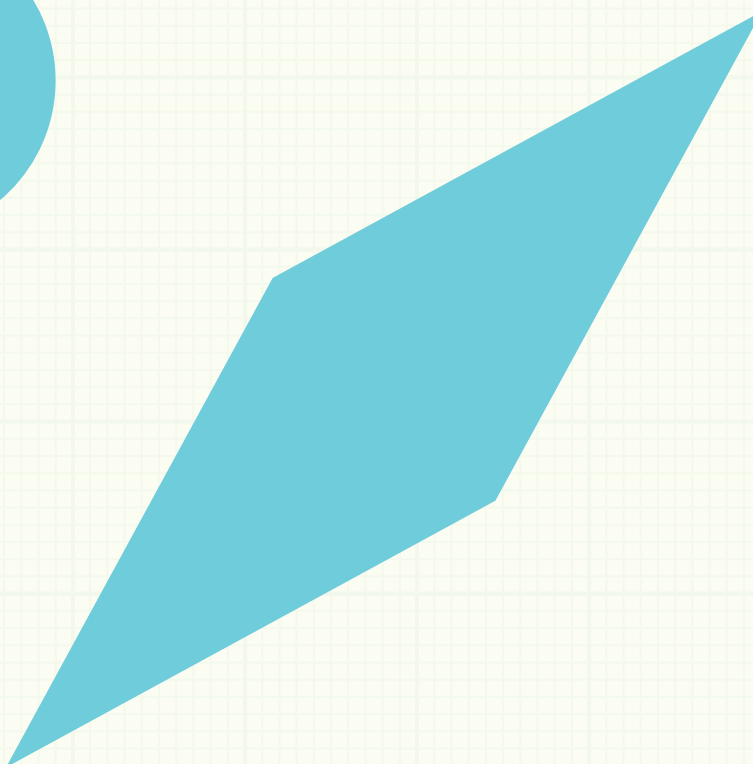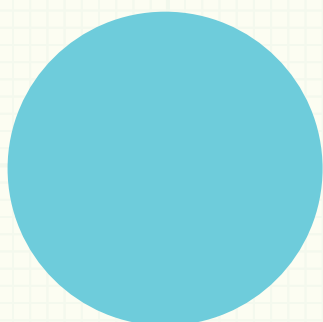
1. Introduction

Community businesses are geographically based within the community that they serve. Their local knowledge and understanding of their community make them ideally positioned to support their community at the time of a pandemic when it is most vulnerable and in need. Community businesses operate predominantly around face-to-face interaction and engagement, but lockdowns and social distancing has stopped this. Social distancing has necessitated rapid change to business models, leading many to seek alternative digitalised services to create social value for their communities and to remain financially viable. This report presents a study of how 24 community businesses in England have adapted their business models using digitised services to enable them to meet the needs of their existing customers (communities) and also remain financially viable by opening up new business opportunities and attracting new customers.

The aim of this study is to evidence and share learning on how community businesses used digitalised services to adapt their business models during the COVID-19 pandemic. It explores the enablers and barriers to digitalised services adopted by community businesses, to ensure the continued cost-effective delivery of their services to their communities in socially distanced environments.

This report is divided into five main sections:

1.	**Introduction**
2.	**Literature review** – an overview of the key literature relating to community business, business models and digitalised servitization
3.	**Methodology** – a brief overview of the methods and analysis
4.	**Analysis and key findings** – what were the main factors that affected the adoption of digitalised services?
5.	**Conclusion** – implications for theory, policy and practice.

2. Literature review

The literature review outlines the characteristics that distinguish community businesses from other social enterprises and discusses how these characteristics have helped to shape the business models that community businesses were operating before COVID-19. Drawing on business model and digital servitization literature we explore what digital servitization means within the context of community businesses, and how they have used digitalised services during the pandemic to create value to sustain themselves financially while also providing positive social outcomes for their communities.

2.1 Community businesses during the first COVID-19 lockdown in England

The estimated 11,300 community businesses in England (Higton et al., 2021) form a distinct group of socially trading organisations. These businesses differ from other social enterprises by being place-based, geographically embedded within the community that they serve, utilising the social capital within the community, as staff, volunteers and customers to generate social value and positive outcomes for that community. While differing in how they are legally structured and governed, community businesses all share a common purpose, to produce positive impacts or outcomes for their community through trading; these impacts can be economic, social and political (Diochon and Anderson, 2011; Pearce, 2003; Ratten and Welpe, 2011). The symbiotic relationship that community businesses have with their communities lead Johnstone and Lionais (2004) to conclude that community is the 'location' (the place), 'the tool' (the facilitator) and the 'goal' (the positive outcomes) of a community business.

Community businesses are often formed through a perceived deficit or loss within the community. The community organises itself (Healey, 2015) to form a business to service a need within that community that is not currently being met (Bailey, 2012). Community businesses are directly accountable to their community (Somerville and McElwee, 2011) to meet those needs. It is their embeddedness within their community which makes them uniquely positioned to assess or gauge the needs of the community and to adapt their services to meet those needs. Community businesses are agile, often resource-poor businesses who are used to adapting their business models (Selsky and Smith, 1994) to meet the changing needs of their communities.

Community businesses frequently act as boundary-spanning organisations (Igalla et al., 2020; Kleinhans, 2017), adding value to their community by building strategic alliances; mobilising external resources and acting as bridges of communication between the statutory agencies and the communities that they serve. With their hyper-local knowledge and location, community businesses are well-placed to speak directly on the needs of their communities and also to speak to their communities, overcoming some of the communications and trust barriers faced by statutory services. Community businesses were ideally placed to act as conduits between statutory organisations and their communities during the pandemic,

utilising their knowledge and resources to coordinate emergency relief and ensure that products and services were delivered to those most in need. This boundary-spanning role was critical during the first lockdown in England. Community businesses utilised digital tools to communicate effectively with their existing networks and also to build new partnerships, enabling them to access the support that their community needed.

The lockdowns and social distancing restrictions presented unprecedented challenges to community businesses, forcing them to innovate rapidly and adapt their business models towards digitalised services, to ensure financial survival and to continue to provide essential services to their communities. Digital services provided both a relatively cost-effective way to deliver goods and services and enabled businesses to stay in regular contact with community members, allowing them to respond quickly to their changing needs. This move towards digital services was easier for community businesses with multiple revenue streams and those with an established digital infrastructure and trained staff (Avdoulos et al., 2020). The Community Business Market Survey Initial Report on the impact of COVID-19 on community businesses reported that 89 per cent of respondents adapted their businesses to remain open during the early stages of the pandemic (Higton et al., 2020). Community businesses have traditionally adopted face-to-face interactions with their communities, but social distancing put an immediate stop to this, leading them to seek new ways to engage, with 46 per cent offering a new or existing service remotely (Higton et al., 2020). Therefore, it is unsurprising that community businesses would seek to adopt digital servitization to sustain themselves financially and to continue to create social value for their communities during the pandemic.

There are caveats, however, and community businesses faced several obstacles with this switch to digital services. Firstly, community businesses must remain financially viable. They needed to access new funding streams or utilise limited reserves to be able to pay for these services, with 80 per cent of businesses in the Community Business Market survey reporting that they had received some financial support during the pandemic (Higton et al., 2020). Secondly, the purpose of a community business is to trade to create positive outcomes for their community. The pandemic heightened the need to close the digital divide within communities as the most isolated and vulnerable members of their communities were often not able to access these digital services due to lack of equipment, low-cost Wi-Fi or digital illiteracy (Kaye and Morgan, 2021). Finally, the internal capacity of the business to be able to adapt to digital services was dependent on having the right infrastructure and knowledge available to them to make those changes. The Community Business Market survey reports that 40 per cent of respondents identified the need for advice and support with adapting their business model (Higton et al., 2020).

2.2 Community business business models

How does the concept of a business model apply within the context of a community business? What do community businesses mean by value and how do community businesses create, deliver and capture value?

Community businesses, like other socially trading organisations, aim to create social outputs or value for their communities (Defourny and Nyssens, 2010; Peredo and McLean, 2006) with any trading activity creating value for the business and their customers, as well as delivering wider community benefits (Roundy and Bonnal, 2017). Community businesses need to generate enough value to sustain their business, fulfil their purpose, produce positive outcomes for their community and be seen as viable businesses by other organisations. In their study into the durability of community businesses, van Meerkert et al. (2018) show that having a strong business model is a key component for the long-term sustainability of a community business.

'A business model describes the rationale of how an organisation creates, delivers and captures value.'

Osterwalder et al. (2010)

Osterwalder et al. (2010) put forward a Business Model Canvas containing the nine key elements that a business needs to consider when assessing whether its business proposition will be viable. The canvas focuses on the value that the business generates – the 'value proposition' – through the lens of the customer. The value proposition is solving a customer's problem or a need. With its focus on the needs of the customer, the canvas provides a good framework from which to explore how community businesses changed to digital services during the pandemic, as they are values-driven businesses that trade to meet the needs of their customers or communities. While it provides a good starting point from which to analyse business models, its definition of value capture lacks the subtlety required to define the different types of value that are created by a community business. It has not been designed specifically for socially trading businesses and the concept of value capture needs to be expanded to cover all the different types of value that a community business captures.

Community businesses are not seeking to capture or create value solely to sustain themselves or their customer base, they are also seeking to generate positive social outcomes for their communities as a whole and trading enables them to fulfil this purpose. The value that is captured by the business activity, for both customers and the wider community, was considered and measured by community businesses and any valid business model for them needs to explore social as well as financial outcomes. In their review exploring the applicability of a variety of business models frameworks to address sustainable development, Bradley et al. (2020) highlighted

the limitations of the concept of value capture within the Business Model Canvas and particularly the definition of 'revenue streams'. As shown in Figure 1, they put forward a more nuanced understanding of value capture and revenue streams that explores values through the lenses of the different actors within the business model: value for the individuals that are employed by the business, value for the organisation, value for society and use of the value proposition in context. The work builds on the original canvas and provides a valuable conceptualisation from which we can also explore the aspect of social sustainability within a community business business model.

Figure 1: The torchlight framework (Bradley et al., 2020)
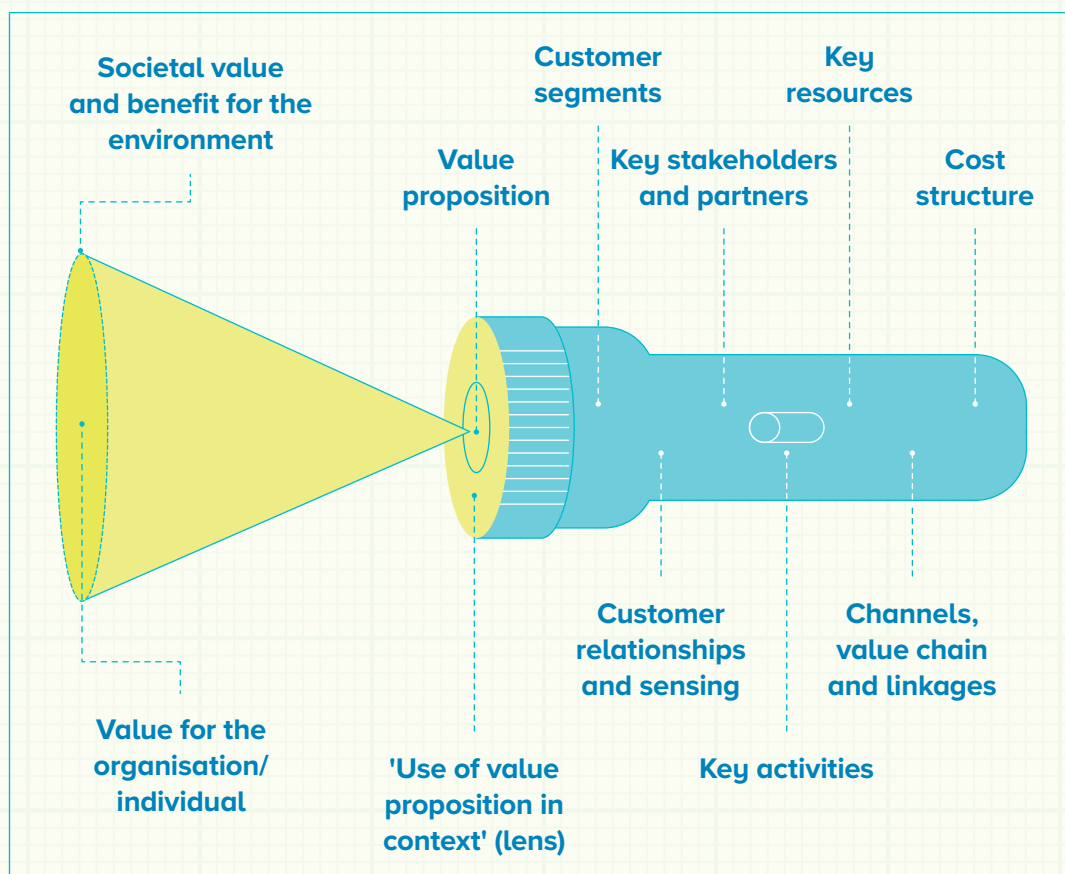

Source: Bradley, P., Parry, G. and O'Regan, N. (2020) A framework to explore the functioning and sustainability of business models. Sustainable Production and Consumption 21 pp. 57–77.

2.3 Digitalised servitization

Existing servitization literature has largely focused on how manufacturing firms have transitioned from providing goods to creating additional value through offering services to their customers (Baines et al., 2020; Dmitrijeva et al., 2020). However, the application of the concept of servitization, as a means of creating additional value through offering more personalised services to their customers (Vandermerwe and Rada, 1988), is also applicable to businesses that seek to generate not only financial but also social value to their customers. Servitization is therefore a valuable lens through which to explore how community businesses can create additional value for themselves and their communities.

Servitization, (Vandermerwe and Rada, 1988; Kharlamov and Parry, 2020), is about creating new revenue streams for a business through offering additional services to customers. Offering services to customers requires a business to open a dialogue to enable them to understand more fully what problems and needs their customers have. This dialogue enables businesses to develop more sustainable solutions that are better fitted to meeting their customers' needs. Servitization is not simply about constantly trying to sell new products but keeping your customers with you and developing long-term solutions together.

Digital servitization refers to the process whereby a business uses digital tools to move from creating value through selling products to offering services (Kowalkowski et al., 2017). The appeal of digital servitization is that it can be undertaken by a business at a relatively low cost, can be delivered concurrently with the existing business model and generate new business and new customers (Vendrell-Herrero et al., 2017). Therefore, for community businesses with often limited resources (Bailey, 2012), this is a route for creating additional financial value for themselves as a business and social value for their communities. However, its success in creating additional value is dependent upon the engagement of everyone involved; the business, its existing customers and potential new customers (Sklyar et al., 2019)
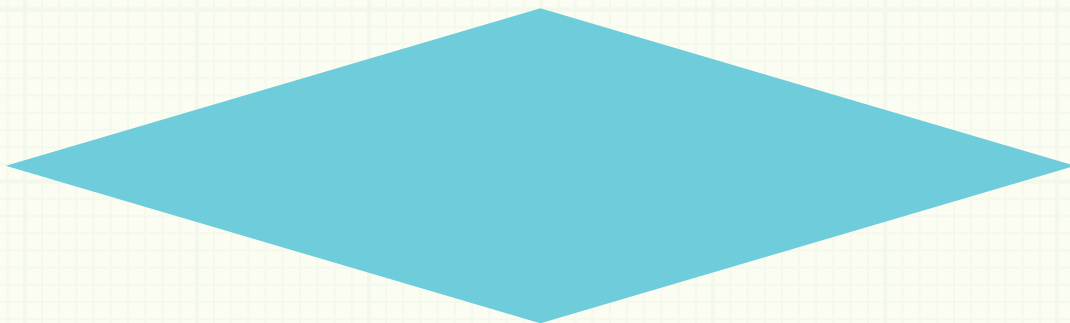
3. Methodology

We chose interviews as the research method for this study. These were semi-structured in nature, with questions based on a guide to focus discussion. They were conducted via the online meeting platform Teams or by phone. On average the interviews lasted about 30 minutes. The interview guide focused on business models pre- and post-pandemic and the uptake of digitalised services that had occurred in the context of lockdown restrictions. The questions explored the enablers and barriers to adopting digitalised services, how these were funded, the long-term sustainability of these services and the response of the community. As the data was collected it was analysed to seek out patterns in responses and these were then explored in subsequent interviews with other community businesses. We interviewed 29 participants from 24 different community businesses across England.

All interviews were recorded, transcribed and coded with themes emerging from the data. We identified themes first within specific interviews and then across interviews (Miles et al., 2014). The categories from the interviews create the following groupings:

– agility of the business to change its business model in response to the crisis
– financial implications
– the digitalised services offered
– the individual components of the business model highlighted in the torchlight framework
– enablers and barriers to digitised services
– the community response to these changes
– the long-term sustainability of offering digitalised services.

The interview data was analysed using NVivo software. The themes and the codes were shared and tested with workers from a community business support organisation to confirm that the codes were accurately applied. To maintain confidentiality, the identity of the interviewees, the organisations and the community business context are kept anonymous.

3.1 Ethics and data protection

Prior approval was given by the University of the West of England Ethics Committee – the project leader's institution. In line with GDPR requirements, we obtained informed consent from interview respondents with validated forms signed both by the respondents and researcher. All interview data have been securely stored on UWE servers and anonymised data was doubly backed-up daily, to guarantee integrity and replication.

4. Analysis and findings

The impact of the first lockdown of the COVID-19 pandemic in England was immediate, and many community businesses had to adapt their business models rapidly and seek new ways to create value to remain financially viable as businesses.

'Yeah, so it turned off our trade. Most of our traded income, kind of overnight. So we have three elements in our source of income, one of which we would count as grants coming in to be able to kind of subsidise some of the tricky stuff that we're trying to do. We hire out and let out our spaces and we do consultancy work so the second one which is the traded income, was kind of turned off overnight.'

Community development organisation interviewee

The results of this study of 24 community businesses will be explored using the Bradley et al. (2020) 'business models for sustainable development framework' to identify value that is created by digitalised services for: individuals with the community business, the business itself and society. The role of context is also considered. The results section breaks down findings by components of the framework and explores each aspect of the model in terms of the enablers, the barriers, the response of the community and the range of activities that were undertaken by the community businesses, starting with the value proposition.

4.1. Value proposition or purpose

How did community businesses create value for themselves and optimise social outcomes for their community through offering digitalised services during the initial COVID-19 lockdown?

The value proposition or purpose explores the problems or needs that the customer or group of customers have and states how the business is going to create value for those customers by solving those problems for them. Every business needs to identify what its value proposition or purpose is to ensure that they are offering something that will solve a customer problem or meet a need. Community businesses are socially trading organisations, they trade to make enough money to be financially viable, but their main purpose is to create benefits or positive outcomes for their communities. It is this shared or common purpose that brings members of the community together to act as entrepreneurs and establish a community business (Johnstone and Lionais, 2004). The shared purpose and the values that underpin the community business provide the reason or 'rationale' for the community to work together to establish and maintain the community business (Mayo, 2016).

This need to work for and serve their community during the pandemic is highlighted by interviewees:

'... we had our principles ... we wanted to remain relevant and useful. And that's what we just kept in mind. We need to remain relevant to people's needs now, at this moment in time.'

Community development organisation interviewee

Table 1: Types of community business within the study grouped according to main business activity and purpose

Business type	Number	Purpose	Activities
Community development organisation	5	Regeneration and improving the quality of life for people in the community	– Services including education, health and wellbeing and employment – Café – Room hire – Building projects
Community shop	2	Community cohesion and reducing isolation	– Local shop and amenities
Library	1	Community cohesion and inclusion – reducing isolation	– Services including education, health and wellbeing, arts and employment – Café – Room hire
Leisure	2	Physical and mental wellbeing	– Range of physical activities
Historical venue	2	Regeneration and improving the quality of life for people in the community	– Development of historical building, including employment and leisure activities (still in the development stage during the study)
Community hub	5	Using a building or group of buildings as places for the community to meet	– Services including education, health and wellbeing, arts and employment – Café – Room hire
Transport	2	Sustainability	– Range of activities including education, health and wellbeing, employment
Energy	1	Sustainability	– Renewable energy
Farm	4	Sustainability of natural resources Putting people in touch with nature	– Services including education, health and wellbeing, employment – Food production – Farm shop – Café

Note: Researcher's own classification

Table 1 shows the different types of community businesses within the study, their purpose and main trading activity. The community businesses that were focused on leisure were forced to close during the pandemic and were not able to adapt their business models. The community businesses that were able to continue to trade fell into three main groups when clustered by their main purpose. The first group contained community development organisations and historical venues, whose main purpose was focused on the regeneration of their local communities, providing better opportunities and environments for those living in the area:

'It is our aims as an organisation to improve the lives and wellbeing of those living and working in this area.'

Community development organisation interviewee

For the second group, including community hubs, shops and libraries, supporting community cohesion was key. They provide places where members of the community could meet, reducing isolation and promoting physical and mental wellbeing:

'It was about keeping things going for the community to try and keep everybody connected and help everybody out in a difficult time.'

Library interviewee

The third group of community businesses focused on environmental sustainability. This group included farms, energy and transport businesses. Their main purpose was reconnecting people with the environment and educating them about sustainability:

'We're all connections ultimately and having connections in life; in the soil which is providing the right nutrients and food which is keeping our livestock happy and crops happy. Or whether it's connections between us and the land or us and each other.'

Community farm interviewee

Digitalised services offered community businesses a means of meeting their purposes and remaining financially viable throughout the pandemic. Digitalised services enabled community businesses to connect with and serve their communities, through livestreaming; it enabled them to carry on their regeneration work, opening up their free Wi-Fi to all of their communities and it provided them with a means of spreading their sustainability message to a wider audience through online ordering and deliveries. Through adapting their business models to digitalised services community businesses were able to remain both financially viable and meet the needs of different groups within their communities.

4.2. Customer segments

Who were the different customer groups that the community businesses offered digitalised services to during the initial COVID-19 lockdown?

Community businesses are ideally placed to have a comprehensive knowledge and understanding of the needs of their immediate community, with community members having a direct role within the business as both customers and stakeholders. Customers can be divided into different groups or segments based on their specific characteristics, their needs, their ability to pay and by their relationship with the business. An intimate understanding of the different customer segments is critical to ensuring that a business can effectively meet customer needs and solve their problems. As highlighted in Section 4.1, community businesses operate at the hyper-local level and have direct knowledge of the needs of specific groups within their communities. Their work is often focused on meeting the needs of the most vulnerable and hard to reach groups within in their community and as such their services were often highly individualised and face-to-face. The impact of COVID-19 on these activities was immediate and dramatic. Finding the right fit for their different customer segments was key to meeting their needs. For some groups within the community providing digitalised services was the right answer.

Sixteen of the community businesses within this study engaged in two distinct types of business activities: firstly, traditional trading of goods and services directly to customers for a fee and secondly, providing services to support the health and wellbeing of members of their communities that were funded through grants, commissioned through local authorities or funded through their own surplus funds. This mixture of funding from grants and commissions with income earned through trading provided community businesses with a blended funding model.
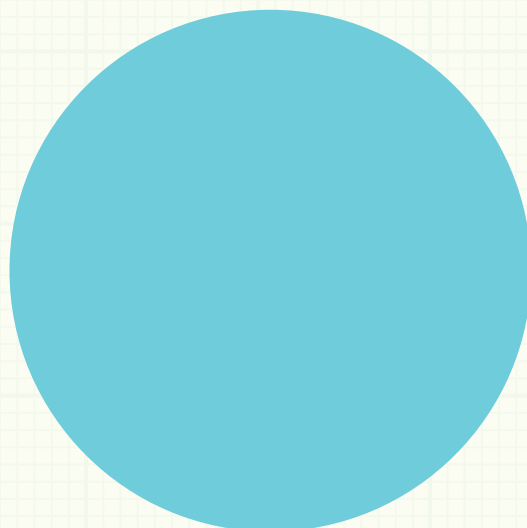
This model means that community businesses were meeting the needs of three distinct customer groups or segments during the pandemic:

Segment 1 – the customers who are buying the goods and services directly from the community business for their own use and consumption.

Segment 2 – the customers or funders that are paying the community business to deliver goods and services to members of the community on their behalf. This group does not directly receive the goods or services they are paying for.
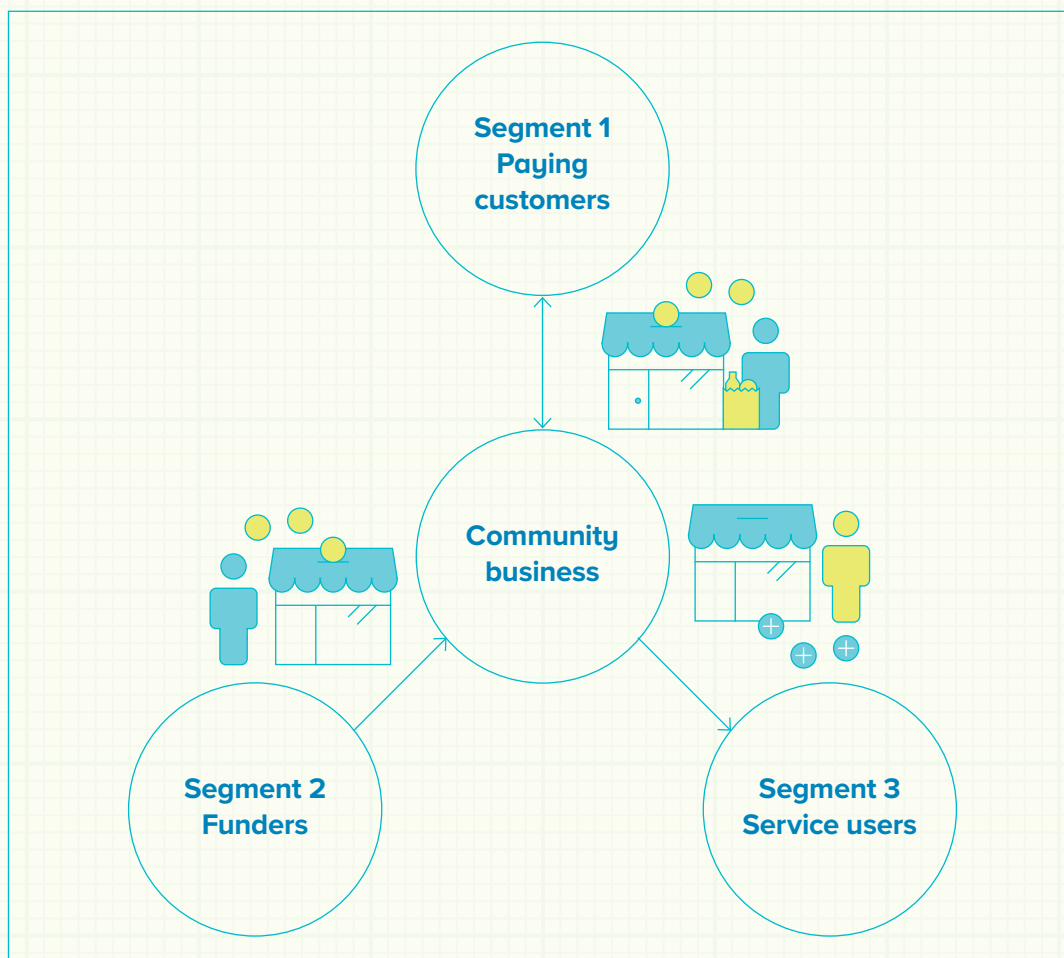
Segment 3 – those customers that are receiving the goods and services that are being paid for by the funders.

Figure 2 shows how goods and services flow in and out of the community businesses to the three different segments. This section explores these in turn.

Figure 2: Community business customer segments

Segment 1: Customers buying the goods and services directly from the community business for their own use or consumption

Social distancing saw many trading activities severely restricted, leading community businesses to seek alternative ways to provide goods and services to their customers. This segment included customers buying their groceries from community shops and farms. The community shops and three of the community farms switched from face-to-face selling to offering online alternatives, 'click and collect' and delivery options. Three of the community businesses with cafés that were forced to shut as a result of social distancing set up online food and delivery services for the local community. Customers with access to technology were able to pay online or set up accounts for goods and services, like booking and paying for sports pitches in one community hub, when the restrictions were eased in the summer.

Community businesses from across the full range of business types found that providing digitalised services opened up new markets and new customers as these segments were not restricted geographically – one community development organisation offered digital gym memberships with members taking part in online Zoom classes, either in real time or at a time of their convenience, without having to leave their homes. Community businesses were also able to identify new customers from within their own community, enabling them to fulfil their purpose and spread their sustainability and health message to a much wider audience.

'We've previously just relied on footfall and people passing through the café, but this opened up to a much bigger audience, and specifically certain things like we've got a kind of a plastic-free range and stuff like that, you know that is the sort of essence of the project in some respects … the sort of sustainability angle and that sort of thing.'

Community farm interviewee

Segment 2: Customers paying the community business to deliver goods and services to members of their community on their behalf

This was the group of funders and commissioners employing the community business to deliver goods and services on their behalf. These services were often aimed at the most vulnerable and hard to reach members of the community, making community businesses with their hyper-local knowledge ideally placed to support them. Goods and services included health and wellbeing counselling sessions, employability courses and food banks. This commissioned and grant funded work came with targets that the community business had to meet to draw down the funding. This work was often delivered on a face-to-face basis and the delivery model had to be changed to meet the new social distancing requirements.

All community businesses acknowledged the key role that funders played in enabling them to change their delivery model to a digitalised service and many community businesses were able to apply for additional funding to meet these changes — not simply new equipment but also redeploying staff to develop online resources.

'Flexibility from the funders in the most part, who said, yeah, adapt, we understand. Yeah, don't worry. I know you were paid on these targets for these contracts. Let's have a grown-up conversation and make sure you can adapt what you're doing. And that was the case for the most part.'

Community hub interviewee

Segment 3: Customers who were not paying directly for the goods or services but were receiving them

This is the group who are receiving the services that are largely being funded by grants or commissions or through the surplus generated by the community business's trading activities. This group included members of the community that needed access to additional support to help them with their physical and mental wellbeing, employment, education and issues related to isolation. This group are amongst the hardest to reach within the community and supporting them became more difficult with social distancing regulations. Not only did businesses need to explore new ways of reaching existing customers, the pandemic also saw the numbers of people needing additional support increase.

'And in terms of social prescribing like a one-to-one support on the phone is massive. So, we saw 900 people in the space of three months and that's normally what we might see in a year.'

Community development organisation interviewee

The pandemic highlighted the digital divide within communities. Through their regular contact with members of their community, the community businesses were aware that individuals were not always able to use digital tools and therefore had to rely on phone calls and leaflet drops to be able to communicate with them directly and meet their needs. This digital divide within communities manifested itself in two main ways. Firstly, some groups did not have the skills or the desire to access digital services, included elderly members of the community and some with more severe learning disabilities.

'How do we carry on engaging with these people, particularly our older friends in the community that aren't tech savvy and don't want to be tech savvy necessarily ... and who are we to suggest that they become tech savvy, you know? ... And so for our older people, it wasn't tech. Initially it was phone calls.'

Community development organisation interviewee

Secondly, groups that did not have access to the technology or Wi-Fi, including those on low incomes and the young. The groups that were perhaps the most difficult to reach with technology were those for whom social contact was also their most important need; the most isolated groups. These groups often received their support as a by-product of doing another activity, like gardening groups and craft sessions, and for these individuals the online support sessions did not meet their needs.

However, there were many instances where this group of customers were able to access the digital tools and community businesses were able to offer digitalised services, like Zoom gym sessions, livestreamed events and intergenerational story-time sessions. Some community members preferred to access services digitally – especially some counselling and self-help groups – and found it easier to talk about their problems without having to come into a physical centre, and some saw their membership increase.

'Yeah, and you know what we've actually found as well? This is quite a valid point … we actually found uptake for our group therapy sessions was higher when they went online than when they were face-to-face.'

Community hub interviewee

Four of the community businesses, the library and two of the community hubs, offered online fitness classes and choirs. These services were warmly welcomed and widened the customer base beyond the immediate community to other parts of the UK and abroad, with participants inviting friends and family to join in the sessions with them. The desire to join the sessions and be part of the group often overrode the individual's lack of skills or access to IT. Where access was a problem, community businesses were proactive in working with other agencies like The Good Things Foundation to access technology and support to enable people to participate. Another community development organisation used its network to put out a request for old 'dusty' devices that could be recycled and given back to members of the community that did not have access to digital devices:

'We got 180 of those donated … and 79 of those made their way back out again.'

Community development organisation interviewee

One community choir member had no previous digital access but, with the support of the community business and her own desire to stay involved with the choir, she got digital access and is still using it:

'… and she's chosen to do it because she's seen the value in it and she'll continue to use that. Whatever happens in the future, I think she'll continue to use it.'

Library interviewee

4.3. Customer relationships

What types of relationships did community businesses develop with their customers through offering digitalised services during the initial COVID-19 lockdown?

Due to their geographical location and accountability, community businesses have developed a symbiotic relationship with their communities. This provides community businesses with unique insights into how their community is feeling and coping, enabling them to be responsive to their needs. Social distancing rules hit community businesses particularly hard as their interactions had been largely face-to-face. Many community businesses employ community members or have local volunteers working within their business, so they are well-placed to judge how the community is feeling and what their concerns and needs are. At the time of the study, community businesses were starting to evaluate the role that digitalised services played during the pandemic and how it was affecting their relationships with the community. While at the start of the pandemic some members of the community were keen to try new digitalised services, some community businesses saw the uptake of the services that they were offering start to drop off.

'And we thought that maybe one of the blessings, you know, in disguise of Covid was that it will encourage those people that were a bit IT phobic or just not wanting to engage with the Internet because of their age or their culture. We thought that might encourage people to take advantage of the Internet and social media and all the other advantages that you get from that. At first it started good. But over time because we couldn't deliver that one-to-one tuition for some of the elderly members, they struggled a little bit and I think they got uncomfortable trying to use the IT equipment. So now our numbers have dropped off again lower than what they were when we had physical face-to-face meetings, so that's a bit of a concern.'

Community development organisation interviewee

However, some community businesses feared that the initial excitement around digitalised services was beginning to wane. This drop in engagement was leading one community hub to start to explore more creative ways of using the technology to engage with their community.

'Yeah, the content needs to be much more ... I think engaging is my sense. I think in some areas of the business it's worked really well. So around young people. We've got a couple of people who are really sort of tuned in. And it's been amazing, some of the content they've come up with. It's been really fantastic.'

Community hub interviewee

Community development organisations, community hubs and the library all saw the value of offering digitalised services and were looking at ways of partnering with other organisations to support and train members of their communities to enable them to feel confident in engaging with those services.

'We certainly see the place for digital support because digital is not going away. If anything it is going to strengthen, so our job is to act as that mediator and train them up as we move forward to whatever that looks like.'

Community development organisation interviewee

Due to the nature of this close relationship with the community, community businesses often assumed a boundary-spanning role, providing a conduit between the community and local authorities and health services. This became crucial during the pandemic, with many community businesses acting as a one-stop-shop, providing advice and support on a wide variety of services, distributing food to those most in need and signposting statutory services to where they were most needed. Some community hubs and community development organisations helped to coordinate the community response to the pandemic, utilising a variety of communication tools including Facebook and WhatsApp groups to reach the most vulnerable members of their communities.

'Because people need access to organisations like us that they trust, and you know, it's quite often people say cut the noise and just tell me what I need to know. I'm not watching that bulletin every day, you just tell me what I need and I think that's been a big part that we've played in this, it's been that sort of well I don't really understand what I'm supposed to do, so will you just tell us?'

Community hub interviewee

4.4. Stakeholders and key partnerships

Who were the key partners and stakeholders involved with the community businesses during the initial COVID-19 lockdown?

Community businesses are accountable to the communities that they serve and would cite their community as their key stakeholder. Their purpose is to serve the community where they are based, producing positive social outcomes. Many community businesses support the most vulnerable and isolated members of their communities, utilising the surplus income that they generate through trading to fund these services while other services are supported through grants or commissioned by health services and local authorities.

Delivering social outcomes for the most vulnerable is often complex and developing relationships and partnerships with other organisations is often key:

'And so I think in many ways it's engaged us very closely with our community, so that was perhaps a hidden silver lining, as well as I think enhancing our reputation with the local authority in terms of, you know, the fact that we were so flexible and responsive and could turn things around and actually really deliver … So, I think that actually did us a lot of good reputationally. Made us very visible.'

Community hub interviewee

Community businesses work with different key partners and funders to enable them to deliver positive outcomes for their communities. These partnerships might be with charities, other social enterprises or local authorities and health services. The pandemic highlighted the need for support organisations to coordinate their responses to ensure that services were delivered where they were most needed. Community businesses, with their intimate knowledge of and access to their communities, were ideally placed to coordinate and deliver things like food and support. The community development organisations and the community hubs reported that local authorities and health services had turned to them to act as hub sites for communities, providing key information, services and food. Community businesses accessed their partners and networks to make this happen, with digital tools like Zoom to host meetings and coordinate community responses. Their relationships with these partners was strengthened and new ones were formed, enabling community business' services to be better coordinated and more responsive to community needs. In the past, other local organisations might have viewed community businesses as competitors with all of them bidding for the same funding pots, but during the initial COVID-19 lockdown everyone worked together, utilising each other's strengths to serve the community.

Community businesses operating within these networks saw the benefits of partnership working and there was a desire to maintain these networks after the restrictions had been lifted:

'Yeah, I think before it wasn't necessarily cloak-and-dagger because we always did have a relationship with other organisations, but I think what Covid's done is it's kind of made us strip away that competition a little bit … before when you think we're all going for the same pot of money, we want to get in there first. I think Covid has kind of stripped that away a little bit and we realised that we are all trying to do the same thing rather than fight against each other almost. It's better to actually work collaboratively. Work to each other's strengths rather than all trying to do the same thing.'

Community hub interviewee

The relationships that community businesses had developed with their funders was also critical. Funders were willing to be flexible and allowed businesses to experiment with digitalised services to reach the most vulnerable. Funding was provided to move services to online platforms and to buy technology for service-users to enable them to access the online services that were being provided. Cookery sessions, support sessions, gym classes and tours of farms and zoos are just a few examples of the activities that were run to enable people to stay in touch with each other. The 16 community businesses offering grant funded and commissioned services felt that their reputations with their funders and statutory services, like local authorities and health services, had been enhanced by the role that they fulfilled throughout. Funders, local authorities and health services saw the importance of community businesses as boundary-spanners and valued their in-depth knowledge of their communities and their needs. Before the pandemic, many felt that they were seen as being the lesser partner in the relationship but felt that there had been a definite shift in the power dynamic as a result of their input. Their hyper-local responsiveness and flexibility was welcomed by funders and statutory organisations.

'The statutory sector has kind of woken up to this idea that if they want to work with communities, third sector organisations like ours and others, we are no longer nice to have but we're actually central to have and with that comes opportunity, but we haven't landed any of those opportunities yet, but they are bubbling around us. We're trying to engage all these different levels and all these different routes to land them.'

Community development organisation interviewee

4.5. Adapting key activities

What range of digitalised services were community businesses offering to their customers and their communities during the initial COVID-19 lockdown?

Community businesses, with their embeddedness and strong community networks, were quickly able to identify and respond to community needs. The speed that the lockdown restrictions were introduced meant that any new services put in place had to be done quickly and utilise digital tools that were widely and readily available, with one community choir being set up overnight.

'It was literally immediate because my choir would normally be on a Tuesday night. So lockdown happened Monday night and I was trying to work out what I could do with choir because it was obviously the next day and [X] just said well if you want to do it as an online thing I can help you set that up. So my choir was literally the first livestream thing ... we had about 1,000 views within a week.'

Library interviewee

The digital servitization literature refers to a time where a business starts to research and develop its offer, trialling it internally and externally and getting feedback from customers about the new services. However, community businesses had to adapt very quickly during the pandemic to meet immediate needs, leading digitalised services to be set up very quickly with little or no time for research and development before going live. Community businesses reported that the services developed and refined as they went along in a process of 'action learning' with their communities. It was only once the initial lockdown started to ease that community businesses had time to reflect on these new digitalised services and evaluate their effectiveness:

'… and I think it's only now we are probably starting to think how can we sort of come back together and learn from each other, you know, on what we're doing? We had a collective approach in one way, but equally because of the remote working, we're also developing our own systems as well, so it's a bit of a combination.'

Community hub interviewee

Digital services were not only new to customers but also the staff. Many within community businesses were not used to developing and delivering digitalised services as their previous engagement with their community was predominantly face-to-face. This meant that staff had to be trained and issued with the right tools to enable them to change their delivery to a new model. Many staff within their organisations had not previously offered digitalised services:

'We've certainly realised that we have a very large gap in our staff team, which is actually somebody to lead on that sort of work … and in our restructuring which we're looking at the moment, I think there will be a greater emphasis on communications.'

Community hub interviewee

Where community businesses were changing their trading models to new online ordering and booking, systems had to be developed to enable customers to place orders and take money electronically. Many community business leaders were aware that their IT systems had to be upgraded and adapted but the pandemic dictated these developments were brought forward.

Table 2 gives some examples of the range of digitised services set up by different types of community businesses during the pandemic. These services fall into four categories: structural changes within the business, Zoom counselling and support sessions, activities for different groups within the community, and trading activities. The next section explores these in more detail.

Table 2: Examples of the range of digitised services and activities offered by community businesses during the initial lockdown

Business type	Lockdown-specific service
Community development organisation	Local authority hub site Food distribution Online support and counselling Free Wi-Fi Information point for the community Intergenerational story-telling Nursery for children of key workers Virtual nursery tours Business units open Free online gym sessions Projects combating isolation
Transport	Services for key workers Bike maintenance Bike distribution
Energy	Unaffected as most of the work was external
Community hub	Food delivery services Online support and counselling Nursery for children of key workers Online booking services Online youth engagement Poetry events Combating isolation projects Information point for the community Online gym sessions Community podcasts Quiz nights
Farm	Online ordering Delivery service 1 x cooked meals Online support services Accommodation for young people at risk Virtual farm tours Cookery sessions
Historical venue	Online payments and fundraising Quiz nights
Leisure	Closed
Library	Livestreaming Information point for the community Arts events Online choir and fitness sessions
Community shop	Delivery Online and telephone ordering Contactless payments

Structural changes within the community business

To be able to adopt digitised services successfully, community businesses had to improve their own digital infrastructure. Many businesses reported that the pandemic had brought forward their plans to upgrade their systems, including Wi-Fi, booking and payment and website functionality. Community shops and hubs introduced contactless payments where previously this had not been necessary. These were changes that many community businesses leaders knew needed to happen but as they often had limited resources they tended to be put off as neither essential nor immediate. The pandemic required these changes to allow them to continue to function more smoothly as a business.

'I think that accelerated everything we did. We'd got a very limited online capability and offers, we didn't do any formal online visual delivery. I just don't think it was a thing, you know, apart from perhaps exercise … yoga classes or YouTube type stuff … and so I think that, yeah, it's accelerated almost to beyond recognition. Actually, we probably needed to go that way because of the doors it opens and the access it creates, but it's accelerated everything on that basis so I would say across the board, right? Actually, what can we deliver online?'

Community hub interviewee

Community businesses meetings with staff and partner organisations moved online. Staff meetings were organised through Zoom with many reporting that, while they all missed the face-to-face meetings, this had improved communications between team members. Information that it was previously assumed everyone knew, was now genuinely known by everyone, and the limitations of the previous informal communication routes were highlighted. Some found Zoom meetings restrictive, but one community farm was experimenting with ways that they could make team meetings more interactive and productive by using software that enabled team members to use virtual Post-it Notes. One of the key benefits was the amount of time and money that was saved through not having to travel, but while some meetings lent themselves to Zoom many missed the informal networking and support typically offered outside of a formal meeting.

Zoom counselling and support sessions

Online support and counselling groups were one of the key digitalised services offered to the community, providing a vital service to those particularly isolated by the pandemic. Sixteen community businesses within the study offered a range of mental health support groups and services. Some of these were formal and set up for a specific group of users, e.g. young mothers or those suffering with anxiety. Other groups were based around a common interest or activity and the support happened as a by-product of their interaction, e.g. gardening clubs and craft groups focused on combating isolation. One community development organisation, aware of the informal mutual support offered by group interaction, opened their Zoom exercise classes early to enable members to join and talk informally together before the class started.

Where Zoom counselling services work well was where members of the group wanted to receive the service or support being offered. Targeted groups on the whole responded well to the online service and in some instances, like therapy groups, their numbers actually increased and some users responded well to being able to access the service within the security of their own home.

'Physically having to go and sit in a room with other people, it's much easier to do what you and I are doing right now, particularly for the first time when people feel a little bit daunted about joining a group for the first time and physically being in a room with people they don't know. I think it is easier for people to actually sign into something like this and take it at their own pace a little bit where you are not necessarily under the microscope all the time, because you're just a little square on the screen.'

Community hub interviewee

Where these sessions were less successful was when the support service was considered secondary to the activity, as with activity-based groups like gardening, and particularly those for men. These groups did not respond as well to the digitalised service and were not able to overcome the limitations of the technology to access it.

Activities for different customer groups

The activities offered by community businesses were wide-ranging. Widely and often freely available digital tools like Zoom, Facebook and YouTube were used to engage with community members. Some activities did not lend themselves to digitalised services. One community hub reported that some customers had found online pitch hire more difficult, as one person within the group had to pay for the booking in advance and use their account details, making them personally liable for the booking fees if someone dropped out. Community businesses showed creativity and ingenuity in trying out different activities to reach different customer segments. Activities were developed quickly, modified and improved as they were being used by customers.

'I mean, we're currently still doing some art activities by Zoom and doing physical activities by Zoom. We are now delivering parenting classes by Zoom. I think domestic violence classes work by Zoom. So yeah, so we've got all of those that would have been face-to-face previously, but they are now Zoom … we hadn't done any of that at all before. I don't think we had heard of Zoom, I don't think, before March.'

Community hub interviewee

The take up of these digitalised services was dependent on the ability of the customers to access them. Many community businesses successfully partnered with other organisations and secured grant funding to provide tablets and dongles to community members to enable them to access their services. This was successful but the social distancing restrictions made training sessions on using the technology difficult. Some community members became frustrated with not being able to access the service or with poor connectivity. There is a need for more research both on the barriers to engaging with digital services and on how to engage users more effectively.

Trading activities – selling goods and products

Some community businesses changed their trading activities to digital services during the pandemic. These services were paid for directly by the customer and included online food ordering and delivery and things like digital gym membership, allowing gym members 24-hour access to Zoom fitness and workout classes.

'We implemented a change we're going to implement anyway … into a digital online membership, which we didn't have before. So, completely changed all of our systems or operating model so that we can sell memberships to customers 24/7 and their payments are managed all online and they can also attend classes online even though we've now got our classes, you know, in the centre … Yeah, we've embraced Zoom and there are customers that will only attend Zoom classes, so there's a demand there … The gym membership is growing daily.'

Community development organisation interviewee

The online food-ordering services allowed the community businesses to meet the needs of customers that were shielding and unable to get to the shops. Online ordering also enabled farm shops to introduce new seasonal products to their customers, through fruit and vegetable boxes, allowing them to sell food that would normally have been used by their currently closed cafés. As community businesses became more confident, the range of products they were offering online expanded:

'So initially it was just set boxes which were, you know, selections of vegetables for different size families basically and a loaf of bread and that was it really. And then we gradually expanded that to more like a conventional online shop with groceries, meat and cheese and household products and this kind of thing ... We had an online ordering service but we also did phone ordering as well because we've got quite a lot of customers who are elderly and we kind of figured that there would be quite a lot of non tech-savvy people using the service.'

Community farm interviewee

4.6. Key resources

What key resources were needed for community businesses to be able to change their business models to offer digitalised services during the initial COVID-19 lockdown?

To be able to deliver their digitalised services, businesses needed access to a range of resources and skills that would help them to instigate changes quickly and economically. Community businesses do not usually operate with large cash reserves or research and development budgets to draw on. The resources that were needed to implement digitalised services fell into four categories: the internal infrastructure of the community business, access to trained staff and expertise, financial support and access by their customers (community) to the digital tools and the skills that they needed to access the services.

Internal infrastructure

These are the resources that are needed within the organisation, including good Wi-Fi, cameras and web-based payment systems, to enable them to provide the digitalised services — hardware and software to enable them to convert their service models effectively. In some community businesses this involved setting up payment enabled websites, while in other organisations it entailed providing staff with laptops and phones that allowed them to access Zoom and platforms like Facebook. Where possible, community businesses sought to access free and widely available software. This served the dual purpose of keeping costs low while also ensuring that it was freely available and easy to access for community members.

'So, sort of that back-office stuff I think is definitely going to happen, that'll stick with us. Absolutely and I think that's, you know, that's that. That'll make us more effective and efficient anyway. But it wasn't as high on the priority list, and now it's an essential.'

Community hub interviewee

Having vital infrastructure like good Wi-Fi already in place also allowed community businesses to share their resources directly with the community. One community development organisation worked with their local university to share their unlimited, free Wi-Fi:

'We had unlimited Wi-Fi anyway and so we just put antennas on the top of our roof … then the whole street and just behind the street got free Wi-Fi which was used 2,410 times during lockdown. That's unique users during the lockdown and that's a six-month period, so we were really pleased that was just through lovely collaborations.'

Community development organisation interviewee

Trained staff, expertise and knowledge

The biggest resource that the community businesses had was their staff and volunteers and their knowledge and expertise. Many did not have time to plan for digitalisation and therefore any changes to their delivery models were largely reliant on the experience and skills of their workforce. Staff willingness to be flexible and learn new skills or people with expertise in digital services within the organisation were essential. All community businesses reported that their team's flexibility and willingness to innovate were critical to adapting their business model to take services online. This willingness to innovate was supported by business leaders, and many worked with and supported staff while they experimented with new ways of working.

'You know we've become so much more digitally aware and so much more nimble, just using teams to manage projects and working really efficiently across the organisation we've done loads more. Everybody's done a staff survey about how things were managed through Covid and just loads of people saying that they're just working much more collaboratively across teams.'

Community development organisation interviewee

Changing to digitalised services has, however, exposed a need for training on the use of digital tools and resources, with staff learning alongside their customers. Whereas, staff who were already confident in using IT were able to progress with digitalised services and offer support to others within the organisation.

'It was very easy. Basically, on the last team meeting I walked into the office and said we're livestreaming and everyone was, like, alright whatever, I don't even know what that is but that's fine.'

Library interviewee

Time is a scarce resource and the social distancing restrictions and lockdown of many community businesses happened very quickly, limiting what time they had to plan how they were going to deliver essential services and support. While some already had the infrastructure in place to allow them to take online orders and offer delivery services, others were starting from scratch and developing systems as they went along. The toll that this has taken on community businesses and their staff and volunteers should not be underestimated. Many services could be put in place because individuals within a business were willing to put in additional hours to make it happen.

Many businesses saw the opportunities and benefits that digital services could bring but needed specialist advice and support to find the right products to deliver them. Some leaders were frustrated by the lack of available specialist technological advice and staff training for the services they wanted to introduce and felt that this limited their ability to provide a wider range of services and improve delivery.

'Everyone is being very knee-jerk, haven't they, for obvious reasons. Now we need to get, you know, are we using the right platforms, and do we need to invest more in some more formal online systems?'

Community hub interviewee

They were also concerned that they would invest in equipment and IT support that did not fully meet their needs and provide them with the knowledge that they needed to improve on the range and delivery of their services.

'And we really need somebody to sit down and look at all our systems and all our digital and just do that diagnostic, like all of it OK, so how is all of this working and what you need to do next ... and where should you invest?'

Community development organisation interviewee

Financial support

Funding was not raised as a significant factor in not providing digitalised services. Community businesses found that most funders were supportive of their adapting to digitalised delivery to meet the needs of their community. As highlighted in the section on stakeholder relationships, this flexibility of funders was key to allowing community businesses to test out new methods of delivery and provide staff with the time that they needed to develop resources and tutorials to be delivered online. Some were able to secure additional grants and loans to deliver digital services and partnered with charities and local organisations to supply laptops and tablets to their communities to enable access.

Community access to digital tools

Many of the communities in the study were in areas with the highest level of need. Many of the most vulnerable members did not have access to the money to be able to buy IT equipment or pay for Internet access. Those with smartphones were not able to afford the extra data needed to access services. The pandemic has highlighted the digital divide within many communities, not just urban but also rural communities with poor Internet connections. Although community businesses sought to offer a range of services to their communities they were therefore often restrained by the inability of their communities, especially those most in need, to access them digitally.

'So, I think there's a gap still around digital, a clear gap, you know, around kind of defining it specifically. I can give you my evidence about people with language needs in our area, older people, but it's extremely anecdotal and I think some more work needs to be done.'

Community hub interviewee

Enablers and barriers to offering digitalised services

Enablers	Barriers
Infrastructure already there and in place, e.g. online ordering and good Wi-Fi at the centres	Fit – was digital the right answer for their customer segment and the service that they wanted to provide, e.g. friending services and face-to-face activities?
Community used their own networks to spread the word	Some activities did not lend themselves to online booking, e.g. pitch hire where a group would normally all pay in cash, which was more difficult to do online
Community having access to the IT in their homes – some hubs were able to access digital grants to buy equipment for the community and support IT literacy	Digital divide – community did not have access to IT or the money to pay for Internet access
Leadership support within the organisation	Communicating changes – still had to follow several different routes to ensure that the messages were getting to the right people
Flexibility and willingness to innovate	Community did not have the skills to use the IT and became frustrated or embarrassed when they could not get it to work
Expertise and confidence in digital services within the organisation, or access to volunteers with the right knowledge	Lack of IT knowledge within the organisation and not knowing where to go for support
Most successful where community members wanted to take part in the activity, e.g. gym and choir	Some of the on-line sessions were not very interactive and participants were starting to drop out

4.7. Channels of communication

How did community businesses communicate with their stakeholders about the changes that they were making to digitalised services during the initial COVID-19 lockdown?

Community businesses traditionally canvas their community directly about their views and what they need, but this was not possible due to social distancing regulations and the speed of lockdown. Instead, businesses used a range of channels to communicate the services that they were offering to their communities. This included websites, livestreaming local news, social media (Facebook and WhatsApp groups), emails and more traditional methods like the post and telephone. Businesses particularly relied on phone calls, mailings and door drops for those in the most vulnerable groups that did not have access to the Internet, with one community business mailing every house in the area.

'We've done three mail drops over April, June and again a couple of weeks ago to every household... So that's nearly 40,000 letterboxes again.'
Community development organisation interviewee

Even so, community businesses were conscious that there were still members of the community that remained hard to reach and they could not be certain that they had contacted everyone:

'... but we're learning that actually communication has to be a multifaceted thing and ... if there were blocks ... we found them and unblocked them.'
Community development organisation interviewee

Throughout the pandemic, community businesses took on a role that spanned boundaries, linking and signposting service providers to those most in need and acting as a one-stop-shop for their communities. Sixteen of the businesses in the study worked closely with statutory services, charities and local authorities to identify and support the most vulnerable members of their communities. The hyper-local knowledge of community businesses enabled them to provide a channel for local authorities and health services to deliver resources directly to community members. Online meetings in this process were critical as they allowed community businesses to participate without needing to spend extra time travelling to meet in person. The 16 community businesses working closely with local authorities felt that this boundary-spanning role had enhanced their standing with state providers and would open up new opportunities for them to work together in future.

This boundary-spanning has also developed on the micro, hyper-local level. Many streets and local groups organised themselves through social media, where WhatsApp and Facebook groups thrived, offering support by collecting prescriptions and shopping for those self-isolating, and generally checking on neighbours.

'We probably got 3,000 active volunteers because of the joining up that we've done during the summer.'

Community development organisation interviewee

Community businesses have played a central role in coordinating these volunteers and helping them support those most in need. Using social media and connecting with these smaller community responses has enabled community businesses not only to grow their volunteer base and networks, but also identify previously unknown isolated members of the community that need their support.

Some community businesses have also found that digitalised services have given them an opportunity to market their goods and services to a far wider audience. Community members have used their own networks and channels to spread the word about the digitalised services being offered. While services were only offered in a particular locality before the pandemic, now family members and friends from elsewhere in the country and across the world were able to join activities. The community choir had a global reach and the Zoom gym sessions were joined by family and friends across the country.

'It's extended the reach way beyond the local community, so we've had people joining in with our singing stuff regularly who are from, we've got somebody in Denmark and somebody in France who are regularly joining us taking part in the virtual choir videos. We've had the odd person from China or Asia, I think joining in and, you know, we've got people from the North of England and stuff.'

Library interviewee

4.8. Cost structure

What did it cost community businesses to deliver these digitalised services to their communities during the initial COVID-19 lockdown?

The cost to deliver digitalised services was not mentioned as a barrier. Community businesses are not cash-rich and are used to working with limited resources, finding creative ways to make their resources stretch further. Businesses saw the costs and benefits of offering digitalised services, both to the internal streamlining and day-to-day running of the organisation and to the range of services they offered to communities. Businesses were creative in their use of free and readily available software and resources (Zoom, Facebook, and YouTube) and this cut costs both in terms of staff training time and specialised resources. Many within the study funded these digitalised services through grants, either new specific digital funding or through the flexibility of existing funders, and their own business reserves.

'Just it's cheap, it's cheap to livestream, it's cheap to get folks to do stuff.'

Library interviewee

Infrastructure changes and moves towards more digitalised systems were often already planned but the pandemic provided the impetus to implement these changes more quickly, with community businesses reviewing their needs, upgrading their digital infrastructure and providing staff with the equipment they needed to move services online. They did not resent having to spend the money to upgrade their systems as it was felt that servicing community needs took priority over internal systems. During the pandemic they realised that they could not fulfil their communities' needs without internal systems to support online services.

Only when the initial lockdown ended were community businesses able to review their services and begin to explore how they could monetise their digitalised offer. The pressure to offer digitalised services quickly hijacked the traditional cycle of research, development and evaluation in delivering new services. Digital gym membership and hiring a recording studio to local artists were already developing as new business models, with services beginning to be sold to community members. Community farms were also starting to explore how they could utilise online cookery sessions to advertise and sell their seasonal produce. It is likely that some of the innovations that were introduced during lockdown will continue and some businesses were thinking of introducing a blended service model including both online and face-to-face delivery.

'The online shop has been a really positive thing in terms of promoting particularly our own produce. It's just opened it up to a wider audience. You know, our shop has always struggled in the two and a half years that we've been open. We've put very little investment into that in terms of time and energy, most of our energy has gone into the café because it's kind of very demanding.'

Community farm interviewee

4.9. Value generation

What different types of value did offering digitalised services bring to community businesses and their communities during the initial COVID-19 lockdown?

Osterwalder and Pigneur (2010) define value generation in terms of the revenue streams that can be created through the 'value proposition'. Whereas Bradley et al. (2020), in their focus on business models for sustainable development, explore the different ways that a business creates value (and different forms of value) for different stakeholders, as well as for environment and society. This links directly with the purpose of a community business and what it is trying to achieve. By focusing purely on the financial value they are creating through offering digitalised services, there

is a danger that the social value that they create is ignored and not accounted for. While financial sustainability is key to the survival of the community business there is also the added dimension of the value it creates for its employees, the organisation and for society, and how these work together in context. This section will use the Bradley et al. (2020) framework to explore value under each aspect, to show how they all came together during the pandemic to support the development of digitalised services and how these then created both financial and social value.

Value for the individuals working within community businesses

How does offering digitalised services support the values of the individuals working within the community business in the context of the initial COVID-19 lockdown?

Community businesses are purpose-driven organisations that aim to serve their communities. Individuals who work or volunteer for them are attracted by the values that the business holds. The type of work and the level of pay do not tend to attract individuals who are interested in purely personal gain. The COVID-19 pandemic saw increased levels of need, with communities struggling to cover their basic costs and pay for the food that they needed to feed their families. Groups that were 'just about managing' before were now tipped into poverty. Many community businesses employ local people and volunteers and those were seeing the effects that the pandemic was having on their families and neighbours. The fact that the business was able to offer digitalised services to their communities gave staff a sense they were supporting their communities and helping neighbours and friends. Community business leaders and their staff were also personally affected by lockdown, with staff that were not furloughed working from home and feeling isolated.

'I think it helped us to kind of keep going and stay relatively on an even keel as well.'

Library interviewee

Value for community businesses

How has offering digitalised services added value to the community business in the context of the initial COVID-19 lockdown?

Offering digitalised services meant community business were meeting their purpose in serving the community. Businesses were quickly able to change their support offer to a digitalised model enabling them to respond to the rapidly changing needs of the most vulnerable members of their communities, ranging from setting up food hubs to 24-hour telephone support services. Support had to be coordinated and delivered by community business staff and volunteers, so digitalised services ensured not only direct delivery to their community but also smooth communications and planning within the business itself, for example by using Zoom for team meetings.

When asked whether community businesses were going to continue with digitalised services in some form, most leaders felt that some of the services would remain:

'Yeah, definitely. Definitely moving to kind of having a much more e-commerce kind of an aspect to our trading and definitely in terms of the kind of collaboration across teams in the organisation.'

Community development organisation interviewee

Secondly, digital servitization helped to ensure the financial sustainability of the community business. Most funders were happy for businesses to use a digitalised services model to ensure that they met key performance indicators and fulfilled their grant and commissioned work objectives, enabling the community business to continue receiving funding and employing their staff. Digital servitization has also enabled community businesses to explore new ways of generating revenue, for example by leasing livestreaming studio space to artists. Community businesses that were also able to adapt their trading to a digitalised servitization model found that it opened up a new customer base and extended their reach beyond their immediate geographical area, with new members from across the country and abroad (e.g. livestreaming events and the online choir). Digital servitization also brought new opportunities to advertise existing goods and services to wider audiences, for example the personalised food boxes and hampers that helped one business with promoting sustainability and educating customers on new ways to cook with their products.

'So, fitness-wise, it's actually going better than it was before the lockdown. The rate that we're selling memberships, it's just going up and up and up. So that's a real success.'

Community development organisation interviewee

Value for society

What value do digitalised services bring to society as a whole in the context of the initial COVID-19 lockdown?

For those that were able to connect digitally with community businesses, there were clear benefits in terms of getting goods and services without having to leave home. Community businesses were able to generate social outcomes for the most vulnerable members of their community. Social distancing forced many people to remain at home and highlighted the needs of the most isolated groups within society. Community business embeddedness within communities meant they were able to reach and connect with these isolated groups. Digitalised services also enabled them to connect with new groups they would not normally have reached. Some individuals preferred to connect online and this has led some businesses

to think about offering a blended service in future. The speed and agility of the community businesses in offering a range of digitalised services helped many in communities access the food and support that they needed for their physical and emotional wellbeing.

Digitalised services also enabled community businesses to connect with members of the community who wanted to help in their local neighbourhoods, through WhatsApp groups and Facebook.

Community businesses and their hyper-local services became critical during the pandemic, as their knowledge and understanding of their local community and its needs made them ideally placed to adapt their services rapidly, and act as boundary-spanners between the community and broader statutory services. Many businesses felt this raised their status in the eyes of local authorities and health services. A willingness to be flexible and creative in organising online events and quiz nights, for example, or coordinating volunteers to collect medicines for those self-isolating, proved a lifeline for many in their communities. While many community businesses offer hyper-local services and remain small, their key role in supporting their communities during the pandemic cannot be underestimated – adopting digitalised services is one example of how they helped keep communities afloat.

‘It's been hard work, but there's been some massive highlights, massive highlights ... and community cohesion is, you know, that's what we're all about. That's why we're here.’

Community development organisation interviewee

Use of a value proposition in context

How did the context of the initial COVID-19 lockdown affect the adoption of digitalised services by community businesses?

The context of the pandemic and subsequent lockdown hastened the need for community businesses to find alternative ways to communicate and provide goods and services to their communities. Community businesses are embedded within their community, both serving and reflecting its dynamics – the business and the community it serves are working closely together to co-create positive outcomes for each other. Community businesses exist to bring community members together and this was something that social distancing did not allow them to do physically. By utilising digitalised services, community businesses were able to maintain and in some cases strengthen the connection between people, facilitating social interactions online. While for many this is not the same and can never replace physical interaction, it has allowed community businesses to reach those vulnerable members of their community that could easily have been forgotten and left isolated during the pandemic.

The pandemic and social distancing rules accelerated the development of digitalised services for those businesses that were able to continue operating. Some of those services will remain and provide community businesses with income and funding opportunities post-pandemic, like gym membership and the livestreamed arts events from the studio one business set up on its premises. Other services will be retained and adapted to meet the needs of specific groups – the care farm, for example, was able to access and communicate with its students remotely and will retain this service for students that are ill at home. The need for other services will no longer add value and their use will decline – online ordering and local deliveries for community shops, for example. The community shops we studied saw the demand for these services dramatically decline after the initial lockdown.

The pandemic also hastened the development of internal digital infrastructure and systems for businesses, enabling them to operate more efficiently and accept online bookings and payment, even if these systems were not always well received by members of the community and may come to operate in tandem with more traditional systems once people are able to meet in public again. However, it was felt that remote working and online meeting would continue to some degree because of the time it saves and the flexibility it allows in responding to needs.

'... but I'm hoping that it's just open doors so we have more options in the future, so it's not that any of us would, well, it's not that we necessarily want to stay exactly as things are, but that it's just there's a bigger range of options and we can use all of the ways we can to reach different groups of people in different markets by doing different things. So actually, it's a massive bonus to have the option of online ...'

Library interviewee

4.10 Summary

This project has looked at the development of digitalised services by community businesses during the COVID-19 pandemic and has shown how community businesses adapted their business models to meet the needs of their communities. These adaptions and changes were instigated very quickly to respond to the emerging needs in their communities. While the Osterwalder and Pigneur (2010) Business Model Canvas provided a useful framework with which to explore these changes, it was limited in its conceptualisation of value for this group of community businesses. This led us to explore value creation through the different facets put forward by Bradley et al. (2020), which explores the multiple perspectives of value for sustainable development.

Community businesses are agile organisations that trade to create positive social outcomes for their communities, and whose needs they were able to meet by rapidly adapting their business models to offer digitalised services. The move towards a digitalised servitization model happened very quickly and in one case overnight, with community businesses trying things out and adapting them as they went. Digital servitization has been helped by the flexibility of funders, and it helped to raise the profile and reputation of community businesses offering vital services to their communities. Where community businesses have had individuals within their organisations who are confident and competent with IT, they have been able to adapt quickly and offer an innovative range of services. Many community businesses are now evaluating the benefits of providing digitalised services and exploring the new business potential they offer.

However, community businesses have been hampered by their own lack of access to the knowledge and expertise to help them transition to more digitalised services and by the lack of digital access and self-efficacy within their communities. This has highlighted the need for training and support within businesses so they can benefit fully from the contribution that digitalised services can make to their long-term sustainability. It has also highlighted the need to improve digital access and literacy for the most vulnerable groups within communities, overcoming the barriers to prevent them from being further excluded from the opportunities and flexibility the digital world can provide. Community businesses cannot tackle these issues alone and will need continued financial support and training to help them to meet the needs of these particular groups. There are many examples of people within these groups embracing the opportunity for digital access, once they've seen the value it can bring.

While we all hope that social distancing will be a temporary measure, the issues surrounding isolation, poverty, physical and mental wellbeing will remain. Providing digital services is one way in which community businesses can continue working on tackling inequalities and addressing the distinctive needs of the communities they were established to serve. The businesses we studied are reflecting on the changes that they have already made during lockdown, reviewing and refining what they provide digitally, and exploring ways that they can grow their revenue through providing digitalised services that are paid for by users or commissioners. Although community businesses are already talking about training staff and enhancing their digitalised offer, their accountability to those they serve will mean any changes will only be developed in consultation and collaboration with their community. Whatever community businesses decide to do, the digital divide will remain a barrier to access for many in the community, and their needs will inform any decisions a business makes about changes to its business model.

'It's been very much reactive, response to the circumstances and how do we, you know, being nimble, staying agile and just doing. That reaction is key. But, you know, have we learned anything that we could apply next time? Depends what next time is …'

Community farm interviewee

5. Conclusions

The main findings from the study into the ability of community businesses to adapt their business model to offer digitalised serves during the pandemic have implications for theory, policy and practice.

5.1. Theory

We have looked at the development of digitalised services by community businesses during the COVID-19 pandemic and shown how they adapted their business models to meet the needs of their communities. These adaptions and changes were instigated very quickly. While Osterwalder and Pigneur's (2010) Business Model Canvas provides a useful framework to explore these changes, its limited conceptualisation of value for this group of businesses meant the different facets of value creation were more fruitfully examined through the multiple perspectives of value for sustainable development proposed by Bradley et al. (2020). These purpose-driven community businesses used digital servitization during the lockdown to offer low cost solutions to real world problems, creating value for their business, employees, communities and wider society.

5.2. Policy

During the pandemic, community businesses have proved to local authorities and health services that they are flexible and capable of meeting the needs of the most disadvantaged and vulnerable members of their communities, providing goods and services to support their physical and mental wellbeing. Their embeddedness within their community makes them ideally placed to know exactly which members of the community need the most support, and they are trusted by those individuals in a way that statutory services might not be. But they are not able to do this on their own and their ability to offer additional digitalised services is an example of how they have brought together different sources of funding and expertise to enable them to continue providing support. Many of these were only made possible by the flexibility of funders and the additional grants made available at the hyper-local level. Policymakers need to be aware of the role that community businesses have played within communities throughout the pandemic and ensure that the funding is there to support them as communities start to rebuild as we emerge from lockdown.

The digital divide was a major factor limiting the introduction of digitalised services by community businesses, critically affecting the ability of customers to access the crucial services on offer. For some members of the community this manifested itself through a lack of skills while others did not have access to digital tools or Wi-Fi. Some unwillingness to engage with the services being offered digitally suggests there are also behavioural barriers to address. The pandemic has highlighted the scale of the divide between those with and without access to digital technology, tools and skills. While community businesses have tried to bridge these gaps at community level through partnering with other organisations to broaden community

access and skills, there's only so much that can be done locally and inequality and disadvantage will continue to grow if we become more reliant on accessing goods and services online but wider issues with access and capability are not addressed.

5.3 Practice

The findings show that under social distancing regulations some community businesses have quickly adapted their business models to digitalised services while others have not been able to. Lockdown regulations meant some had to remain closed and the nature of their service or business model meant digitalised services were not an option, e.g. swimming pools. Some community businesses have found that digitalised services, like counselling and gym membership, had not only been accepted by their communities but also enabled them to grow their offer and reach new customers outside of their geographic area.

Many innovations have been enabled by flexible funders and the readily available, relatively inexpensive or free digital tools. Many digitised services were grant funded and while this means community businesses could maintain services in the short term there may be issues with their longer-term sustainability. Many of the community businesses pride themselves on not being reliant on grant funding but had to significantly change their business model to raise the funds they needed during the pandemic. Without access to grants and flexible funding it would not have been possible for businesses to offer these digitalised services. The next challenge for community business is how to sustain these changes once the grants finish and funders return to their pre-COVID-19 funding models. Previous research shows that too much grant dependence can jeopardise longer-term economic sustainability (Green et al., 2021) and many community businesses are now starting to explore how these new services can be monetised and developed to enable them to continue sustainably post COVID-19.

However, there are still significant areas where digitalised services can be improved and provide better experiences for customers. This will require community businesses to train their staff in the new technologies and share examples of good practice. Many of the services were implemented very quickly in response to the pandemic, with little time to plan and develop them. Most of the learning took place as the services were being delivered. community businesses need time to reflect on the things that they did well and those areas where they need to improve. This has real implications for training members of staff and volunteers creatively. Although there are many examples of good practice with online resources being developed to engage different groups within communities — dance groups, choirs, cookery sessions, live feeds from shows and from farms showing animal husbandry, for example — these are dependent on the skills and expertise of staff. Many smaller community businesses are not familiar with these ways of working and staff have not traditionally used technology to support their communities.

Digitalised services offer community businesses low cost solutions for delivering support and produce positive social outcomes for the community, providing useful tools to grow their businesses, reach new customers, enhance their reputation and financial sustainability post-pandemic. However, community businesses need investment to support them to make the necessary changes — for staff training, access to expertise, growing digital infrastructure and sharing good practice — if they are to maximise the benefits.

'We've come a long way, haven't we, digitally? I think at the beginning it was all "Oh God, what are we going to do? How are we going to function? How are we going to cope?" But it's been OK. It's not ideal in some situations, but it's been OK, and we've managed, and I don't know what we would have done without the advances in technology that we've had. But yeah, I mean, it is what it is, isn't it? So we, all kind of made it work for us.'

Community hub interviewee

Limitations and future work

This was a small study of 24 community businesses across England. It provides some insights into how community businesses were able to use digitalised services during the initial COVID-19 lockdown. However, there were some businesses that were forced to close completely like pubs and leisure centres, and these are not represented in the study. Further research will be needed to explore how other types of community businesses have adapted their business models in response to social distancing.

There is also a need for more research directed at how the users of digitalised services engage with them, exploring what the barriers are and how they can be overcome.

Finally, the digital divide has been highlighted by several community businesses as a barrier to introducing digitalised services. There is a need for more research into what the digital divide means for communities and what policies and support can be implemented to help them bridge it.

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