The facets, antecedents and consequences of coopetition
An entrepreneurial marketing perspective
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Abstract
Purpose – The purpose of this study is to explore the facets, antecedents and consequences of coopetition using three dimensions of entrepreneurial marketing. Coopetition is the interplay between competition and cooperation in which companies seek to collaborate with their rivals with the aim of enhancing performance compared to if they operated independently.

Design/methodology/approach – This paper reports on 38 interviews across 25 firms competing in the New Zealand wine industry. Triangulation procedures were via primary and secondary methods. This data was analysed through a series of techniques to produce credible findings.

Findings – Coopetition is comprised of resource- and capability-sharing activities. These activities are driven by an industry-wide cooperative mind-set; also, firms having access to competitors’ resources and capabilities. Coopetition was found to increase performance in ways that would not be possible if firms did not collaborate with their rivals.

Originality/value – Previous studies have focused on the facets and consequences of coopetition rather than its antecedents. Whilst exploration of these facets was undertaken in this study to reinforce prior research, this paper also investigates the antecedents of coopetition underpinned by the resource-based theory to contribute to the entrepreneurial marketing literature.

Keywords Entrepreneurial marketing, Qualitative research, Resource based view, Organisational performance, Coopetition, New Zealand wine industry

Paper type Research paper

Introduction
The objective of this study (positioned at the marketing/entrepreneurship interface) is to contribute to literature on coopetition and provide an understanding of its facets, antecedents and consequences. Discussion exists in earlier studies concerning the merits of firms competing with an individualistic mind-set and not sharing resources (Bogner and Barr, 2000). However, some businesses might struggle to achieve their management teams’ objectives due to having limited resources and capabilities (Bonel and Rocco, 2007; Crick and Crick, 2015). This is explained by the resource-based theory in which larger organisations typically have more resources and capabilities to outperform smaller competitors (Barney et al., 2011). Whilst small firms can secure competitive advantages via dynamic aspects of their business model, the resource-based view suggests that a firm’s assets are associated with its size (Nason and Wiklund, 2018). This raises the issue of how small businesses might develop their performance with a limited volume of resources and capabilities. This study uses an entrepreneurial marketing perspective and draws upon theory related to the resource-based view to explore “coopetition” as a mechanism for resource-constrained small businesses to improve their performance. Coopetition is defined as “a dynamic and paradoxical relationship which arises when two companies cooperate together in some areas, such as strategic alliances, but simultaneously compete with each
Entrepreneurial marketing is a cross-disciplinary domain that integrates market and entrepreneurially oriented activities and is sometimes referred to as the marketing/entrepreneurship interface (Hills et al., 2008; Morrish et al., 2010). “Market orientation refers to the organisation-wide generation of market intelligence, dissemination of the intelligence across departments and organisation-wide responsiveness to it” (Jaworski and Kohli, 1993, p. 53). Entrepreneurial orientation is the “strategy-making processes that provide organisations with a basis for entrepreneurial decisions and actions” (Rauch et al., 2009, p. 762). There is some debate in the literature surrounding how market orientation and entrepreneurial orientation should be conceptualised and operationalised with different measures having varied theoretical foundations (Kirca et al., 2005; Sundqvist et al., 2012).

Despite such debates, market orientation refers to the implementation of the marketing concept, whereas entrepreneurial orientation is the operationalisation of entrepreneurial processes to help firms achieve their objectives (Baker and Sinkula, 2009). Market orientation and entrepreneurial orientation have been found to have positive and negative relationships with company performance because of the nature of the dyadic relationship in which they occur (Baker and Sinkula, 2009; Bosso et al., 2013; Morgan et al., 2015). However, it is noted that they are more likely to be positive drivers of firm-level performance based on prior literature (Jaworski and Kohli, 1993; Hult et al., 2007; Rauch et al., 2009). Regardless of whether the performance consequences of market and/or entrepreneurial orientation is negative, it is argued that the interplay between market orientation and entrepreneurial orientation forms the marketing/entrepreneurship interface (Bjerke and Hultman, 2002; Morrish et al., 2010).

Entrepreneurial marketing includes the degree to which businesses possess risk-taking, innovative and proactive capabilities used to create value for their customers (Stokes, 2000). The marketing/entrepreneurship interface provides the research domain for this study. It offers a conceptual overlap with coopetition activities; nevertheless, as previously mentioned, the resource-based theory provides the underpinning to this investigation. Bjerke and Hultman (2002, p. 186) argued that:

Resources are needed to create customer value contained in the offering to the market, the value carrier. Resources are either possessed or acquired by cooperation with partners in the value constellation.

This links with the foundations of coopetition in which resources are accessed from partners (namely, rivals) to maximise performance (Bengtsson and Kock, 2014). Entrepreneurial marketing is comprised of four overarching pillars, namely, entrepreneurship, actors, resources and processes; these are used to facilitate company growth through customer value creation (Bjerke and Hultman, 2002).

The perspective has been more formally conceptualised as a seven-component construct comprised of: “proactive orientation, opportunity-driven, customer intensity, innovation-focused, risk management, resource leveraging and value creation” (Morris et al., 2002, pp. 5-8). This study concentrates on the proactive orientation, innovation-focused and resource leveraging dimensions because of their strong linkages with cooperative strategies (Hills et al., 2008). Entrepreneurial marketing has strong linkages with resource-based theory – this allows these areas to be studied simultaneously (Bjerke and Hultman, 2002). These three dimensions of entrepreneurial marketing are linked with coopetition as follows. A proactive orientation allows firms to take bold actions via using competitive strategies (Morrish et al., 2010). In respect of coopetition, owner/managers taking the initiative to
collaborate with their competitors could be categorised as being forward-looking and proactive (Bengtsson and Kock, 2000; Rauch et al., 2009).

The innovation-focused dimension examines firms’ creativity and the generation of new ideas and adopting dynamic competitive strategies (Morris et al., 2002). This relates to the different (and creative) ways companies cooperate with their competitors to obtain assets that would normally be harder to access (Chetty and Wilson, 2003). Resource leveraging involves organisations manipulating resources to increase their performance (Morris et al., 2002). This facet was chosen as coopetition is an activity in which assets are exchanged (and exploited) between rivals to increase performance in a way that benefits the firms involved (Bengtsson and Kock, 2014). Resource leveraging can be viewed in terms of businesses utilising assets to maximise performance (Hills et al., 2008). Resource leveraging includes “using other people’s (or firm’s) resources to accomplish one’s own purpose” (Morris et al., 2002, p. 8). This has similarities with coopetition, i.e. obtaining resources from competitors to drive performance (Bonel and Rocco, 2007). This also integrates with the resource-based theory in terms of assets being used into strategies to drive competitive advantages (Crick and Crick, 2016a).

Prior studies have investigated the facets and consequences of coopetition, but have minimally examined its antecedents (Bengtsson and Kock, 2000; Ritala et al., 2014; Crick and Crick, 2016b). By exploring the facets and consequences of coopetition, existing literature is strengthened with conceptual and empirical insights. This subsequently allows recommendations to be made surrounding how companies can best manage coopetition as a competitive strategy. This enables a better understanding of the specific performance consequences coopetition yields. A major contribution of this paper is to discuss the antecedents of coopetition activities. This is of interest to practitioners because, without understanding the drivers of coopetition, it may be difficult to appreciate the ways in which coopetition might integrate within the other firm-level strategies. From a theoretical point of view, without understanding the antecedents of a construct, it is difficult to conceptualise its dimensions and consequences (Jaworski and Kohli, 1993; Kirca et al., 2005). This yields the following research questions:

\[ RQ1 \] What are the facets of coopetition activities?

\[ RQ2 \] What are the antecedents of coopetition activities?

\[ RQ3 \] What are the consequences of coopetition activities?

This paper is divided into the following sections. The literature review discusses the underpinning theory this paper builds upon to establish the facets, antecedents and consequences of coopetition. These factors are depicted in a conceptual framework that is guided by four research propositions. The methodology describes the data collection and analysis techniques used to evaluate these research propositions. The findings section examines the empirical results with supporting qualitative evidence. The discussion section links the findings with the existing entrepreneurial marketing and resource-based literature. The conclusions section summarises this paper, outlines a set of managerial implications and describes the limitations and avenues for future research arising from this study.

**Literature review**

**Resource-based theory**

The underpinning theory of this paper is the resource-based view of the firm – a strategic management perspective used to examine competitive advantages driven by organisational assets (Peteraf, 2003; Nason and Wiklund, 2018). Whilst the theoretical framework draws
heavily on entrepreneurial marketing and coopetition-oriented literature, it is emphasised that the marketing/entrepreneurship interface is a research domain, not a theory (Stokes, 2000; Morrish et al., 2010). The resource-based view in this investigation is linked with integral dimensions of entrepreneurial marketing to better understand the facets, antecedents and consequences of coopetition. Seminal resource-based theory has evaluated resources (i.e. tangible assets) rather than capabilities (i.e. intangible assets) used to increase organisational performance (Hult et al., 2007; Vorhies et al., 2009; Barney et al., 2011). More recent literature has considered how resources and capabilities are different types of assets that have distinct roles in securing competitive advantages (Crick and Crick, 2016a; Crick et al., 2016).

This paper takes a generic perspective by incorporating the resource-based theory into its conceptual framework as this considers how companies need to manage organisation-wide resources and capabilities to create a competitive advantage (Nason and Wiklund, 2018). The term “generic” in this study refers to an overall (firm-level) application of the resource-based theory to coopetition literature. That said, as the resource-based view is a vast perspective (Hunt and Morgan, 1995; Barney et al., 2011), the use of the marketing/entrepreneurship interface refines the notion into a perspective used to explain the specified dimensions of coopetition activities. Entrepreneurial marketing also generally takes an organisation-wide approach to customer value creation (Bjerke and Hultman, 2002). This is comparable with market and entrepreneurially oriented activities, as they consider factors relating to decisions across companies (Baker and Sinkula, 2009; Boso et al., 2013; Morgan et al., 2015). This involves combining assets from multiple functional areas to create a strong customer value provision (Morrish et al., 2010). It is noted that some studies have explored the role of marketing resources and capabilities in shaping sustainable competitive advantages (Vorhies et al., 2009; Morgan, 2012). More importantly, the resource-based theory has been linked with coopetition in terms of the resources and capabilities being used into collaborative strategies to maximise firm-level performance (Crick and Crick, 2016b). The following section introduces this study’s conceptual framework.

**Conceptual framework**

This study’s conceptual framework (with supporting research propositions) is presented in Figure 1. This model uses the forthcoming literature review to determine the facets, antecedents and consequences of coopetition, and therefore link with each of the research questions. This model outlines that coopetition is comprised of resource- and capability-sharing activities (the first research question), is driven by both an industry-wide cooperative mind-set and having access to competitors’ resources and capabilities (the second research question) which drives organisational performance (the third research question). Company performance in this investigation is kept purposefully vague because of reasons explained in the justification of the final research proposition. As noted above, this draws upon the resource-based view to explain the facets, antecedents and consequences of coopetition.

**Facets of coopetition activities**

Rusko (2011) conceptualised coopetition as the interplay between competition and cooperation whereby companies collaborate with their rivals via the sharing of resources and capabilities. This has been supported in several studies examining coopetition strategies (in various contexts), with a focus on how resources and capabilities can be accessed from competitors (Chetty and Wilson, 2003; Ritala et al., 2014; Crick and Crick, 2016b). Due to its dyadic link between cooperation and competition, coopetition can occur in
three capacities: “cooperation-dominated relationships (when there is more cooperation than competition), equal relationships (when cooperation and competition are equally distributed) and competition-dominated relationships (when there is more competition than cooperation)” (Bengtsson and Kock, 2000, p. 416). The nature of how firms collaborate with their rivals depends on a range of firm-level and environmental contingencies, but the common theme defining coopetition is its resource- and capability-sharing activities (Bonel and Rocco, 2007; Crick, 2015). This is related to resource leveraging as organisations engaging in coopetition need to determine which assets they share with their competitors (and how they are used), the rivals that should have access to their assets and the length of time they can borrow them for (Bjerke and Hultman, 2002; Chetty and Wilson, 2003; Ritala et al., 2014). This also relates to a proactive orientation as engaging in coopetition activities suggests that companies are making forward-thinking decisions by challenging conventional business practices by collaborating with rivals (Stokes, 2000; Bengtsson and Kock, 2014; Morgan et al., 2015). Therefore, this investigation anticipates that:

**P1.** Coopetition is comprised of the interplay between competition and cooperation in the form of resource- and capability-sharing activities.

**Antecedents of coopetition activities**

For coopetition to exist, there needs to be an industry-wide cooperative mind-set (Rusko, 2011; Ritala et al., 2014). This needs to be in the form of an environment that fosters and encourages collaborative behaviours, as well as an assumption (shared by most firms in a market) that coopetition is positively related to performance (Crick, 2015). If organisations are competing for similar customers to their rivals, some businesses might be better equipped to obtain sales than others through their resources and capabilities (Bengtsson and Kock, 2014). This supports the resource-based theory in which some firms can exploit their scale-based advantages to maximise competitive advantages (Hult et al., 2007; Morgan, 2012; Nason and Wiklund, 2018). In regional clusters, some firms might operate in markets that can be effectively served by firms cooperating with their rivals (Semlinger, 2008). Cooperative behaviours challenge the hyper-competitive assumptions of the resource-based view (Peteraf, 2003; Hult et al., 2007).

Some companies (or more specifically management teams) might require access to competitors’ resources and capabilities to survive within their market due to having limited
assets of their own (Bonel and Rocco, 2007). This links with the innovation-focused dimension of entrepreneurial marketing because creativity in managing cooperative relationships to reduce tensions may be required; for example, in terms of fostering networks and the ways they are utilised (Hills et al., 2008; Rauch et al., 2009; Boso et al., 2013). It is this creativity that could provide a context for coopetition to exist whereby companies are prepared to share assets among competitors (Bjerke and Hultman, 2002). This provides an alternative explanation to historical hyper-competitive business literature (Hunt and Morgan, 1995). As such, it is expected that:

P2. Coopetition is driven by an industry-wide cooperative mind-set.

Businesses need to be able to access resources and capabilities from their rivals for coopetition to exist (Bonel and Rocco, 2007; Crick and Crick, 2016b). That is, in regional clusters, competitors are more likely to collaborate with those that are geographically close (Semlinger, 2008). This might differ when competitors are based across different countries (Bengtsson and Kock, 2000). Geographic proximity (including clusters) influences both the degree to which organisations engage in coopetition and which competitors they choose to collaborate with (Hall, 2004; Rusko, 2011). This links with resource leveraging as accessing resources (and capabilities) is the prime element of this dimension – particularly, how resources may need to be borrowed from other parties such as competitors (Morris et al., 2002; Hills et al., 2008). Further, it links with a proactive orientation as companies’ opportunistic desire to engage in coopetition might be influenced by whether they can obtain resources and capabilities from their rivals (Bonel and Rocco, 2007; Rauch et al., 2009). By having access to new resources and capabilities, companies could be provided with scope to consider such forward-looking activities (Bjerke and Hultman, 2002). This leads to the following research proposition:

P3. Coopetition is driven by organisations having access to competitors’ resources and capabilities.

Consequences of coopetition activities

The focus of the resource-based view is securing competitive advantages by exploiting resources and capabilities (Vorhies et al., 2009; Morgan, 2012; Nason and Wiklund, 2018). Whilst there may be other consequences of coopetition, this paper highlights firms’ performance outcomes, given that the overall objective of coopetition is to increase success in ways that would not be possible if such collaborative activities had not been implemented (Bonel and Rocco, 2007; Crick and Crick, 2016b). This supports the view that businesses (and social network) ties can help market and entrepreneurially oriented firms perform better by exploiting knowledge that would otherwise be difficult to obtain (Baker and Sinkula, 2009; Boso et al., 2013). Performance objectives vary across organisations, as some management teams might strive for a sustainable competitive advantage, whilst others might have growth-oriented objectives (Peteraf, 2003; Andersson and Evers, 2015; Crick et al., 2016). The consequences of coopetition support an entrepreneurial marketing perspective because, “for an entrepreneurial firm, alliances open up all possible opportunities” and “increase the flexibility and the ability to deal with dynamic and uncertain markets” (Bjerke and Hultman, 2002, pp. 161-162). This provides new assets (e.g. knowledge) that create opportunities to help firms perform better, but would not be able to do so without coopetition (Crick, 2015).

Not all management teams seek to grow and expand (i.e. lifestyle-oriented firms), but these firms are still likely to need to engage in certain competitive strategies to meet managerial objectives (Crick and Crick, 2015). This might involve coopetition as such
strategies assist firms to survive within their market (Bonel and Rocco, 2007). Growth-oriented firms are more likely to develop their performance through using competitors’ resources into their competitive strategies (Ritala et al., 2014). Newly established firms are often less likely to contemplate obtaining competitive advantages, as they need time to integrate within their market (Hills et al., 2008). Larger (and more established) organisations might be able to combine their own resources and capabilities with the benefits they have gained from coopetition to create greater levels of performance than smaller organisations – that have less of their own resources and capabilities (Crick, 2015). To stress an earlier point, this is a fundamental assumption of the resource-based view and has been applied to several competitive strategies (Hunt and Morgan, 1995; Hult et al., 2007; Barney et al., 2011; Nason and Wiklund, 2018).

By having a long-term, forward-thinking mentality, proactiveness can help companies act opportunistically to shape their performance (Sundqvist et al., 2012). Moreover, proactivity helps companies become aware of the key changes to their business environment to exploit opportunities (Andersson and Evers, 2015; Rauch et al., 2009). Coopetition is related to a proactive orientation as it assists businesses gain skills and/or equipment that they would not normally have access to if they avoided cooperative behaviours (Bogner and Barr, 2000; Rusko, 2011). This also links with resource leveraging because new resources and capabilities gained from coopetition can be used to engage in certain competitive strategies that might not have been considered due to resource constraints (Bonel and Rocco, 2007; Hills et al., 2008). Furthermore, this has connections with the innovation-focused dimension of entrepreneurial marketing, as creativity might be possible with new resources and/or capabilities that equip firms with scope to increase their performance (Bjerke and Hultman, 2002; Hills et al., 2008). That is:

\[ P4. \text{ Coopetition is positively related to organisational performance.} \]

Methodology

Context of the New Zealand wine industry

The New Zealand wine industry was chosen as a suitable context to explore coopetition because of past research indicating how vineyards have faced high degrees of competition and cooperation across regional boundaries (Chetty and Wilson, 2003; Crick and Crick, 2015). The New Zealand wine industry is divided into various clusters with some vineyards offering augmented services such as weddings, winery tours and accommodation to attract diverse consumer groups in comparison to those purely interested in core wine varietals (Hall, 2004). Whilst it is only a relatively small market on a global scale, this industry provides rich insights into coopetition activities (Crick, 2015). Further, other countries’ wine industries have been found, to varying degrees, to be competitive and have implemented entrepreneurial strategies – suggesting how the wine industry as a context is not solely collaborative in nature (Swaminathan, 2001; Jaskiewicz et al., 2015). The following section describes the data collection techniques used in this investigation.

Data collection techniques

To gauge how different organisations have engaged in coopetition strategies, semi-structured interviews were conducted. Companies were sampled from the New Zealand Winegrowers (2015) database. This listed all vineyards/wineries across the country with links to the firms’ contact details. The sampling strategy involved examining the websites of the approximately 700 wineries across the country (as well as other media releases) and initially selecting a purposive sample of 100 companies that were varied in terms of size,
product portfolio and were located across different regions (or wine clusters). Out of these 100 firms, participants at 15 wineries agreed to be interviewed. The remaining companies either declined the interview request or ignored it despite several reminders.

In the companies with multiple departments, more than one interview was conducted – typically with a senior manager (and/or owner) and a cellar door manager to understand how coopetition occurs at the different levels of the firm. That is, each business with its own cellar door was also overtly observed for examples of employees recommending competitors’ products and demonstrating their own forms of coopetition. Observation was restricted to the themes in sync with the research questions and propositions to maintain focus with the study’s objectives (Eisenhardt, 1991). During this stage, notes were taken (at the same time as these employees were being observed) about issues linked to how cellar door managers engaged with their customers. Whilst this was seemingly business-to-consumer marketing, the study observed how cellar door staff members would (or would not) discuss their competitors, e.g. by recommending rivals’ wines.

An additional 10 wineries were recommended as useful examples of vineyards that were active in implementing coopetition strategies, specifically to demonstrate perspectives in respect of who the initial interviewees collaborated with. Due to a positive rapport with the prior interviewees, these wineries granted at least one interview. The final sample equated to 38 interviews across 25 organisations. The interview questions were adapted from the literature on different countries’ wine industries (Swaminathan, 2001; Hall, 2004; Voronov et al., 2013; Crick and Crick, 2015). This often began with an introductory set of demographics on each firm such as the number of employees, export ratios and the number of labels produced, before asking questions used to evaluate the research propositions. The characteristics of the sample are presented in Table I. This primary data were also reinforced with a range of secondary data such as media releases, reports on each firm (where possible) and this added to the trustworthiness of the study. All 25 firms were family-owned, i.e. they were owned/operated by one (or few) families (Jaskiewicz et al., 2015). However, this was not a purposeful characteristic of the sample. The following section describes how these data were analysed.

**Data analysis techniques**

This investigation accumulated a large quantity of primary and secondary data. Hence, it was decided that it would be initially analysed through “progressive focusing”. This involved sifting through the data for key pieces of information that were relevant to the objectives of the study and screening out any data that were not linked to such issues (Sinkovics and Alfoldi, 2012). All interviews were transcribed and manually coded. Whilst qualitative researchers have used electronic data analysis software, manual coding can allow them to have an in-depth perspective and analysis strategy (Rettie et al., 2008). This was undertaken by examining the transcripts (and observational notes) for key themes linked with the research questions and propositions (primary codes) and the several sub-themes which provided different facets of such factors (secondary codes) to add rigour to the study (Eisenhardt, 1991; Jaskiewicz et al., 2015). Data were compared on an iterative basis with the underpinning literature in an abductive manner, as this article was not building or testing a theory, but was using a combination of these two approaches (Sinkovics and Alfoldi, 2012).

The data were further analysed through the constant comparison technique in which the information from the first firm was compared with the second firm’s data, this information would be compared with that from the third firm and continued until the final firm’s data had been collected (Harrison and Reilly, 2011). This helped indicate when a point of
theoretical saturation had been reached. Lastly, this investigation used “bracketing” in which the number of quotes were maximised, as well as drawing upon the “critical incident technique” that involved asking interviewees to provide key events that illustrated a key and/or sub-theme they discussed (Stokes, 2000; Crick, 2015). This was intended to reduce bias in the findings as it presented the data in the way interviewees portrayed them rather than through paraphrasing that might unintentionally be misconstrued (Rettie et al., 2008;
The following section outlines the empirical findings which are ordered based on the study’s research propositions.

Findings

Structure of the empirical data

There were various key and sub-themes identified within the empirical findings. The key themes were the “facets, antecedents and consequences of coopetition activities” (coded respectively as themes 1, 2 and 3). For the facets of coopetition activities, there were three sub-themes: “resource-sharing activities” (coded as a theme 1a), “capability-sharing activities” (coded as theme 1b) and “regional-level coopetition activities” (coded as theme 1c). The antecedents of coopetition activities key theme yielded two sub-themes: an “industry-wide cooperative mind-set” (coded as theme 2a) and “access to competitors’ resources and capabilities” (coded as theme 2b). The consequences of coopetition key theme generated four sub-themes: “market-level survival” (coded as theme 3a), the “cost/benefits of collaborating as a group” (coded as theme 3b), “regional-level performance” (coded as theme 3c) and “competitive advantages” (coded as theme 3d). The following sections outline the number of firms representing each sub-theme and consider why certain wineries were not in these groups.

Resource-sharing activities

Across the sample, 24 out of the 25 firms engaged in some form of coopetition. The one winery that engaged in no coopetition; as perceived by the owner/manager (Firm 9), was geographically dispersed from its rivals. It was a very small vineyard with minimal scope for the owner/manager to spend time away from his operations to cooperate with the firm’s competitors. This interviewee indicated that he had all the assets needed to make a comfortable living (to satisfy his objectives) and showed little desire to gain any form of knowledge or equipment from his competitors. In the other 24 organisations, examples of resource-sharing included instances of owner/managers requiring a piece of machinery that they did not need for the majority of the year and found it much more cost-effective to borrow this resource from their competitors rather than purchase it themselves. This was important for the smaller organisations that needed to conserve their costs. This provided evidence of resource leveraging through companies manipulating their assets via collaborative behaviours. Some examples of theme 1a were:

[...] because you need that [mulcher] once a year [...] why would you spend six thousand dollars? We always hire in a mulcher and currently we’re using the next-door neighbour’s (Firm 1).

[...] if someone gets stuck with a tractor job that needs doing and we can fit it in, we’ll do it. At harvest time, we hire our neighbour’s harvester for picking. I’ll borrow a tank from time to time from someone [a competitor] if I need a certain size that I haven’t got and I’m quite happy to lend stuff out (Firm 13).

[...] if somebody [a competitor] wants to borrow a tractor, they can; if they want advice, we’ll give advice. If we want advice, we’ll go to one of those who shares advice (Firm 14).

I do lend and borrow equipment a bit... especially if someone’s [a competitor] in trouble, like in the middle of harvest and we have no trouble. We had a breakdown in our press last year and we got someone else to press some of our grapes for us and it was just not an issue (Firm 23).
**Capability-sharing activities**

Capability-based coopetition occurred mostly in terms of knowledge and advice competitors could offer their rivals; for example, in times of difficulty. The 24 out of the 25 firms (that indicated theme 1b) used a combination of resource- and capability-sharing activities, as certain forms of coopetition were more appropriate in some situations than others. This linked with innovation-focused capabilities as advice and skills were used to foster creativity and unlock knowledge that would normally take longer to develop. This also applied to a proactive orientation in which capability-sharing assisted firms’ forward-thinking initiatives. Some illustrations of this were:

I would consult name withheld, he’s a wine-maker who has just been in the process of retiring, but he has his own wine-making complex and he’s worked in the industry for more than forty years. Occasionally, when I have something I’m not really sure about with wine-making, I’ll ask him for help (Firm 1).

[... we [competitors] tend to loan each other equipment, advice, that type of thing (Firm 2).

[...] from a technical point-of-view, the wine industry is renowned for working together, so we taste each other’s wines and we discuss technical aspects of wine-making and viticulture (Firm 18).

I have quite a few young wine-making friends and colleagues [competitors] in region withheld that I exchange wines, ideas [and] equipment. I am happy to lend things or borrow things (Firm 22).

**Regional-level coopetition activities**

Although certain coopetition activities were found to assist firms across different clusters (that will be discussed shortly in their own right), the majority were within clusters due to wine sales and tourism-related activities that built the profile of the respective regions. Capability sharing was used on a larger scale in which most wine-makers from a region would conduct a blind tasting of the participating members’ wine in addition to those of an ad hoc nature. The purpose of such regional meetings was to improve the quality of the wine from the cluster and increase its market share. The same 24 out of the 25 firms (as per themes 1a and 1b) added that, if one bottle of wine from a specific wine cluster is purchased, that is deemed as a success for the region and the country. Whilst this directly benefits one company (i.e. the firm that made/sold the wine), it has a great potential of yielding future sales for the region and country. If a consumer did not feel satisfied with this wine, this could create detrimental effects for the region and country. This provided these companies with a proactive orientation in which they could engage in coopetition through taking bold actions with the recently acquired knowledge; for example, at regional-level meetings. This helped their innovation-focused capabilities through being more creative due to newly accessed information. Examples of regional-level activities (theme 1c) coopetition included:

[...] different people [competitors] sit down to discuss them [bottled wine] as a group and exchange their opinion on the wines and so there’s an exchange at the wine-making level. Perhaps not so much with the making of the wines, but certainly at the tasting level (Firm 3).

[...] we [competitors] collaborate in terms of the quality of the wine that we produce because clearly if we had one or two rogue producers in the district who were producing very poor quality wine, it would impact on all of us (Firm 8).
Industry-wide cooperative mind-set

The New Zealand wine industry fostered a cooperative mind-set in which organisations were typically comfortable with sharing resources and capabilities with their competitors. Theme 2a was explicitly indicated by 21 out of the 25 firms and implicitly mentioned by another three firms. This links with innovation-focused capabilities, as the creative mind-set of such companies was used to generate ideas and gain assets that would be considerably more difficult without these cooperative strategies. The four organisations outside of this group had the following rationale for not sharing this cooperative mind-set. Firms 7 and 11 were owned/operated by foreign-born individuals that were somewhat hesitant to engage in much coopetition due to language and cultural differences. The owner/managers still had some collaborative relationships with other vineyards, but were minimally aware of the wine sector’s overall cooperative nature. Firm 9 (as mentioned previously) had all the equipment and knowledge it needed to operate without engaging in any cooperation with competitors and was minimally aware of the industry’s stance on coopetition.

Firm 15’s owner/manager was only somewhat aware of coopetition within the wine industry, as he had not spent enough time at the vineyard to observe or take part in the cooperative mind-set of the sector due to having a full-time job in another region and industry. For the 21 out of the 25 firms that explicitly suggested that an industry-wide cooperative mind-set drives coopetition, various reasons were proposed. These primarily included an assumption that, in rural communities, there is a need to support competitors to not only promote the region (wine and tourism), but also because there may be times where any firm could stumble upon difficulties, and only with a cooperative mind-set, could firms overcome such troubles. This is related to a proactive orientation (via long-term opportunity recognition and exploitation) because such businesses decided to engage in collaborative behaviours to assist rivals with their own ventures in addition to their own respective firm and the overall region. Some quotes supporting this assertion were:

[…] we are a very small community; we really rely on each other to survive (Firm 2).

I’m open to sharing ideas, otherwise you just don’t learn anything if you don’t share. I think with the environment this small you need to (Firm 6).

[…] I’ve let them [competitors] use my old winery to make wine and I know if I need a favour from them, I can ask them. You’ve willingly given, and willingly taken (Firm 8).

I grew up in a rural community and you just help each other out because you know that next time it might be you (Firm 10).

[…] we believe very much in the community and we try and nourish the community, we like people [competitors] to be successful (Firm 14).
Access to competitors’ resources and capabilities
The same 21 out of the 25 firms that explicitly indicated the importance of an industry-wide cooperative mind-set also stressed that it is crucial that resources and capabilities should be accessible from competitors (theme 2b). The four organisations that were not in this group (Firms 7, 9, 11 and 15) suggested similar reasons to why they were not fully aware of the industry’s cooperative mind-set. Further, 17 out of the above-mentioned 25 firms indicated that accessibility of resources and capabilities is linked to geographic proximity. Companies were highly active in regional-level meetings in which ideas and knowledge would be dispersed between competitors within a cluster. Nevertheless, due to New Zealand being a relatively small country and wine producer, there were also instances of inter-regional coopetition. This included resource leveraging because assets were shared on a selected basis due to the logistical factors associated with cooperative behaviours. By taking the initiative to access competitors’ resources and capabilities (especially those that were geographically distant) suggests evidence of a proactive orientation via firms acknowledging that long-term performance might be achieved through cooperative strategies. Some examples of this theme included:

[... if suddenly your tractor’s broken down and you need to get the hay in, you’ll ring your neighbour [a competitor] up and ask if you can borrow the tractor [...] If someone’s got a spare piece of machinery or a spare part of a piece of machinery to help, they will help out (Firm 2).

When we were setting up here, I didn’t have all this machinery, I was borrowing tractors from across the road (Firm 10).

[...] there will be people [competitors] that you work more with, but that’s a reflection of proximity in some cases, friendship in others, and scale can come into it (Firm 13).

[...] if a neighbouring winery had a refrigeration breakdown in the middle of harvest [...] you do what good neighbours do and it’s just like - help in that situation (Firm 21).

Nature of the relationship between coopetition and performance
Coopetition was found to be explicitly related to organisational performance in 22 out of the 25 companies. The three vineyards that did not support this assertion were Firms 7, 9 and 14. The owner/managers of Firms 7 and 9 did not believe that coopetition drives their own business performance because they engaged in a relatively small level of this, but did recognise it may assist the performance of other firms. This altered their perceptions of what strategies (other than coopetition) were linked to their performance; for example, wider aspects of their business models. Firm 14 was owned by a wealthy portfolio entrepreneur; he was minimally concerned about the financial and overall performance of the vineyard as he had ample cash flow from his other prior and existing ventures. This company used coopetition extensively, but was done so out of goodwill and had no clear link with its performance. There were four facets of performance that applied to different firms. These are described in the subsequent sections.

Market-level survival
Coopetition was first found to assist firms in being able to survive in the wine industry in ways they would normally not be able to contemplate (theme 3a). This was indicated by 20 out of the 25 firms. Such performance consequences related to companies’ resource
leveraging capabilities as assets were managed in ways that achieved owner/managers’ objectives linked with being able to compete in the wine sector. Some examples of this were:

[...] to collaborate within the region, you are all lifting your game a little bit and so therefore, that gives you the chance of survival (Firm 2).

We don’t see other New Zealand wineries as competitors really [...] the more we can do collectively to get the “Brand New Zealand” message out there, the better for all of us (Firm 4).

[...] it’s [coopetition] definitely something we need to do to survive, yeah there’s no doubt about that. We wouldn’t have the information or resources without talking to a wider community (Firm 18).

[...] it [coopetition] gives you an opportunity that you wouldn’t get on your own - and try to market your wine (Firm 25).

Cost/benefits of collaborating as a group
The second way in which coopetition was positively linked to organisational performance was through the cost/benefits of rivals collaborating as a group. This issue was raised by 19 out of the 25 firms. A key example was through promotional events such as trade shows. The six firms that did not fully conform to this theme (3b) were relatively larger wineries that had the finance and brand equity to host such events as individual entities. Smaller organisations were less able to run these promotional events on their own and found that, by organising them with their competitors, they could promote their products in ways they would not normally be able to do by reducing costs. This was also beneficial in attracting customers as trade shows offered/sold the wine of multiple vineyards rather than just one. This corresponded to a proactive orientation as interviewees considered that long-term performance was better achieved through cooperating with rivals rather than as individual brands. This also created opportunities that firms could exploit. Whilst such events were organised collectively, the generation of firm-level sales was highly competitive. That is, coopetition, whilst important, only existed to a finite point before regular competitiveness resumed between the companies involved. Resource leveraging was used via these companies’ assets being combined to facilitate events to create customer value, as well as reduce costs. Some illustrations of this theme are outlined as follows:

[...] I would suggest it’s [organising trade shows] more difficult and we certainly lower our costs of marketing by being involved in a group (Firm 3).

[...] it [coopetition] helps with the economics of it. I think without that [joint] marketing too, it might be a lot harder (Firm 15).

Cost/benefits to start with, that’s not the primary reason we’ve done it [coopetition], but it does make a difference (Firm 16).

[...] it’s [coopetition] a really cost effective way to do marketing (Firm 17).

[...] if you’re just in a market by yourself, you won’t get people [customers] along. So, you’re doing better to be there with a group of people [competitors] and bring quite a number of buyers in and have the opportunity to make some sales (Firm 21).
Regional-level performance
The third basis for coopetition positively yielding company performance was through increasing the reputation of a wine region (both core wine and tourism). Coopetition allowed 23 out of the 25 organisations to join forces to varying degrees in attempt to maximise customer satisfaction by increasing the standard of a cluster and minimise any harmful consequences of consumers not being satisfied with the wine of a region. The ways in which this was managed had both creative and forward-looking characteristics – suggesting evidence of both a proactive orientation and innovation-focused capabilities. Some examples of this theme (3c) were:

[...] that sort of thing [coopetition] would be impossible to do by yourself. So, by working collectively, you get a much stronger result (Firm 4).

I'm not going to do that [enter international markets] on my own, nobody around here is going to do that on their own. The only way they're [competitors] going to do it is if they're actually collaborating and working together to build that brand profile (Firm 10).

I certainly think in the long-term, collaboration to improve the overall standard of what people [competitors] are doing, whether that's wine quality, efficiencies, those things are important and the industry is very good at that at a national-level (Firm 13).

[...] if the regional tide is rising, everyone rises with it, so the more we [competitors] collaborate to share insights, to look at things that allow everyone to improve or the opportunity to do that, then it's good for everyone (Firm 13).

Competitive advantages
The fourth basis for coopetition driving performance was through relatively larger organisations being able to develop firm-level competitive advantages (theme 3d). There were six out of the 25 firms that were relatively larger entities in terms of having a higher number of employees and expansive production facilities. Interviewees in six firms perceived that they could combine the benefits of coopetition with their existing resources and capabilities to outperform competitors. The remaining 19 out of 25 firms were smaller and much less able to perform in such ways, and therefore corresponded to the previous three capacities. This was like innovation-focused capabilities and resource leveraging because these relatively larger companies could have the creative thought processes to combine their new-found assets into their strategies to deliver a form of value that smaller rivals could not achieve. This was evidenced through the following instances:

Having got involved [in coopetition], it has been a huge advantage to us commercially through building linkages to be much more in the know, to have access to marketing opportunities, to be able to build relationships with key players [like] key media (Firm 10).

We do it [coopetition] because we perceive we get some competitive advantage because we're drawing more people towards our brands (Firm 21).

[...] it's [coopetition] an advantage because we couldn't access all of the markets that we can access, we just have small marketing power with an individual company (Firm 22).

Discussion
Link to the entrepreneurial marketing perspective
As described in earlier sections of this paper, the marketing/entrepreneurship interface is based upon market and entrepreneurially oriented behaviours (Morris et al., 2002; Morrish et al., 2010). Whilst market and entrepreneurial orientation have not been concentrated on
during this study in comparison to the resource-based perspective that underpinned the research, they have a conceptual overlap with one another (Baker and Sinkula, 2009; Bosso et al., 2013; Morgan et al., 2015). The facets, antecedents and consequences of coopetition activities indicated different forms of a proactive orientation, resource leveraging and innovation-focused capabilities. This supports existing entrepreneurial marketing literature in terms of these dimensions (as well as its other facets) being used in diverse ways depending on a company’s size and managerial objectives (Stokes, 2000; Hills et al., 2008; Morrish et al., 2010). The resource-based theory was used in tandem with the entrepreneurial marketing perspective, as it explains the role of resources and capabilities used in competitive strategies and their impact on business performance (Hunt and Morgan, 1995; Hult et al., 2007; Barney et al., 2011; Nason and Wiklund, 2018). These data supplement prior conceptualisations linking entrepreneurial marketing with the resource-based view to explain the competitiveness of small companies (Hills et al., 2008; Morrish et al., 2010). This theoretical underpinning was helpful in answering the study’s research questions, which are evaluated in the subsequent sections.

What are the facets of coopetition activities?
Concerning research P1 (the first research question), coopetition involved the sharing of resources and capabilities between competitors – supporting past literature (Bengtsson and Kock, 2000; Ritala et al., 2014; Crick and Crick, 2016b). Examples of resource-sharing activities included equipment that was needed for wine production through to more substantial forms of coopetition such as allowing competitors to make wine at rivals’ facilities. This helps supplement prior literature on the wine industry in terms of it being a highly collaborative sector where coopetition is frequently used (Hall, 2004; Crick, 2015). The facets of coopetition activities had similarities with resource leveraging, a proactive orientation and innovation-focused capabilities. Resource leveraging allowed companies to access assets from other parties (i.e. competitors) to maximise performance (Morris et al., 2002). These dimensions of entrepreneurial marketing help owner/managers determine how to use their business strategies to meet their objectives (Stokes, 2000; Morrish et al., 2010). Coopetition activities provide companies with tools to improve performance through newfound resources and capabilities (Bengtsson and Kock, 2000; Rusko, 2011). Thus, this study supports research P1.

What are the antecedents of coopetition activities?
Regarding research P2 and P3 (the second research question), this investigation proposed that coopetition is driven by both an industry-wide cooperative mind-set and the extent to which competitors’ resources and capabilities are accessible. An industry-wide cooperative mind-set provided opportunities for firms to collaborate with their competitors. This supports the assertion that there needs to be an environment that fosters collaborative behaviours for coopetition to exist (Bengtsson and Kock, 2000; Semlinger, 2008; Rusko, 2011). The accessibility of competitors’ resources and capabilities determined the extent to which organisations could engage in coopetition. Many firms could access resources and capabilities from their rivals with a focus on those within a close geographic proximity – helping verify past studies (Chetty and Wilson, 2003; Hall, 2004; Rusko, 2011). This behaviour captured different aspects of resource leveraging, innovation-focused capabilities and a proactive orientation. Therefore, research P2 and P3 are supported.
What are the consequences of coopetition activities?

In terms of research P4 (the third research question), this study concentrated on the performance outcomes of coopetition arising from its focus on the resource-based theory (Vorhies et al., 2009; Barney et al., 2011; Crick and Crick, 2016a; Nason and Wiklund, 2018). Previous literature has suggested that coopetition is positively related to organisational performance, as it is a strategy that allows firms to compete in ways that would normally be difficult (Bonel and Rocco, 2007; Bengtsson and Kock, 2014; Ritala et al., 2014). Performance was found to occur in four capacities: market-level survival, competitive advantages, regional-level performance and through the cost/benefits of collaborating with competitors. This relates to the resource-based theory as some strategies and assets are used to survive within a given market, whilst others secure competitive advantages (Peteraf, 2003; Morgan, 2012; Andersson and Evers, 2015; Crick et al., 2016). Depending on owner/managers’ objectives, the resource leveraging, proactive orientation and innovation-focused dimensions were used differently within firms, a finding which supplements entrepreneurial marketing literature (Stokes, 2000; Bjerke and Hultman, 2002; Morrish et al., 2010). As such, research P4 is supported. The following section concludes this investigation.

Conclusions

Summary

The objective of this study was to examine the facets, antecedents and consequences of coopetition and was underpinned by the resource-based theory. In terms of the facets of coopetition, it is concluded that the interplay between competition and cooperation is comprised of resource and capability-sharing activities and are used across different activities. With the core contribution being to discuss the antecedents of coopetition due to a lack of prior research, it can be concluded that coopetition is driven by an industry-wide cooperative mind-set; also, having accessible resources and capabilities from competitors. It is also concluded that coopetition drives various sorts of performance consequences depending on firms’ size, owner/managers’ objectives plus existing resources and capabilities. The following section outlines this study’s managerial implications.

Managerial implications

If firms compete in an industry where there is a cooperative mind-set and managers have access to competitors’ resources and capabilities, coopetition may help them grow in ways that would be considerably more difficult without such collaborative strategies. For smaller firms, coopetition should be used to learn and operate in new and improved ways. For larger firms, coopetition is recommended to be combined with other high-performing strategies to outperform competitors. The following section discusses the limitations and avenues for future research arising from this paper.

Limitations and avenues of future research

Whilst qualitative research is highly effective in gaining subjective findings on a given topic, it lacks the ability for researchers to develop generalisable results (Rettie et al., 2008; Harrison and Reilly, 2011; Jaskiewicz et al., 2015). Future research may wish to adapt this study’s research propositions into testable hypotheses through large-scale quantitative research to develop generalisable results. The industry chosen in this paper was highly cooperative; this is likely to have influenced the findings. Future research should account for different industries and countries to demonstrate how coopetition varies across contexts. Environmental factors should be considered, as it may be that, in more competitive environments, coopetition has a stronger effect on performance because of organisations
potentially having more opportunities to seek collaborative relationships (Crick, 2015). As competitive intensity is only one aspect of the business environment, other factors might affect coopetition’s effect on performance differently; for example, due to competitor-based environmental turbulence (Jaworski and Kohli, 1993; Vorhies et al., 2009; Sundqvist et al., 2012). Lastly, by only using three dimensions of entrepreneurial marketing, this study did not capture the domain in entirety (Morris et al., 2002; Hills et al., 2008). Whilst these three facets were argued to be most relevant in addressing the research questions, future research should apply the remaining four dimensions to the specified conceptual framework. These limitations and avenues for future studies provide researchers working at the entrepreneurial/marketing interface with ample scope to further explore coopetition.

References


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