



The evolution of co-opetition in the Waipara wine cluster of New Zealand

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Abstract

The co-opetition literature has long focused on the explanatory variables for competitors engaging in cooperative relationships. Yet, there is a gap in understanding the evolution of co-opetition. In this article, we re-visit an embryonic cluster in New Zealand and investigate changes over time. The paper examines a regional wine cluster against a background of industry restructuring, competition and internationalization. The study thus contributes to our understanding of the evolution of a regional wine cluster and its implications for wine business. The originality of the paper is twofold: first, the paper uses the co-opetition approach to provide a better understanding of cooperation and competition in clusters; second, the area of observation is located in a market that literature qualifies (from a European viewpoint) as new world wine. The paper notes the growing importance of global perspectives in business and economic development. A point often neglected in contemporary research, we emphasise that geography and location matters for management and economic research.

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1. Introduction

The wine sector is a very dynamic and highly competitive environment. This is especially so since the 1980s with the appearance of “new world” wines from Argentina, Australia, Chile, New Zealand and the United States, where clusters may be highly developed.

The wine sector includes numerous firms in competition offering inter-organizational perspectives. [Brandenburger and Nalebuff, 1996](#) coined the term co-opetition to describe situations in which firms simultaneously cooperate and compete with competitors. [Lado et al. \(1997\)](#), p. 111, maintained that success

“often requires that firms pursue both competitive cooperative strategies simultaneously,” and they argued that the combination of a high degree of competition and cooperation could permit to benefit from the advantages of both relations. Noting this, [Porter \(1998\)](#) suggested that emerging industry firms faced the dilemma of competitive self-interest or cooperative industry advocacy. [Bengtsson and Kock \(1999\)](#) argued that co-opetition exists when two direct competitors cooperate while remaining in competition.

[Bretherton and Chaston \(2005\)](#) demonstrated how SMEs accessed resources by using alliances. The authors studied 10 New Zealand wineries and found that over-performers had access to adequate resources, which led to their sustainable competitive advantage and superior performance. In other words, cooperating with competitors to access resources (such as knowledge) proved beneficial for SMEs in the wine sector. Among others, [Cefis et al. \(2009\)](#) discussed cooperation among SMEs.

A cluster engages a majority of firms in competition in a dynamic process that evolves over time. Wine clusters, where firms are in competition, explain the success of the new producer countries model ([Spawton and Forbes, 1997](#)), compared with the strong collaborative co-operative model of traditional wine

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countries like France. Porter (1998) demonstrated the existence of competitive and collaborative relationships among cluster members. Institutional changes, with specialization in research and training, have been a major driver of growth in new world countries (Cusmano et al., 2010).

Yet, there is a gap in the literature, with regards to co-opetition within clusters; although research about how clusters grow could be beneficial for companies producing wine, there are few studies about wine clusters (Aylward, 2004; Dana and Winstone, 2008; Porter and Bond, 2004). We are unaware of any research has yet specifically attached to describe the co-opetition and its evolution within a wine cluster.

This paper focuses on the evolution of co-opetition in the Waipara wine cluster, located north of Christchurch. When data was being collected for Dana and Winstone (2008), the region included 79 vineyards, covering more than eight hundred hectares of planting. In <http://www.waiparawine.co.nz>, viewed 5 May, 2013, the region boasted about 80 vineyards and 1200 ha of plantings.

The objective of this paper is to further understand how co-opetitors in a wine cluster interact and how co-opetition evolves. This paper identifies how the Waipara wine cluster has developed since the Dana and Winstone (2008) publication, which leads to a greater understanding of the relationships between embryonic cluster members. The contribution of this study to the co-opetition literature is twofold: (i) the Waipara case study contributes to understanding the evolution of regional clusters in wine business and co-opetition; and (ii) it appears that an aspect of collaboration and collective thought among members may stifle competition, perhaps necessary for the success of co-opetitive strategy.

2. The evolution of co-opetition within clusters

Dagnino and Padula (2002) showed that co-opetition can take on different forms, as these authors summarized in Table 1; possible involvement of firms can vary.

The study of Dagnino and Padula (2002) emphasized the complexity of co-opetition in relationship networks. A multiplicity of firms engage in a co-opetition strategy and the multiple activities on the value chain enhance this complexity.

Co-opetitive relations could involve a large number of partners over time and concern several activities, particularly in clusters. While some studies highlight the positive effects of co-opetition on market performance (Luo et al., 2007), others focus on innovativeness (Quintana-Garcia and Benavides-Velasco, 2004).

Several implications of co-opetitive process are identified by the literature without analyzing the evolution of both cooperative and competitive relations among numerous partners.

There is a temporal dimension to the duality of cooperation and competition (Clarke-Hill et al., 2003). The tension and complexity of co-opetition suggest that firms would do better to focus successively on competition for a period of time and then on cooperation (Gnyawali et al., 2008). Moreover, the co-opetition process could be animated by numerous behaviors and emotions that could change over time (Bengtsson et al., 2010; Loch et al., 2006). Bengtsson et al., (2010) argued that studying the development of the co-opetition process is essential by leading longitudinal studies; according to that study, the dynamic of the entire process without separating both cooperation and competition is not studied enough although it is certainly linked with their simultaneity.

Through co-opetition, clusters can help firms leverage economic advantage from shared access to information and knowledge networks, markets and marketing intelligence, and supplier and distribution chains (Enright and Roberts, 2001). Moreover, Porter (1998), p. 79 specified that clusters comprise both competition and cooperation and they coexist “because they occur on different dimensions and among different players,” and noted that clusters positively affect competition by increasing the productivity of firms involved within. Indeed, co-opetitive relations among numerous partners exist and evolve in clusters. According to Bengtsson and Solvell (2004), the way networks are formed and how they develop over time are an important element in theories concerned with networks. Zhou et al, (2008) argue that stable cooperation among cluster members relies on the high average increasing rate of the market, the high relationship degree, the low homogenization, the large investment amount and the low cost of cooperation.

In line with evidence from other industries (Lasch et al., 2013), we believe that geographical proximity is a factor for performance.

3. The wine industry

3.1. A global wine industry

The wine sector is as an old and traditional industry that since recently faces globalization (Anderson, 2004). Generally speaking, competition in the wine industry escalated with the arrival of new world wines from Argentina, Australia, Chile, New Zealand and the United States. The globalization of the

Table 1
Types of cooperation.

		Number of firms	
		Two	More than two
Number of activities in the value chain	One	Simple dyadic cooperation	Simple network cooperation
	Multiple	Complex dyadic cooperation	Complex network cooperation

Dagnino and Padula, 2002.

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