

THE CHALLENGE OF COOPETITION STRATEGY

TOWARDS A NOVEL MANAGERIAL MINDSET TO GUIDE INTERFIRM DYNAMICS

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The cooperation between Peugeot and Toyota on shared components for a new city car for Europe in 2005 was a cooperation that concurrently entailed competition in downstream distribution markets. In the PC industry the portals traditionally work both competitively and cooperatively with other portals. This relationship structure, depending on different stances, has been considered good or bad. Restaurants also, when they work together, can create a much larger and valuable market that they ever could by working individually. A good example of “restaurant coopetition” is when there is part of a city or town that has a large number of restaurants concentrated in a relatively small area (customarily named “the restaurant district” or “the restaurant quarter”). If you look at this from a traditional business point of view, it looks like this is a bad idea. However, the reality is that all this abundance of places to eat, attracts customers who may just go to the area without any specific restaurant in mind until they arrive and make their decision over there. This is where the competition starts. The restaurants with the best ambience, or the best sounding menu, or the best quality/price or funny enough, with the most people usually bring the most customers... Typical examples of coopetition are, in this regard, food courts, special food events, advertising, and cross-promotion (Riesco, J.L., *New Concept: Co-opetition in the Restaurant Industry*, 2009).

From the simple triplet of instances reported above (automakers, the PC industry, and restaurants), it is straightforward to fathom that, though it is diffused in practice and is recently experiencing a flourish in research and teaching, the concept of coopetition strategy probably needs additional reflection and scrutiny. In this short essay, I suggest that coopetition strategy (or the systematic hunt for competition and cooperation) bears the potential to be a novel managerial mindset to guide interfirm dynamics more properly fitting today’s evolving scenarios. In this regard, some literature is cumulating: the special issues dedicated to relevant theme of coopetition strategy of: *International Studies of Management and*

Organization, 37(2) 2007; *Revue Française de Gestion*, August-September 2007; *Management Research*, 6(3) 2008; *International Journal of Entrepreneurship and Small Business*, 8(1) 2009; and *Industrial and Corporate Change*, forthcoming in 2012, as well as the two recent books: *Coopetition Strategy: Theory Experiments and Cases*, Routledge, 2009 and *Coopetition: Winning Strategies for the XXI Century*, Edward Elgar, 2010).

In particular, the objective of this contribution is to move away from the mere recognition of the overworked and oversimplified conventional conception of sheer competition and sheer cooperation to advance a few step towards a deeper understanding of the nature of coopetition strategy. In such a way, I advocate the advantages of introducing coopetition strategy in management vocabulary and practice. I also contend that coopetition strategy bears the promise to supply some features to shape a new managerial mindset to guide the evolution of interfirm dynamics. By suggesting that coopetition is a matter of “incomplete interest (and goal) congruence” concerning firms’ interdependence, I stress that coopetition implies that cooperation and competition merge together to form a new kind of strategic interdependence between firms, giving rise to a cooperative system of value creation (Dagnino, 2009; Padula and Dagnino, 2007).

Since current research, teaching and practice of coopetition strategy inflate a number of fundamental challenges that are relevant to practising managers, consultants and academics, it seems that time has come to dissect a few significant issues that range from the “minimal cognitive acceptance” of the term coopetition, to the “full recognition of the crucial relationships” between the phenomenon and the conceptual notion, and eventually to the “actual use of coopetition strategies” in the business world.

As I have maintained heretofore, coopetition strategy is an area of research, teaching and practice which is rapidly emerging in management. The number of researchers in the field is hastily increasing and the academic demand for teaching courses on



coopetition has become to be visible (the author of this paper has received a call in this direction from a well-established international business school and has recently developed an MBA course on the topic). Accordingly, the promise that the development of a good number of courses at all academic levels is forthcoming is assuming a more concrete and solid shape.

On the research side, first there is a relatively compact but growing community of researchers, who carry out research on coopetition in Europe (the main centers are: Catania, Italy, Montpellier, France, Umea, Sweden, and Virginia Tech in the US). Second, an increasing number of venues on coopetition strategy have been lately organized (i.e., EIASM Workshops at the University of Catania in September 2004, Milan's SDA Bocconi School of Management in September 2006, Madrid's Carlos III in February 2008, and the University of Montpellier I in June 2010; EURAM Tracks in Stockholm in May 2002 and at HEC-Paris in May 2007; a Professional Development Workshop at the Academy of Management in Chicago, August 2009) and are currently being organized (the Fifth EIASM Workshop at the University of Katowice in Poland in September 2012).

I emphasize that the notion of coopetition strategy is intended neither to lay the groundwork for a new definitive paradigm in strategy and management, nor to say a final word on the subject. In fact, the issue coopetition is intended to supply new (and stimulating) interpretative lenses to read the present world rapidly changing and slipping realities. By the word 'coopetition', we mean the simultaneous existence of cooperation and competition between firms; i.e., a behavior according to which interdependencies lead firms to compete and cooperate at the same time. The structure of coopetition emerges and comes to light from a condition that we may define of partial congruence of interests. While the term coopetition genuinely and initially implies the spontaneous emergence of coopetition behavior, coopetition strategy contributes to conceptualize a hybrid strategy that accommodates in principle both deliberate action and spontaneous or emergent strategic behavior. This is an approach where firms are both carried along by their changing environment and deliberately pursue coopetition behavior to purposefully improve their position, resources, and capabilities. The more firms and managers improve their understanding of coopetition and the open potential of coopeting, the more will they choose deliberately a strategy of coopetition. In this direction, it is quite easy to evoke the old say purported by

the eminent twentieth century French writer Marcel Proust: "The real voyage of discovery consists not in seeking new landscapes, but in having new eyes".

I also call attention on the impact that the concept of coopetition strategy may have (and has already had) on business practice. As I reported earlier, whereas coopetition strategy is a widely recognized phenomenon in the real world, its incorporation in strategy and organization management research and teaching is ongoing. Additional work is needed to add to this valuable endeavor. Despite the fact that coopetition is diffused in practice, it has not been coherently and thoroughly incorporated in strategy investigation. The incorporation of coopetition and the path towards this amalgamation promise to result of relevance to firms for they allow them a better understanding of the actual reality of business and formulating and implementing a fully-fledged strategy of coopetition. Through the process, they could create additional value by means of the so-called "coopetitive system of value creation". Under this framework, the coopetitive paradox may find a solution. In the context of a coopetitive system where the behavior of two or more firm is jointly analyzed, as they are part of a variable-positive-sum game structure, the two quasi-antagonistic behaviors are seen as a part of an intricate strategic context, where both actors play a key role and interact in the context of the same time and space structure. It becomes hence possible to define the emerging coopetition framework as one partial convergence of actors' interests and goals.

“By the word ‘coopetition’, we mean the simultaneous existence of cooperation and competition between firms”

Finally, I wish to conclude this essay with a message of hope and a call towards the progressive confirmation of coopetition by proposing a few intriguing queries that wait for appropriate response in the years to come. Why is coopetition strategically and managerially relevant? What are the determinants of the emergence and development of interfirm coopetition? What types of coopetition can we define? How and why a coopetition strategy can be deliberate? What are the critical issues related to the strategic management of coopetition? Which kind of learning do firms experience under coopetition? What are the most interesting business or industry cases of coopetition strategy? Why is it so?

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