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Coopetition among very small Businesses: The Case of Wine Firms in the South of France

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As noted by Dodd and Anderson (2007), "To conceive the entrepreneur as an atomistic and isolated agent of change is to ignore the milieu that supports, drives, produces and receives the entrepreneurial process (p. 341)." In this paper we look beyond the atomistic and isolated wine-maker and consider hisco-operation with other competitors.

Research has shed light on the inter-firm alliance process between large companies (Kanter, 1994), and later to related challenges (Doz, 1996). Wright and Dana (2003), Dana, Bajramovic and Wright (2005), Dana, Etemad and Wright (2008) focus more on the collaboration between SMEs. The resource based view of the firm suggests that if an organisation is not able to access resources it needs or to develop them by itself, then it enters alliances (Katila, Rosenberger, and Eisenhardt, 2008).

The term "coopetition" (Brandenburger and Nalebuff, 1996) refers to one of four types of inter-firm relationships, the other three being: coexistence, competition, and collaboration (Bengtsson and Kock, 1999). Coopetition is a strategy designed to achieve better performance levels (Brandenburger and Nalebuff, 1996). Coopetition has been linked to financial performance (Le Roy, Marques, and Robert, 2008) and to market share (Meade, Hyman, and Blank, 2009).

Research on coopetitive strategies is largely concerned with high-tech firms (Breznitz, 2009; Gueguen, 2009; Pellegrin-Boucher and Le Roy, 2009; Soekijad and van Wendel de Joode, 2009). Some works enlarge the spectrum of application of coopetitive strategies, by focusing on airlines (Czakon and Dana, 2013; Dana, 2000); brewery, dairy and lining industries (Bengtsson and Kock, 2000); defence industries (Depeyre and Dumez, 2009); football (Le Roy, Marques, and Robert (2008); healthcare services (Barretta, 2008; Peng and Bourne, 2009); insurance (Okura, 2007); manufacturing (Luo, 2007); mining (Tapscott and Williams, 2006); opera (Mariani, 2007, 2009); reindeer herding (Dana and Guieu, 2014); and coopetition within wine clusters (Brown and Butler, 1995; Dana and Winstone, 2008; Dana and Granata, 2013; Dana, Granata, Lasch, and Carnaby, 2013).

In our study, we examine coopetition strategies within the vineyards of the "Grés de Montpellier", an appellation belonging to the AOC (Controlled Designation of Origin) of "Coteaux du Languedoc." It covers vineyards around and in Montpellier, in the south of France. Within the 41 vineyards, we conduct semi-directive interviews to detect the nature of these strategies.

Our first results show that coopetition strategies (voluntarily or involuntarily) exist among the vineyards of our sample. However, most of them are unsuccessful. This failure can be explained by the fact that the size of these wine businesses is very small. Thus, to survive, they need to focus on their own production and marketing and the coopetition strategy is not a priority.

However, there are some successful coopetition strategies in logistics, communication and export activities. To organize successful coopetition strategies, wine firms require a critical size, given that cooperation demands time, human and financial resources. Preliminary findings suggest that coopetition trategies are successful when wine-growers can profit from their own professional and personal networks. In contrast, coopetition strategies in the production process are usually unsuccessful as each vineyard has its own production method. In the next step of our research, we will widen our study sample and analyze the impact of coopetition strategies on the financial performance of these firms.