COOPETITION IN SMALL, FAMILY-OWNED, RURAL NEW ZEALAND VINEYARDS AND THE IMPACT ON STAKEHOLDERS

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Introduction

Earlier research involving coopetition, namely, the interplay between competition and cooperation (Bengtsson and Kock, 2000) suggests sharing of resources and knowledge can assist firms' performance. This study draws on literature involving 'dark-side' practices (Abosag et al, 2016) and takes an adapted 'strategy as practice' approach (Whittington, 2006), to investigate whether differences exist between what owner-managers say and what happens at the cellar door in respect of coopetition practices.

Literature Review

Existing studies suggest that the New Zealand wine industry is both competitive and cooperative, with firms operating within various rural clusters (Dana et al, 2013; Crick, 2018a; Felzensztein et al, 2018). Similarities exist in wine clusters overseas (Felzensztein et al, 2014; Granata et al, 2018). New Zealand vineyards, like those from certain other 'new world' (as opposed to established and 'old world') producing countries, face problems on a competitive world stage where country of origin and brand effects are important (Bruwer and Beller, 2012; Voronov et al, 2013; Brodie and Benson-Rea, 2016). Knowledge sharing and joint promotions as examples of coopetition activities may be important for small vineyards (including family-owned) to enable them to compete internationally (Crick, 2018a; b). Furthermore, those vineyards with augmented portfolios such as cellar doors, restaurants, accommodation etc. may actively look to collaborate to bring tourism to their rural wine cluster such as via wine clubs and tours (Mitchell and Hall, 2001; Charters and Michaux, 2014). However, potential tensions in relationships need managing (Tidstrom, 2014). Moreover, Virtanen and Kock (2016) suggest that the product-markets firms operate in may affect relationships due to the nature of business models employed; for example, some firms are in closer competition than other organizations. Underpinning this study is via the theoretical lens of stakeholder theory (Freeman, 2017).

Research Focus

Firms are often both collaborative and competitive in the wine industry; however, this behavior may manifest itself differently among vineyards employing different business models. The study investigates whether differences exist in the coopetition behavior between vineyards that concentrate on domestic tourism in comparison to those actively internationalizing where domestic sales are less important.

Methodology

This study employs a mixed method approach, using manual coding, and primarily involving 40 interviews across 20 firms. The boundary of this study (Stake, 1995) refers to smaller-sized, family-owned vineyards within New Zealand's wine industry. Semi-structured interviews took place within 20 vineyards to understand owner-managers' and Cellar Door Managers' perspectives towards coopetition in their business models. Furthermore, observations took place at the cellar door of the same 20 vineyards and collection of secondary data sources where possible.

Findings
The study finds that owner-managers recognize the benefits of coopetition to various stakeholders such as their own business, rival vineyards, firms in the supply chain like bottling plants through to customers; also, stakeholders like shops, accommodation providers etc. that are impacted upon. Nevertheless, observational data at the cellar door suggests differences exist as a ‘strategy as practice’ between those vineyards engaged in domestic tourism and those internationally focused, where the latter are far less collaborative and opportunistic behavior is more prevalent.

Recommendations
Implementation of effective recruitment and training procedures is important, and owner-managers should consider offering cellar door employees appropriate incentives to facilitate collaborative behavior and minimize opportunism to benefit stakeholder groups.

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