

Article

Coopetition

Coopetition is a new vision in business; it is a model in which individual actors create a network for cooperation at the same time they compete for maximum value creation.

The term "Coopetition" defines a new vision: **to cooperate in order to better compete**. This is a model in which individual actors create a network that cooperates at the same time it competes, creating the maximum possible value. This view has been considered one of the most innovative and regarded to have remarkable business prospects in recent years.

The concept was created (1996) by Adam Brandenburger and Barry Nalebuff, professor at the Harvard Business School and Yale School of Management respectively. They argued that good company management involves, among other aspects, the capability to combine the ability to compete with the duty to cooperate. According to the authors, success of many businesses depends on the success of others. Thus, companies compete to "hunt" the market value created by all of them, defending their own particular interests while cooperating with others.

The globalization of markets and the economy have created highly competitive environments. Information technologies, especially internet, have changed the business dynamics. The information available is increasingly rich and diverse; connectivity and the time at which information is available are today key elements for companies and, at the same time, differentiation elements for improvement. Competitors may exist anywhere and anytime.

Collaboration between competitors and the fact of having the right information at the right time have become vital elements to compete in a new global market and to ascertain the changes that occur within the business dynamics.

The network of associations in the Spanish hotel industry is both rich and diverse. It has a long history and is certainly an example of how a sector of the economy may self organize. The existence of unions and local and regional partnerships has been the germ of federations and confederations that have reached the status of genuine national employers' organizations. The Spanish Hotels and Tourist Apartments Confederation (CEHAT) and the Spanish Hotelier Federation of (FEHR) are examples of this. EXCELTUR also represents a breakthrough both in terms of guidance for improvement and industry knowledge.

These organizations were created due to the existence of a corporate, "class" spirit, which had, and, in some cases still has, the will to uphold collective interests. This network of associations may be considered as the germ of Coopetition in the tourism industry although its existence is not strictly based upon the Coopetition concept, notwithstanding the fact that such partnerships usually improve the competitiveness of its affiliates.

On the other hand, several new initiatives, born within these organizations, inspired in and consistent with the spirit of the Coopetition, have recently crystallized. These initiatives are driven by two types of strategies: On one hand, those aimed to providing the new entrepreneurial-class with tools for improvement - mainly technological and information and knowledge related; and, secondly, those oriented to improving the marketing of the different sub-groups within the tourism industry. A brilliant example on how such business associations evolve, from their corporate oriented origins towards straighter ways aimed to improve competitiveness and including clear Coopetition components, is the creation of the Institute of Hotel Technology (ITH) in October 2004 by the Spanish Confederation of Hotels servicing over more 8,700 hotels and 140,000 beds.

Some of ITH's objectives are the promotion of technological culture and the drive for innovation in the industry in order to increase the value of tourism and to act as an accelerator by leading technology R&D related to hotel infrastructure, whilst promoting business cooperation. By his own definition, it proposes "simple solutions to important issues" and, so far, benefits from a remarkable track record, having led and implemented various initiatives that have enjoyed great success and featured by their focus upon the real needs of the industry.

From the point of view of initiatives aimed to improve marketing, the most relevant examples come from their own destinations, mainly local or regional, where the need to improve their positioning and competitiveness has led to the development of specific destination management units, comprehending both businesses and governments, that co-manage, co-finance, and become co-responsible of tourism development within their area.

These new dynamics have given way to the creation and promotion of the so-called "**Product Clubs**" that may be defined as the grouping, in terms of Coopetition, of tourism businesses either by product and / or services provided within a single geographical area and within the same subsector. Such clubs the paradigm of the Coopetition concept.

The first product that pioneered in this were the so-called "Convention Bureaus", born in places with a clear positioning within the company market, supply-oriented towards congresses and conventions. The Convention Bureaus also have the particularity of bringing together different sub-companies (travel agencies,



professional congress organizers, hotels, restaurants, meeting halls, conference, simultaneous translation companies, audiovisual rental companies, etc. ..), **all of them cooperating whilst competing** within a single destination that is also competing with other to attract customers. Together they prepare nominations to host congresses, promote themselves at specific exhibition fairs and pool their capabilities to provide the customer with a wide outlook upon the destination capabilities.

Barcelona pioneered in this kind of initiative with the creation and promotion of the **Barcelona Convention Bureau** and, at a macro-level destination, Spain benefits from its own **Spain Convention Bureau**, having a long history of success.

The **Southern California Association of Governments (SCAG)** is an outstanding example of how Coopetition can be implemented and carried out between territories or destinations. It illustrates how narcissistic habits may be overcome and start thinking we will only be able to compete with our possibilities and capabilities. Market circumstances (globalization) require strategic alliances and a broad vision of what is competitive. Also, requires us to give up our strictly local vision and to progress towards those that may add capabilities from territories, destinations and firms waiving to compete with our closest offers.

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