

## How Rival Partners Compete on International Market Based on Cooperation?

### ABSTRACT

Prior studies of cooptation have explained the *what*, *how* and *why* of firms cooperating with competitors. However, few of them studied what happens to competition on global market after the competitors cooperate. This study sheds light on the issue of cooperation-based competition by answering the question: while cooperating with competitors, how do rival partners internationalize based on cooperation? Using the theoretical lens of competitive dynamics, we conducted case studies to analyse the competition between two leading competitors in the Taiwanese bicycle industry. We used in-depth analysis of press coverage combined with informant interviews to examine their internationalization in two competitive settings (*e-bike* and *European market*). This led us to two propositions. First, despite cooperation inevitably facilitating higher resource similarity, rival partners are more likely to deploy their resources to develop situations where the companies do not overlap competitively in a given global market. Second, given high market commonality, rival partners are more likely to avoid head-on competition through product differentiation and dispersed geographical market segmentation. The way they compete is not based on “mutual forbearance in retaliation” but on “mutual trust in cooperation.” The findings also have implications for competing firms in emerging market who would like to internationalize by forming partnership.

### INTRODUCTION

Cooptation has recently become a significant issue in both theory and practice. Cooperation with competitors, also denoted as *coopetition*, has recently attracted academic study (Burgers, Hill, and Kim, 1993; Bengtsson and Kock, 2000; Gnyawali and Park, 2009, Peng, Pike, Yang, and Roos, 2012). Given the paradoxical nature of simultaneous competition and cooperation (Bengtsson and Kock, 2014), to compete with a rival partner is even more complex than to compete with a normal competitor.

Outside the cooptation literature, prior studies on competitive dynamics have offered significant insights of various competitive situations. However, in the context of cooperation with competitors, the behaviours, motives, and interactions between rival firms are much more complex. Few of the prior empirical studies has applied the competitive dynamics perspective to the context of cooperation-based competition on global market. In order to address the theoretical gaps in both cooptation and competitive dynamics literatures, this study re-examines the competitive dynamics under the phenomenon of competition-cooperation dynamics, with the intention of answering the question: While cooperating with competitors, how will rival partners compete on international market based on cooperation?

### THEORETICAL BACKGROUNDS

#### Cooptation

Cooptation can manifest the strategy of *cooperation with competitors* (e.g. Bengtsson and Kock, 2000; Luo, Rindfleisch and Tse, 2007; Ritala and Hurmelinna-Laukkanen, 2009; Gnyawali and Park, 2009; Peng, *et al.*, 2012). A recent review of the cooptation literature carried out by Peng, *et al.* (2012) indicates three streams that have focused on the *antecedents*, *dynamics*, and *outcome* of cooptation. The three streams have examined the *why* (antecedents), *how* (dynamics), and *what* (outcomes) as firms engaged in cooptation strategy. However, little attention has been paid to what is happening to competition on global market after the competitors have collaborated. In the context of cooperation with competitors, competition is an endogenous factor inside the partnership. Once competitors have cooperated, how do the rival partners keep on competing in the post-cooperation period? To date, this question has remained unanswered in the cooptation literatures.

#### Competitive dynamics in cooperation-based competition

The competitive dynamics perspective is a useful theoretical lens to reveal the dynamic nature of competition (Hoskisson, Hitt, Wan, and Yiu, 1999). A series of studies carried out by Ming-Jer Chen and his colleagues (e.g., Chen and MacMillan, 1992; Chen and Miller, 1994; Chen, 1996; Chen, Su, and Tsai, 2007) have yielded significant insights for understanding the dynamics of competitive analysis and inter-firm rivalry. In Chen's (1996) work, competitive interaction consists of a very complex and dynamic process in which actions trigger strings of responses and counter-responses. Competitor analysis is conceptualised as the study of two vital firm-specific factors: market commonality and resource similarity. *Market commonality* is defined as the degree of presence that a competitor manifests in the market overlap with the focal firm; whereas *resource similarity* is defined as the extent to which a given competitor possesses strategic endowments comparable to those of the focal firm (Chen, 1996: 106, 107). The overlap of each factor will influence the awareness and the motivation of the competition.

On the other hand, Chen & Miller (2011: 13) proposed the relational perspective as a business mindset. As they argued, the relational perspective holds that the relationship between competition and cooperation is one of interdependence rather than independence (Chen, 2008). According to their recent research, they differentiated the relational perspective of competition-cooperation dynamics from the conventional view of competitive dynamics. The conventional view has mainly focused on combative competition, which emphasizes on head-on competition, value appropriation, and short-term interaction. However, the relational view focuses more on sustainable relationship, mutually benefits, value creation, indirect competition, and long-term interaction. Thus, a move toward a relational variety of competition-cooperation dynamics requires greater attention (Chen and Miller, 2015).

#### Rival firms compete on international market

Though Johanson and Vahlne (2009) had suggested that firms would internationalize for the reason of sustaining their position in a specific network relationship composed of key business partners, they neglect the influences of competitors who

can play the role of promoters or suppressors for the internationalization process of focal firm. Some scholars had put efforts on exploring the oligopolistic interactions between rival firms (Chen and Miller, 1994; Choi, Tschoegl, and Yu, 1986), nevertheless, it still be an unanswered question on how will rival firms compete on international market while they cooperated.

## METHODOLOGY

### Research setting

A case study approach is useful for examining competition-cooperation dynamics systematically and deeply (Ketchen *et al.*, 2004; Dussauge *et al.*, 2000; Gnyawali and Park, 2009). Given the unexplored and complex nature of cooperation-based competition, we conducted this study by means of in-depth case studies. We selected the “A-Team” as our research setting. The A-Team was jointly led by two competing firms, Giant and Merida. Giant is the largest bicycle assembler and Merida is the second one in Taiwan. Giant invited Merida to form the alliance. They then coordinated the parts suppliers to form the A-Team in 2003, which was originally composed of 13 firms (Lee, 2013: 132). Almost all of the A-Team members have founders or presidents who own their companies. Until 2014, the members of A-Team included two assemblers and 18 parts suppliers. The cooperation between two major competitors is considered a turning point that has changed the fate of the Taiwanese bicycle industry. Together they have created what many believed to be an impossible combination of cooperation with competitors. They not only enhanced members’ capabilities but also created benefits.

### Data collection

This research explores the cooperation-based competition at the dyadic level between rival partners since the identification of the pair of action-response dyads was the most important element when studying competitive interaction (MacMillan *et al.*, 1985). We have taken an “event history approach” emulating the study carried out by Yu and Cannella (2007) and following the method called “structured content analysis” which was commonly adopted by scholars who research on competitive dynamics (Chen & MacMillan, 1992: 550-551; Ferrier *et al.*, 1999; Ferrier, 2001). As recommended by previous research, we gathered data of competitive actions from public sources. To improve clarity, we chose to study two specific competitive settings. This enables us to be more focused and practical in our analysis of the competitive dynamics between the two rival partners. Our two competitive settings are i) launching the *e-bike project* and ii) *competing in European market*. The data collection in these competitive settings is described next.

**Data collection on “e-bike project”.** We investigated various public sources of secondary data, finding that an industrial journal *TBEA Newsletter (Taiwan Bicycle Exporters’ Association)* offered the most complete information of Taiwanese bicycle industry. By reviewing the reported news, we found that the e-bike has been the anchoring new product in Giant and Merida in recent years. Particularly between 2006 and 2011, many events refer to the e-bike project. Following the procedure used by Chen and MacMillan (1992: 551) and Ferrier (2001: 866), we developed a list of keywords related to our competitive setting and then categorize each issue into different action types. Therefore, we comprehensively reviewed the issues that were identified by searching out the keywords such as “e-bike,” “electric (power) system,” “battery (for e-bike),” etc., and 20 issues were identified and further classified into three action types: production action, R&D action, and marketing action.

**Data collection on “European market”.** The European market has an iconic meaning for firms in the bicycle industry. According to the statistics of Taiwan bicycle exports, the European market accounts for 55.97% of all exports by quantity from Taiwan in 2013 (the second largest market, North America, accounts for 19.25%). For Giant and Merida, the European market is absolutely the main and critical battlefield in the global market. The competition interactions on the European market have reflections on their strategic intentions. We collected reported issues from *TBEA Newsletter* and supplemented this with data from *udn.com* (website: <http://udndata.com/>) between 2006 and 2013, by searching out the key words such as “Europe,” “Netherlands,” “Germany,” and “Norway” etc. We found that 29 issues are related to competition in the European market. We categorized the issues into R&D/product actions (14 issues) and marketing actions (15 issues). The R&D/product category includes R&D, launch new bike, and production. The marketing category is composed of channel system and branding. When one issue refers to at least two actions, we code the issue as two action codes.

**In-depth interview.** We also collected primary data by conducting in-depth interviews with key informants from Giant, A-Team, and other third-party institutions that were deeply involved in the A-Team. They have been in their positions for a considerable time and during the key period before and after the A-Team formation, having significant roles in making decisions and taking actions. In addition, we also collected a special issue published by *Cycle Press*, which delineates the evolutionary history of A-Team.

## RESULTS

### Cooperation between competitors

The change of industrial environment fostered the formation of the A-Team. The Taiwanese bicycle manufacturers started as original equipment manufacturing (OEM) suppliers in the late 1970s. To expand production and to lower manufacturing costs, those OEM suppliers began to set up their manufacturing bases in mainland China. However, a fierce competition caused by a proliferation of local Chinese bicycle manufacturers, resulting in a huge drop in Taiwanese bicycle export volumes between 1998 and 2002. Taiwan was no longer the leading bicycle exporting country. In 2002, the two major assemblers, Giant and Merida, called for the strong willingness of cooperation. They, together with some major suppliers, formed the A-Team in 2003. The Giant President, Tony Lo, also the former chairman of A-Team stated:

*“The background to the original purpose of the A-Team and the selection of member firms to begin the project was the terrible difficulties facing Taiwan’s industry at that time: it was reaching the limit of the mass production of mainly low-*

*priced bikes in mainland China and there was market chaos because of worldwide oversupply. We were at a point there was no choice: something has to be done about the situation.” (Cycle Press, 2008: 75)*

**Competition on e-bike project**

China is considered the largest e-bike market in the world since the Chinese government prohibited gasoline-fuel motorcycles in many cities. Giant, Merida and many local makers have devoted themselves to the production of e-bikes. Table 1 shows the dynamic moves on the *e-bike* project between two competing firms.

Giant initiated the first move to establish a manufacturing plant in China in early 2006. An announcement to open specialty stores followed. As reported: *“To serve customers, the specialty stores of Giant display the newest e-bikes with professional and speedy services” (8 May 2006)*. Two months later, *“Giant redesigns the power supply system equipped with dual-battery module. It doubles the efficiency of e-bikes” (11 July 2006)*. These early moves reveal Giant’s high commitment, including its resource configuration in production, R&D, and marketing.

On the other side, Merida kept close steps with Giant’s moves. As reported: *“Merida has already organized a R&D team for the development of e-bikes in Shenzhen” (11 July 2006)*. The next year, Merida also established its manufacturing plant. *“The most critical thing is to establish a manufacturing plant in Shandong for the demands in China market.” (25 March 2007)*.

Both Giant and Merida took the actions in facility investment and plant expansion. Giant took ten actions to strengthen its resource configuration, including co-manufacturing with local firms, co-R&D with foreign firms, and brand building. However, Merida only took six actions in production and R&D investments. Obviously, Giant communicated their aggressive moves but Merida kept a low profile on the e-bike project in China. Taking marketing actions for example, four out of 14 issues demonstrate Giant’s efforts on marketing e-bikes, whereas no issues were disclosed regarding Merida’s marketing action. As reported: *“Merida manufactured the high-class e-bikes actively by having the module developed by BOSCH. The new e-bikes were mainly targeted in European market” (19 September 2011)*.

TABLE 1  
Reported issues on *e-bike* in China market

| Issue date | Giant   | action                                  | Merida   | action                  |
|------------|---|---|--|-------------------------|
| Early-2006 | plant establishment                           | production                              |  |                         |
| 2006.05.08 | opening specialty stores                      | marketing                               |  |                         |
| 2006.07.11 | battery upgrade                               | R&D                                     |  |                         |
| 2006.07.11 |   |   | organizing R&D teams   | R&D                     |
| 2007.03.25 |   |   | investments on facilities, plant expansion, and supply-chain improvement | production              |
| 2007.06.07 | investments on facilities and plant expansion | production                              |  |                         |
| 2007.07.03 |   |   | investments on facilities  | Production              |
| 2007.07.12 |   |   | investments on facilities  | production              |
| 2007.09.27 | plant expansion                               | production                              |  |                         |
| 2007.09.27 | co-manufacturing with local firms             | production                              |  |                         |
| 2007.09.27 | market segmentation                           | marketing                               |  |                         |
| 2007.10.10 | co-R&D with Panasonic & Ford                  | R&D                                     |  |                         |
| 2008.06.14 | battery upgrade                               | R&D                                     |  |                         |
| 2009.06.13 | battery upgrade                               | R&D                                     |  |                         |
| 2010.01.24 | brand-building (MOMENTUM)                     | marketing                               |  |                         |
| 2010.03.20 | brand operation                               | marketing                               |  |                         |
| 2010.04.11 |   |   | battery upgrade  | R&D                     |
| 2010.04.12 | investments on facilities                     | production                              |  |                         |
| 2010.12.27 | plant expansion                               | production                              |  |                         |
| 2011.09.19 |   |   | co-R&D with BOSCH  | R&D                     |
| Total      | 14 issues                                     | production: 6<br>R&D: 4<br>marketing: 4 | 6 issues   | production: 3<br>R&D: 3 |

**Competition in the European market**

Taiwanese bicycle makers have entered into the European market since 1983. Giant set up a branch in the Netherlands in 1986. This was followed by branches in Germany and France in 1987 and 1988. Merida targeted Europe in 1986 in Norway and later in Germany in 1988. Table 2 demonstrates their competitive strategies in the European market, including 19 R&D/product actions and 30 marketing actions.

TABLE 2  
Reported issues in *European market*

| Issue date | Giant   | action*         | Merida | action* |
|------------|---|-----------------|--------|---------|
| 2006.03.13 | Focuses on “increase value”                                   | R&D             |        |         |
| 2006.07.11 | launch new e-bike in Netherlands<br>battery upgrade of e-bike | New bike<br>R&D |        |         |

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|                                    |   |  |   |  |
|------------------------------------|---|--|---|--|
| 2006.07.18                         |   |  | develop more high-level racing bikes  | R&D                                    |
| 2006.09.19                         |   |  | Keep innovation in mountain bike  | R&D                                    |
| 2006.12.05                         | technical upgrade of “XtC SE”   | R&D                                    |   |  |
| 2006.12.14                         | Launch new city bike “City Storm”   | New bike                               |   |  |
| 2007.02.12                         | launch new racing bike “Dura Ace”   | New bike                               | mountain bike “Carbon Mission” reached to € 5000 per unit.<br>expand the production in high-price bikes to invest more R&D in high-price products                         | production R&D                         |
| 2007.08.08                         | Technical upgrade of all-terrain bikes  | R&D                                    | Technical upgrade to launch 6 new styles of all-terrain bikes in Germany, Austria, and Swaziland.<br>The unit price of all-terrain bike lies between NT\$ 70,000~200,000. | R&D<br>New bike                        |
| 2008.05.25                         |   |  | launch 3 styles of new bikes, including the “Ninety Six” mountain bike at unit price of € 9000  | New bike                               |
| 2009.07.13                         |   |  | keep innovation and R&D of high-value bicycle   | R&D                                    |
| 2010.07.02                         |   |  | launch “Reacto” with the unit price around NT\$ 280,000.  | New bike                               |
| 2010.07.21                         | production begins one month earlier   | Production                             |   |  |
| 2011.09.19                         |   |  | cooperated with Bosch to develop e-bike E-Spresso”  | R&D                                    |
| <b>Subtotal in R&amp;D Product</b> | 7 issues  | R&D: 4<br>New bike: 3<br>production: 1 | 8 issues  | R&D: 6<br>New bike: 3<br>production: 1 |
| 2006.07.04                         | launches GRP (Giant Retailing Partner) plan in European market                                | Channel                                |   |  |
| 2006.10.02                         |   |  | two brands, “Merida” and “Specialized” in Europe  | brand                                  |
| 2007.03.05                         |   |  | cooperate with a Spanish dealer   | Channel Dealer                         |
| 2007.05.07                         | The GRP plan has reached to run 160 stores in Europe.   | Channel                                |   |  |
| 2007.06.26                         | brand-owned sales with 70% of the total revenue<br>GRP plan and GSI (Giant Store Inside) plan | Brand<br>Channel                       | “Merida” plus “Specialized” have created 95% of its total sales revenue.  | brand                                  |
| 2007.09.26                         | developing European agents and dealers  | Channel                                |   |  |
| 2008.06.16                         | GRP plan and channel innovation   | Channel                                |   |  |
| 2008.09.09                         | “City Speed” has been awarded a Gold in 2008 <i>IF EUROBIKE</i>                               | Design competition                     |   |  |
| 2009.02.24                         |   |  | Focused on three brands: Merida, Specialized, and Centurion,  | brand                                  |
| 2009.02.27                         |   |  | sponsor Germany racers<br>“2010 new bike global presentation” in Spain  | promotion                              |
| 2009.09.09                         | Giant’s own marketing companies in Europe   | Channel                                |   |  |
| 2009.11.28                         |   |  | subsidiary starts operation in Sweden   | Channel                                |
| 2009.12.2                          | open a sales and exhibition center  | Channel                                |   |  |
| 2010.01.24                         | A global channel with specialty chain stores of “Liv/giant” for ladies bikes.                 | Channel                                |   |  |
| <b>Subtotal in Marketing</b>       | 9 issues  | Channel: 8<br>Branding: 1              | 5 issues  | Channel: 2<br>Branding: 3              |
| <b>Total</b>                       | 16 issues   | R&D/Product: 7<br>Marketing: 9         | 13 issues   | R&D/Product: 8<br>Marketing: 5         |

\*The subtotal and total figures in this column show the number of coded actions.

**Competition in R&D/product.** Table 2 reveals seven and eight R&D/product issues in Giant and Merida respectively. They both emphasized a high-value product strategy by developing high-tech bikes and launching high-priced bikes into the European market. However, they differentiated by launching different types of bikes. In 2006, Giant launched e-bikes in Netherlands by redesigning the battery for professional users. Giant also launched the city-bike. Merida developed high-level racing-bike and

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mountain-bike. In 2007, Giant was excellent at racing-bike whereas Merida was remarkable for the mountain-bike. Although they both launched all-terrain bikes into the market, Merida targeted the markets in Germany, Austria, and Swaziland, avoiding the Netherlands where Giant was the market leader. In 2008, Giant's e-bike and Merida's mountain-bike were excellent and sold at high unit prices. During 2009 and 2010, the high-value product strategy in both companies was strengthened by highlighting the above-average unit price and increasing the price on each new product launch. In 2011, five years after Giant's success in e-bike, Merida cooperated with Bosch to develop a brand new e-bike, "*E-Spresso*".

**Competition in marketing.** Table 2 reveals that two firms' competition in marketing strategy covering the actions in sponsoring racers and teams, channel, and branding.

First, we will look at the *channel* strategy. There are more issues indicating Giant's actions in channel innovation (8 for Giant vs. 2 for Merida). Giant moved channel strategy earlier. The GRP (Giant Retailing Partner) plan, aimed at improving the retailing systems and opening more retailing stores, was launched in 2006 starting with the European market. On the other side, Merida did not take actions regarding store plans, except for one issue regarding Merida's cooperation with a Spanish dealer in 2007 and another issue indicating Merida's JV company in Norway and subsidiary in Sweden in 2009. As the Giant's informant A noted:

*"We've (Giant) got more steps ahead of Merida in channel system. In Europe and the USA, we opened many chain stores but Merida did not. We insist on having our own channel system. Merida may just find a local dealer but does not invest their own stores."*

Second, we review *branding* strategy. Giant focused on a single brand but Merida has multiple brands. In 2006, Merida operated two brand names: "*Merida*" and "*Specialized*". In 2009, Merida added its third brand name, "*Centurion*", which emphasizes a German design style for targeting the high-priced market. As the Giant's informant B mentioned:

*"Giant and Merida have different channel and brand strategies. Giant prefer to have our 100%-owned sales companies because fully-owned strategy is better to control. ... Merida chooses share-equity strategy. ...In their joint equity with Specialized, Merida sells its products under the brand name of Specialized."*

Despite the two rival partners' investment in sponsoring, branding, and channel, we can observe that they compete with distinct action contents in terms of resources and markets. They allocate resources to non-overlapping product lines to show their innovative specialties in different types of bike. They input marketing resources in dispersed geographical markets where they have respectively occupied different market positions in those European countries. As the Giant's informant B indicated:

*"We focus much more on the West-European market such as Netherlands, France, and British, where were considered the early-developed base markets of bicycle industry. In contrast, Merida has better market position in the North-Europe such as Norway and Denmark."*

## DISCUSSION AND PROPOSITIONS

Prior cooperation literatures based on the RBV argue that resource homogeneity implies that two competing firms share more commonality in product development and innovation, which are important collaborative areas (Luo, 2005). Cooperation between competitors with homogeneous resources involves the exchange and sharing of resources among firms engaged at the same stage in the value chain (Gimeno, 2004).

In the case of e-bikes, Giant demonstrated its commitments in China. Despite Merida having similar resources in R&D and production, Merida responded by deploying different resource configurations in down-stream activities. Moreover, the competition in the European market indicate that two competitors have allocated resources into non-overlapping product lines to show their resource configuration in product development and marketing. The results demonstrate that despite cooperation facilitating higher resource similarity and competition in a given common market being inevitable, rival partners wanting to collaborate and compete over a period of time are more likely to allocate resources into the areas where they are able to decrease overlap of resource configuration. Therefore, from a resource perspective, we propose the following proposition 1.

*Proposition 1: Despite cooperation inevitably facilitating higher resource similarity, rival partners are more likely to deploy their resources to develop situations where the companies do not overlap competitively in a given market.*

Secondly, in a cooperation scenario, competition is a *win-win* game (Brandenburger and Nalebuff, 1996; Chen and Miller, 2015). Under the circumstance of high market commonality, initiating an attack and retaliatory response may not be the major concern in the win-win logic. On the contrary, previous cooperation studies have indicated that firms with high market overlap are more likely to cooperate than those with low market overlap (e.g. Luo, 2005; Baum and Korn, 1999). The intensive competition perspective argues that competitors cooperate because they face similar resource constraints and market situations. They have a strong incentive to understand each other so that they can benchmark themselves and prepare for the consequences of competition (Tsai, 2002).

Here, we found that under high market commonality, two rival partners act and react to avoid head-on competition not because of the fear of retaliation and mutual forbearance but because of gaining greater market power and better positions based on the mutual trust in cooperation. For example, Giant has signalled its commitment to e-bikes in China whereas Merida shifted to target in Europe. Moreover, the competition in Europe reveals more evidence that two companies avoid head-on battle and expand their markets respectively. It proved that the relational view proposed by Chen and Miller (2015), which focuses more on sustainable relationship, mutually benefits, value creation, indirect competition, and long-term interaction. Therefore, from a market perspective, we propose the following proposition 2.

*Proposition 2: Given high market commonality, two rival partners are more likely to avoid head-on competition by product differentiation and dispersed geographical market segmentation. The way they compete is not based on the mutual forbearance in retaliation but on the mutual trust in cooperation.*

## CONCLUSION

This study adopts the theoretical lens of competitive dynamics to explore the setting of cooperation with competitors. We have developed the propositions that highlight three theoretical implications for understanding the difference between cooperation-based competition and conventional competition.

Firstly, in the situation of cooperation with competitors, producing higher resource similarity and higher market commonality is inevitable as time goes by. On one hand, cooperation makes the extent of resource similarity even higher since the rival partners have learned and co-evolved with each other through collaboration. On the other hand, high market commonality facilitated cooperation between competitors since they face similar resource constraints and market situation. Thus, the major concern in the competitive dynamics is not the prediction of opponent's retaliation response but is how to compete in a way that makes both cooperation and competition beneficial to both parties in the longer term.

Secondly, the conventional view of competition has mainly focused on head-on competition with a zero-sum logic, whereas the competition-cooperation dynamics focuses more on win-win, sustainable and mutually beneficial interactions among competitors. As we found in this study, since high resource similarity and market commonality are inevitable, both rival partners compete in ways to decrease overlap of resource configuration and to avoid head-on competition in common markets. In conventional competition, the fierce competition between rivals is deterred by *mutual forbearance* in fear of retaliation. However, in cooperation-based competition, rival partners compete based on the *mutual trust* and for mutual benefits. The trust between cooperation-based rivals is especially important. On one hand, trust enables rival partners to share valuable information with each other, on the other hand, trust also protects against the opportunistic actions initiated by one firm, which may harm their sustainable relationship (Kale and Singh, 2009: 51; Kale et al., 2000).

Thirdly, we advocate that based on cooperation, two rival partners should compete in ways that balance between competition and cooperation as stated in the co-competition literatures (e.g., Jorde and Teece, 1989; Peng and Bourne, 2009; Park, Srivastava, and Gnyawali 2014). The interactions between rival partners in this study reflect an Ancient Chinese saying: "*To search for homogeneity in heterogeneity, to search for heterogeneity in homogeneity*", mirroring how they can balance between competition and cooperation. As noted by Luo and Rui (2009: 51), business relationships with rivals requiring an *ambidextrous balance* between both competitive and collaborative conditions. On one side, the stage-by-stage cooperation in A-Team drive rival partners to search for homogeneity in heterogeneity, resulting in stronger resource advantages for both companies. On the other side, the way they compete to decrease overlap of resource configuration and to avoid head-on competition demonstrates their searching for heterogeneity in homogeneity, resulting in their greater market power and better positions.

This study has shed some light on the theoretical issues of cooperation-based competition, but we hope that from a practical perspective, our findings and observations will make managers think about alternative ways of cooperating and competing and the advantages and disadvantages of taking such an approaches.

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