Great minds drink alike – why collaboration persists in mature market niches

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Abstract

This paper focuses on persistence of collaboration in the context of a market niche in a mature market. It is often assumed that after initial market creation, as the niche matures, the importance and prevalence of cooperative activities diminishes. We observe the craft beer industry in Northern Europe, specifically the markets in Denmark, Sweden and Finland, in order to further our understanding of why organizations engage in cooperative activities after the initial market creation phase. We find that apart from collective identities, resource partitioning and market driving play a significant role; we also find that craft beer breweries leverage synergies arising from resource heterogeneity and observe the specific case of heterogeneously distributed know-how. We propose that cooperative activity creates and continuously develops a joint knowledge pool that drives product development, contributes to a better product overall and creates a significant mobility barrier against much larger, established incumbents. We also find evidence of cooperative activity in maintaining identity and established infrastructure, and of collaboration being used as a platform for market entry.

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Glossary

"Big beer" or macro beer – any (global), large-scale brewery, e.g. Anheuser-Busch or the Carlsberg Group.

Capacity – total annual production volume of a selected brewery. Highly dependent on the type of beer brewed, processes such as dry-hopping and barrel aging increase lead time and hence decrease the total output volume.

Craft brewery or microbrewery – used interchangeably to refer to any independently owned small-scale brewery

Contract brewery – breweries that, while typically producing beers to their own recipes and specifications, do not own any brewing equipment of their own, but instead use the (excess) capacity of other breweries

Intro

Mature markets are typically led by large players, whose profits are driven by economies of scale, market power as well as reputational advantages (see for example Carroll 1985, 1997; Carroll and Hannan, 1995; Carroll and Swaminathan, 2000; Markman and Waldron, 2014; Porter, 1979, 1989, 1996; Hannan and Freeman, 1989). Yet, we now regularly see examples of powerful incumbents being challenged by smaller entrants that are better situated to cater to new trends brought on by changing consumer tastes. Even as countless new entrants seek to challenge the market incumbents at any given time, few survive the competition from other challengers and the established players (Markman and Waldron, 2014; Igami, 2011).

While the competitive implications of innovation have been studied extensively (Abernathy and Clark, 1985; Bower and Christensen, Christensen and Rosenbloom, 1995), sometimes new entrants bring little in terms of innovation, partly because of a lack of product or process complexity. Yet recently, we have seen more examples of such challengers contributing to the creation of bona fide market segments or niches within established markets in face of large competitors, in, for example, craft brewing, grass-fed beef, meatless burgers, artisan distilling, alcohol-free distilled 'spirits' (Weber, Heinze and DeSoucey, 2008). These quickly growing market niches eat into the market share of the incumbents, as these small entrants are better prepared to serve customers' developing tastes. The scale and inertia of the incumbents' operations prevent them from mounting an effective response and they fail to keep up with the growth rates of their new competitors.

In established markets, new entrants are generally at a disadvantage in comparison to their senior counterparts due to a number of entry barriers – cost advantages, economies of large-scale production and capital requirements. As markets mature, entry barriers either develop naturally through increased size or prolonged presence in the specific market – such as economies of scale and established brand identities – or are actively sought out by incumbents in the form of preferential access to the best raw materials, favourable locations and exclusive contracts with distribution networks (Carlton, Perloff and van't Veld, 1990; Austin and Rosenbaum, 1990; Porter, 1979, 1989, 1996).Considering these entry barriers, previous research points to ways in which new firms can enter a mature market by defining new market segments. New entrants can target a subset of customers that are underserved; incumbents are broadly targeted and naturally gravitate towards serving a wide array of customers that present mainstream tastes in the middle of the market. This centre, or in some cases, centres, display the largest concentration of potential customers, and are hence targeted by generalist incumbents. In the centre of the market, resources are abundant, and over time, the number of generalists decreases, while their average size increases, leading to increased market concentration (Carroll, 1985; Carroll and Hannan, 1995; Boone, Van Witteloostuijn and Carroll, 2002). As this happens, incumbents often ignore the customer groups that display more distinctive needs (Porter, 1996; Peli and Nooteboom, 1999; Carroll and Swaminathan, 2000). This allows new entrants to carve out and occupy niches; residual gaps between the generalist incumbents that might be inconsequential for incumbents, for whom such niche positions compare unfavourably with ones they already occupy (Porter, 1996).

A market niche requires a collective identity to exist, enabling audiences to distinguish it in the market (Wry, Lounsbury and Glynn, 2011). Identity plays a key role in the legitimation of new market categories (Khaire and Wadhwani, 2010; Weber, Heinze and DeSoucey, 2008) by establishing comparability with similar actors (Porac, Thomas, Wilson, Paton and Kanfer, 1995). This cognitive element of market creation is complemented with a structural one. Previous studies find collaboration central to market formation; the creation of a shared market infrastructure (Van den Ven, 1993) requires resources and efforts that no single entrant is likely to possess (Ozcan and Santos, 2015). Previous research has found that alliance networks contribute directly to start-up performance, as they facilitate access to resources and complementary assets necessary for growth. Start-ups that 'go it alone' tend see their performance suffer due to lack of resources and relationships (Baum, Calabrese and Silverman, 2000). Additionally, literature has studied the importance of alliance portfolios for firm performance and market formation, suggesting that access to more diverse information and capabilities lead to superior performance (Ozcan and Eisenhardt, 2009; Wassmer, 2010; Jiang, Tao and Santoro, 2010; Uzzi, 1997). Similarly, Santos and Eisenhardt (2009), suggest superior performance can be attained through a firm's use of alliances and identity-claiming mechanisms.

Such alliances do not necessarily exclude competition between the involved parties. The research stream of coopetition has studied the apparently conflicting simultaneous competition and cooperation between firms, indicating that coopetitive strategies can yield positive outcomes in the creation of new markets (Chen and Miller, 2012); studies have also found that firms frequently collaborate in establishing categories in emerging market segments (Navis and Glynn, 2010; Weber, Heinze, and DeSoucey, 2008; Wry, Lounsbury, and Glynn, 2011). Extant research also suggests that heterogeneity in resources can encourage such relationships (Bengtsson and Kock, 2000).

While the benefits of collaborative efforts in the creation of new markets is well-established, in contrast, there is little research into why firms continue collaboration well into establishing a significant market niche with a stable (or stabilizing) market share. On the contrary, extant research suggests that collaboration should not last indefinitely (Bengtsson and Kock, 2000; Gnyawali and Park, 2009; Brandenburger and Nalebuff, 1995), but decline over time as collaborative activities offer diminishing returns for the parties involved (Lado et al., 1997): when market categories are set, focus is likely to turn to differentiation within the niche and competition, weakening collective activity.

Yet in some markets, we observe that collaboration seems to persist even as the niche matures, despite theory predicting otherwise; firms occupying niche positions in the market continue collaborating with their peers and continue building alliances with later entrants, even when such entrants target the same niche. In order to study this apparent contradiction, we observe the Nordic craft beer market, which has become a bona fide market segment, yet still continues to exhibit high levels of collaboration. We seek to explore how niche market players evolve their alliances, as the market niche matures. Literature examines possible motivations for persisted cooperation (Mathias, Huyghe, Frid and Galloway, 2018) but focuses on non-economic motivations such as a shared identity. Strategic perspectives, with fundamentally economic incentives, on the reasoning behind such cooperation remain largely unexplored. Similarly, the role of these alliances and their evolution as the market matures are not thoroughly explored in existing literature. Coopetition research (Bengtsson and Kock 2000, 2014; Bouncken, Gast, Kraus and Bogers, 2015) has addressed the simultaneous and apparently paradoxical existence of cooperation and competition (Gnyawali, Madhavan, He and Bengtsson, 2015), suggesting resource heterogeneity as the driving force encouraging firms to engage in such relationships. Extant research does, however, also suggest that cooperation in activities directly related to product and sales – activities close to the buyer – should be less frequent and thus remains inconclusive in explaining highly prevalent, persistent cooperation.

In our research, we explore how niche market players leverage their network alliances to grow their market niche and disrupt powerful market incumbents. More specifically, we conduct a set of interviews with stakeholders within a fast-growing niche of an established market dominated by large incumbents, to explore how alliances are strategically employed to bring the fight to the larger market segment.

Our purpose is to study the persistence of collaboration in a matured market niche. We explore the topic in the context of market dynamics to clarify the role of collaboration in market niche formation, considering both positioning dynamics and a resource-based view of markets displaying both cognitive and structural elements. Furthermore, we adopt a strategic perspective to account for the strategic considerations of networks and alliances in a market niche. Hence, our study outlines a pattern of coopetition strategies within a market niche and explores how the persisted pursuit of coopetition strategies contributes to the development of said market niche.

Theory

In this section, we discuss extant research on two interconnected themes. First, we discuss market dynamics and mechanics that inhibit or enable market entry, building on classic strategy literature on entry barriers (Porter, 1979). This is done to outline the factors that shape the competitive landscape of the observed mature market, and to offer a theoretical background on the creation of new market categories. In line with previous research, we use the terms "market creation" and "niche creation" interchangeably. We also discuss extant knowledge on how actors can shape markets; how powerful singular actors and alliances of firms can aim to define and steer the development of markets. Second, we draw from network and alliance literature, with a discussion on collaboration as a factor for success, particularly in new markets. We conclude the section with a discussion on how these themes tie together and extant research addressing this particular intersection.

Market dynamics

Extant research on sustained competitive advantage has produced a number of well-established, dominant paradigms. Fundamentally, these follow one of two main directions, focusing either on external or internal factors. Porter's seminal 1979 Five Forces framework is an example of the former. Porter's approach defines ways that reduce the threat of new entry in an industry. A key element is the concept of entry barriers: drawing on the classic definition by Bain (1956) – absolute cost advantages, economies of large-scale production and product differentiation, Carlton, Perloff and van't Veld (1990) define entry barriers as anything that discourages entrepreneurs from creating a new firm in market. We adopt this broad definition. For the observed mature market, size-dependent entry barriers, such as absolute cost advantage, product differentiation, supply-side economies of scale and capital requirements – a significant proportion being sunk – play a significant role in discouraging new entry. Incumbents may also gain access to raw materials and distribution channels, with contractually obligated exclusivity that effectively shuts out competition (Porter, 1979, 1989, 1996).

Some later scholars have argued that Porter's model is too static or fails to adequately explain certain dynamics. In its original form, the model builds upon a number of assumptions; first, industries are assumed to consist of unrelated buyers, sellers, substitutes competitors that interact at arm's length – hence, embedded networks, such as described by Uzzi (1997), are not considered. Second, it is assumed that value is created through structural advantage; and third, that uncertainty is sufficiently low in order to accurately predict behaviour (Coyne and Subramaniam, 1996).

Notably, Brandenburger and Nalebuff (1995), relying on game theory, introduced the concepts of substitutors and complementors as the "sixth force". The former refers to alternative actors; ones that customers can purchase products from, or to whom suppliers may sell their resources. The latter, in turn, refers to actors from whom customers can buy complementary products, or to whom suppliers can sell complementary products. The two terms add an element of interdependency, which help explain cooperation in the market to some degree. While the presence of substitutors implies a negative interdependency – essentially, a zero-sum game between provides of the same products or services – the presence of complementors has the opposite effect, implying positive interdependencies, a positive-sum game exploiting the complementarity between firms, encouraging cooperative behaviour. Porter also highlighted complements, among other "factors" that influence the five forces, while arguing that these did not constitute a sixth force. In a revisit of the framework (Porter, 2008), the presence of complements is argued to have the power to raise or lower barriers to entry and affect the threat of substitutes.

Scholars have studied the effects of such competitive landscapes in empirical settings; notably, Hannan and Freeman (1983, 1984, 1988) argue that failure rates rise with increasing organizational density, as competitive forces start taking effect. While some scholars have questioned the extent of the theory's generalizability (Delacroix, Swaminathan and Solt, 1989; Swaminathan and Delacroix, 1991; Carroll and Wade, 1991), a number of studies have supported this thesis in a variety of industries, including semiconductor manufacturers (Hannan and Freeman, 1989), the American brewing industry (Carroll and Swaminathan, 1989) and business interest associations (Aldrich, Staber, Zimmer and Beggs, 1990). Extant research has also suggested that markets with high entry barriers, such as high advertising to sales ratios, have significantly lower entry rates (Austin and Rosenbaum, 1990); empirical support for exit barriers acting as entry barriers (Eaton and Lipsey, 1980) is, however, rather weak (Lieberman, 1987; Rosenbaum and Lamort, 1992). On a more general note, Karakaya and Stahl (1989) tested the importance of different entry barriers to executive's entry decision, concluding cost advantages to be the most important of the market entry barriers, with other studies confirming similar results (Han, Kim and Kim, 2001; Karakaya, 2002).

In contrast, later strategy scholars have also argued that sustained competitive advantage arises from access to strategic resources (Barney, 1991, 2002). This is commonly known as the resource-based view and proposes that the main sources of sustained competitive advantage are internally created resources and capabilities. The paradigm builds upon the assumption that such resources are heterogeneously distributed and not transferable from one firm to the other, at least in the short term. Such resources can be defined in a number of ways, and the resource-based view has several distinct streams of research; the dominant theoretical framework, VRIO – for valuable, rare, imperfectly imitable and organization (Barney and Clark, 2007) – is a result of revisiting the original VRIN criteria, where N stands for not substitutable. The organization aspect is, similarly to the work of Brandenburger and Nalebuff (1995) on the external factors, an additional attribute to the original framework to address the lack of consideration for complementary resources and capabilities. The resource aspect of the framework has received significant criticism (Sanchez, 2008; Shafeey and Trott, 2014), but while empirical support for (static) resources contributing to performance is only moderate at best (Newbert, 2007), current knowledge suggests that capabilities and core competencies are essential in creating competitive advantage. Some scholars argue that these cannot be separated from their context, namely the external market position factors (Porter, 1996), but such capabilities and competencies provide a potential explanation for as to why entry barriers might not necessarily inhibit entry into a seemingly crowded market.

In the case of mature markets, rather than entering the most attractive market segment, dominated by few generalists – and consequently with the highest barriers to entry – new entrants might consider entering a narrow niche of such markets as specialists. Sociology scholars have studied the interorganizational relationships between generalist and specialist organizations and the seemingly conflicting development of a maturing market, dominated by a decreasing number of generalists, and an increasing number of specialists, notably through resource partitioning theory (Carroll 1985; 1997; Carroll and Hannan, 1995; Carroll and Swaminathan, 2000; Markman and Waldron, 2014). Competition among generalists occurs in areas with the highest concentration of potential customers; over time, larger generalist will out-compete smaller ones, and hence the number of generalists decreases. While the failure of smaller generalists frees resources for remaining generalists occupying adjacent market positions, they are rarely successful in covering the entirety of such freed-up market space; this becomes increasingly true in mature markets where the average size of generalists is very large, and hence cover a very broad target market. (Carroll 1985; 1997; Carroll and Hannan, 1995). Fundamentally, theory suggests that increased market concentration increases the viability of specialist organizations – concentration derived from the consolidation of generalists frees up resource space for specialist firms, offering them an opportunity for market entry without the competitive pressure of the resource-abundant centre – or centres – of the market.

Recently, some scholars have also drawn attention how such entries – ones with significant size differences between entrants and incumbents – can be successful because they do not intensify rivalry in the specific market, but rather solidify the incumbents' market positions or target niches that are of no particular significance to the incumbents (Markman and Waldron, 2014). Building on resource partitioning theory and relying on operationalized interpretation of customer tastes, namely customers' purchasing power and a subsequent preference for purchasing products that best match their preference, extant research addresses how specialists in the market occupy narrow niches (Brittain and Freeman 1980, Freeman, Carroll and Hannan 1983, Péli 1997). These residual gaps can be found between generalist organizations, who over time gravitate towards serving the wide array of customer tastes, with the market exhibiting a centre or several centres of mainstream tastes (Péli and Nooteboom, 1999; Carroll and Swaminathan, 2000). This development opens up these gaps for specialists to cater to customer groups displaying more idiosyncratic tastes, and ignored by the generalists; such gaps might simply not be attractive enough for incumbents, who face trade-offs or unfavourable profitability comparisons with existing activities. For new entrants, however, such gaps present opportunities to compete for market share (Porter, 1996). Furthermore, given that the smaller entrants' activities are sufficiently different from the larger incumbents, the formation of strategic groups and niches, protected by mobility barriers, can enable firms to diminish the profit advantages of larger firms, allowing them to defend such niches (Porter, 1979; Bradburd and Ross, 1989).

As specialists occupy adjacent market spaces that partially overlap with the generalists' positions, these become increasingly disadvantageous for generalists to occupy, as the specialists cannot be outcompeted by means of price discrimination (Péli and Nooteboom, 1999). Overall, the emergence of a consumer interest and the rise of more idiosyncratic tastes can create opportunities for specialist producers. Péli and Nooteboom (1999) suggest that a temporal coincidence, with a simultaneous increase in the number of speciality brewers and the number of dimensions consumers use in evaluating and purchasing beer results in an expanded product space. This expanded space, given their geometric model, is beneficial for specialists, easing entry and subsequent survival. In conclusion, both Porter – and related studies – and the resource-based view offer streams of research that help explain incumbent's competitive advantages and how these complicate market entry for later entrants. the emergence of niche markets and market positions. Resource partitioning theory, in particular, provides an explanation as to the apparently conflicting development of a maturing market and the associated decrease in the number of generalists and simultaneous increase in the number of specialists occupying niche positions.

Market shaping, networks and alliances

Scholars have argued that newly established market categories need to achieve legitimization in the market; extant research has explored how establishing a collective identity plays a key role in this process. Weber, Heinze and DeSoucey (2008) argue that producers in emergent niches need to develop positive collective identities, recognizable both internally and externally. While the concept of collective identity suffers from a lack of consensual definition (Snow, 2001; Flesher Fominaya, 2010), in the context of ours research, we adapt a definition of such collective identities as strategically manufactured and managed, fluid and flexible basis for shared perceptions, actions and outputs (Cornelissen, Haslam and Balmer, 2007). These are of particular importance to emerging niches that seek to break with practices and institutions established by incumbents (Lounsbury, Ventresca and Hirsch, 2003; Rao, Monin and Durand, 2003), while also encouraging cooperative efforts to institutionalize the new market category. Most importantly, however, establishing such collective identities serves to enable customers to recognize a market category as distinct in the market (Wry, Lounsbury and Glynn, 2011; Khaire and Wadhwani, 2010; Weber, Heinze and DeSoucey, 2008), thus legitimizing the category by establishing comparability with similar actors (Porac, et al., 1995). Consequently, scholars of this research stream view the process of legitimization and identify formation as the primary process for market emergence (Porac, Thomas and Baden-Fuller, 1989; Kennedy, 2008).

In contrast, other scholars argue that market emergence is primarily driven by the results of interfirm interaction defining the market space, allocating resources and creating new structures to organize activities (Anderson and Tushman, 1990; Jacobides and Winter, 2005); this is commonly referred to as the architectural view of markets. Given these contrasting perspectives, the emergence of new market categories can be argued to display both cognitive and structural elements (Ozcan and Santos, 2015). Given that firms defining new markets might be required to operate on both dimensions (Santos and Eisenhardt, 2009), we adopt this dual interpretation of market creation.

Extant research on the influence of entrepreneurs on market infrastructure has found that individual entrepreneurs are responsible for building such shared infrastructure, but that these emerge through a number of events that co-produce each other over extended periods (Van den Ven, 1993). Following this theoretical perspective, extant research has also examined how powerful actors' disagreement on the new market's architecture can decrease the likelihood of such markets emerging, although the creation of such infrastructure generally requires resources that no single entrant possesses on their own (Ozcan and Santos, 2015). This suggests the importance of (powerful) firms agreeing on such architecture; given the importance of collective identities to emerging niches challenging incumbent institutions, this also suggests a duality of mechanics in establishing niches in a mature market. This particular intersection, however, remains relatively unexplored by extant research.

More recently, Santos and Eisenhardt (2009) have examined entrepreneurial power in shaping organizational boundaries and constructing market niches, suggesting that firms that use identity-claiming mechanisms and alliances are more likely to outperform their peers. This is consistent scholars' acknowledgement of the importance of networks. While how past dealings and embedded ties between firms shape interactions and transactions between individual firms is well-established (Granovetter, 1985, Uzzi, 1997), scholars have also explored the effects of alliance networks on firm performance (Baum et al, 2000). Specifically, high-performing ties of alliances – scholars have identified attributes of such high-performing alliance portfolios (Uzzi, 1997; Rowley, Behrens and Krackhardt, 2000) – have been found to be tied to firm performance (Burrows, 2007; Baum et al, 2000; Uzzi, 1997). This is consistent with cooperative efforts being of great importance as a device for institutionalization of emerging market categories; furthermore, extant research suggests that firms that fail to establish alliances, configure them into an efficient network, and allying with potential rivals early on see significantly lower early performance (Baum et al., 2000).

Alliance activities typically do not bar firms from competing with one another at the same time. Instead, companies in alliances are often engaged in coopetition (Bengtsson and Kock, 2000), simultaneously competing and cooperating with each other. Why companies engage in coopetition is an enduring topic in organisational studies (Chen, 2008), and the coopetition paradox – coopetition inherently being filled with tension – remains unexplained (Bengtsson and Kock, 2014). While cooperation between competitors, often without explicit labelling as coopetition, has largely focused on the dynamic nature of relationships, responding to changes in firms' internal and external environments (Luo, 2007; Bengtsson and Kock, 2014), scholars have taken various approaches in studying the phenomenon, including game theory (Brandenburger and Nalebuff, 1997; Gnyawali and Madhavan, 2008), a resource-based view (Chen, 2008; Quintana-Garcia and Benavides-Velasco, 2004) and a network approach (Powell, Kpout and Smith-Doerr, 1996). Given that the game theory and resource-based view approaches complement each other, and an indication that coopetition should not be limited to a relationship between two firms (Yami and Nemeh, 2014), we do not view these approaches as conflicting.

Extant research indicates that coopetition strategies offer advantages in new market creation, as new markets demand establishment of new networks and network creation is by definition a cooperative outcome (Chen and Miller, 2012). Studies also show that firms frequently engage in collaborative activities to establish categories in emergent market segments (Navis and Glynn, 2010; Weber, Heinze and DeSoucey, 2008; Wry, Lounsbury and Glynn, 2011). Extant research on coopetition has also suggested that heterogeneity in resources can encourage coopetitive relationships; accordingly, companies engaged in coopetitive strategies can acquire knowledge or gain access to each other's unique resources or share the cost of developing new ones (Bengtsson and Kock, 2000, 2014). Resource complementarity has been shown to create greater synergies for acquisitions and alliances

(Harrison, Hitt, Hoskisson and Ireland, 1991, 2001; Hitt, Harrison, Ireland and Best, 1998).

However, research also suggests that cooperation is more likely to occur in activities that are carried out further from buyers, in what can be generalized as partially convergent interests (Padula and Dagnino, 2007), with the opposite being true for competitive elements of such relationships. Cooperation in activities that are directly connected to the product and selling activities, as such, stands in direct contrast to this proposition, as these seemingly bring about a high level of intrusion of competitive issues into the cooperative relationship.

Over time, firms engaged in coopetition strategies must continually reassess their competitive and cooperative activities and their balance in face of market conditions and rival firm strategies (Hannah and Eisenhardt, 2018).While prior research predicts alliances to be of great importance early on in the development of a market, research also suggests cooperation is likely to offer fewer economic benefits to involved parties as a market niche matures (Gnyawali and Park, 2009; Lado et al., 1997), hence reducing the need or willingness to cooperate over time, as coopetition takes an increasingly competitive form (Bengtsson and Kock, 2000; Gnyawali and Park, 2009; Brandenburger and Nalebuff, 1996).

Extant research has investigated possible motivations for persisted cooperation. Mathias et al. (2018) argue for the importance of a collective identity opposed to “big beer”, collective norms suggesting that helping other similar firms in the market benefits everyone, and a “paying it forward” mentality. Their analysis, solely focused on an identity perspective, however, ignores economic motivations – strategic perspectives – relying on either game theory, a resource-based view, a network perspective, or a combination of these – remain largely unexplored.

In considering interfirm relationships, most research streams agree on their importance to firm performance, particularly in the formation and shaping of emerging niches, as single firms are, on the one hand, unlikely to possess the resources required to create the needed infrastructure, and on the other hand, unlikely to legitimize the new market on their own, as such legitimization requires the establishment of a collective identity. The stream of coopetition research provides an explanation as to why competitors choose to collaborate, but also suggests that cooperation is likely to diminish as the market niche matures. Why interorganizational cooperation sometimes persists in niche markets, even beyond the early, formation stage, is not sufficiently explained by extant research.

Conclusion

We conclude the section with a discussion on how the themes – that of market dynamics on the one hand, and alliances on the other hand – tie together and can be viewed as fundamentally interlinked.

We acknowledge how incumbents aim to create sustained competitive advantage and raise barriers to entry – anything that discourages new entrants from entering the market (Carlton, Perloff and van’t Veld, 1990). Such entry barriers can take on a number of forms, such absolute cost advantages, economies of large-scale production, product differentiation and access to raw materials and distribution channels (Porter, 1979, 1989, 1996). We complement the positioning view, primarily the forces model, with the resource-based view, suggesting that capabilities and core competencies – resources that would-be entrants bring to the market – are a notable source in creating competitive advantage, and hence securing such capabilities and competencies creates additional barriers to entry. Overall, such barriers leave late entrants to mature markets in a disadvantageous position.

Certain emerging research streams have, however, found that small entrants can be successful in entering mature markets with significantly larger incumbents because they do not intensify rivalry in the specific market, but rather solidify the incumbents' market positions or target niches that are relatively insignificant to incumbents (Markman and Waldron, 2014). Such niches can be found in the residual gaps between generalist organizations, who over time gravitate towards serving a wide array of customer tastes; subsequently, customer groups displaying more idiosyncratic tastes are increasingly ignored.

For new entrants, such gaps present opportunities to compete for market share (Porter, 1996). This results in a seemingly conflicting development of maturing markets with increasing concentration and a simultaneously increasing number of specialists. Extant research, notably resource partitioning theory, has found that a decreasing number of generalists are rarely successful in covering the entirety of market space freed up by the failure of smaller generalists (Carroll 1985, 1997; Carroll and Hannan, 1995). This is consistent with Markman and Waldron (2014), suggesting that increased market concentration increases the viability of specialists, as the freed up resource space offers opportunities to target niches that don't face the competitive pressures of the resource-abundant centres of the market, as such niches might be unattractive to incumbents, who face trade-offs or unfavourable profitability comparisons with existing activities.

Extant research has also studied the importance of collaboration in establishing new markets; we adopt a dual interpretation of market shaping, considering both cognitive and structural elements. The former covers how new market categories need to achieve legitimacy; we adopt an identity-based view, where extant research has identified collective identities as a key component in legitimizing new markets by making such market categories recognizable as distinct (Weber at al, 2008; Wry et al., 2011; Khaire and Wadhwani, 2010). The latter, on the other hand, encompasses the architectural view of markets, and the role that interfirm interaction takes in defining the market space, allocating resources and creating new infrastructure (Anderson and Tushman, 1990; Jacobides and Winter, 2005; Santos and Eisenhardt, 2009; Ozcan and Santos, 2015). Furthermore, we draw on coopetition literature in order to provide a theoretical background for the simultaneous competition and cooperation between firms. Extant research has suggested that heterogeneity in resources can encourage coopetitive relationships (Bengsson and Kock, 2000, 2014), and found that firms frequently engage in collaborative activities to establish categories in new market segments (Weber et al., 2008; Navis and Glynn, 2010; Wry et al., 2011).

We also note that Carroll and Swaminathan (2000) argue for resource partitioning based on identity. Establishing collective identities is of great importance for emerging niches; this suggests the importance of such identity-based resource partitioning in mature markets. As extant research suggests that increased density would imply increased legitimacy (Carroll and Hannan, 2000), firms sharing a collective identity, occupying a niche market in an otherwise highly concentrated market dominated by incumbents of relatively similar identity, should be able to find considerable gaps between incumbent generalists, and achieve increased legitimacy as the density of firms sharing such a collective identity increase.

While extant research has established the importance of collaborative efforts in establishing new markets, research also suggests that the level of collaborative activities should decline over time as such activities offer fewer economic benefits to the parties involved as the niche matures (Bengtsson and Kock, 2000, 2014; Gnyawali and Park, 2009; Brandenburger and Nalebuff, 1996; Lado et al., 1997). Extant research has not, to the best of our knowledge, addressed the phenomenon of interorganizational collaboration that persists in niche markets beyond the (early) market creation stages. Consequently, we lack sufficient understanding of the factors and conditions that produce such enduring collaborative activities.

We argue that study of such perspectives can improve the understanding of niche market categories in particular. Furthermore, we argue that an increased understanding of the role of collaborations beyond collective identities and norms can help bridge the gap between individual and collective strategies in the long term.

Method

Considering the limited theoretical explanation of collaboration persisting in matured market niches, we conducted an inductive, multiple-case study (Eisenhardt, 1989). We have chosen to use multiple cases as this approach yields comparable data and each case tests the inferences made from the others (Yin, 2017), allowing us to capture the rich, real-world context in which collaboration strategy decisions are taken in. This process is expected to yield more robust and generalisable theory than a single case (Eisenhardt, 1991; Yin, 1994).

Research setting

We chose the craft beer market niche of the Nordic brewing industry to be the setting of our study. While prior research on alliances has studied a number of industries, including biotech (Baum and Calabrese, 2000) and entrepreneurs (Santos and Eisenhardt, 2009), the emerging craft beer industry has been used as a setting for a number of studies during the last three decades (see for example Carroll and Swaminathan, 1989; Swaminathan, 1998; Mathias et al. 2018). This is a market niche within the beer market that has emerged and established in Northern Europe within the last 15 years, introducing new distinct product categories, distribution channels and a new type of customer, the beer enthusiast, often referred to as "beer geeks". Yet, even as the market niche has matured and continues to grow, we still observe a high level of collaborative activity within it. Thus, this choice enables the exploration of alliance formation and evolution in a setting where a high level of collaboration can be observed, even though niche maturation would suggest increased focus on differentiation and direct competition.

Readily observable examples of this collaboration can be seen by the high number of weekly craft brewing events in the Nordic cities as well as joint product releases and cross promotion on brewers' social media. This collaborative behaviour appears to have remained unchanged ever since the craft brewing movement started picking up pace in the Nordics circa 10 years ago, even as the number of craft breweries has exploded, with the number of microbreweries in Sweden growing from 15 to 369 between 2008-2018, even as the total volume of beer consumed has decreased by 5 per cent over the same period (Brewers of Europe, 2019). In spite of these challenging market conditions, the craft beer market niche has been growing and has surpassed 10 per cent of the total Swedish beer market by volume. Similar trends can be observed in neighbouring regions.

Moreover, these numerous market players continuously release new products (microbreweries release between from tens to hundreds of new products every year), which in turn has made craft beer consumers constantly seek new products and innovations. This adds further pressure on craft breweries, considering their small size and capitalisation. The growth rate of the craft beer market niche is not enough to explain the high level of cooperation illustrated in media reports, online forums and press releases, in the face of evolving competitive pressures.

Data collection

Multiple data sources were drawn upon to provide a thorough view on alliance strategies in the craft beer market. As our main source of insight, we conducted interviews with those involved in the craft brew industry in Sweden, Denmark and Finland. Announcements and discussions of collaborations in online media by the entities represented by interviewees were used as a supplementary data source for discovering cooperative activities and framing interview questions. Lastly, we attended craft beer events to observe how informal interaction in the industry took place. This combination of data collection methods is chosen to allow triangulation, providing a stronger substantiation of constructs (Eisenhardt, 1989). In deciding on which craft breweries to include in our study, we chose to select craft breweries that were observably different from each other, in their product portfolios, size, age and geographical location (and, by extension, are part of different social networks). Given the limited number of cases that are possible to be studied within the scope of this research, the goal of our sampling was to choose diverse cases within the craft beer market niche to enhance the generalizability of the theory brought forward in our study (Eisenhardt, 1989). In total, 11 craft breweries and 1 craft beer distributor were investigated in the study, see participant information in Table 1. A craft beer distributor was included in the list of interviewees, as during the data collection process, we learned that distributors might play a significant role in prearranging collaborations.

Participant	Location	Interviewee	Start of operations	Approximate annual output (litres/year)	Additional information used
A) Craft Brewery in Stockholm Area	Stockholm Area, Sweden	CEO and Co-founder	2014	200 000	Facebook feed: information about brewery open door day, product releases; observations from participation in brewery open door day.
B) Craft Brewery in Copenhagen Area	Copenhagen Area, Denmark	Co-founder	2015	175 000	Facebook feed: information about collabs, product releases.
C) Craft Brewery in Copenhagen Area	Copenhagen Area, Denmark	General Manager	2015	175 000	Facebook feed: information about collabs, product releases; observations from tap room visit.
D) Craft Brewery and Tap Room Operator in Copenhagen Area	Copenhagen Area, Denmark	CEO and Co-founder	2007	600 000	Facebook feed: information about events, collaborations, product releases.
E) Craft Brewery in Malmo Area	Malmo Area, Sweden	Co-founder	2012	200 000	Facebook feed: information about events, collaborations, product releases.
F) Craft Brewery, Tap Room and Restaurant Operator in Copenhagen Area	Copenhagen Area, Denmark	Head of Operations	2010	n/a	Facebook feed: information about collabs, product releases; observations from tap room and restaurant visit.
G) Craft Beer Distributor in Sweden	Sweden	Partner	2007	n/a	Website: information on breweries represented, events organised.
H) Craft Brewery in Helsinki Area	Helsinki Area, Finland	Sales manager	2016	180 000	Facebook feed: information about events, collaborations, product releases.
I) Craft Brewery in Gothenburg Area	Gothenburg Area, Sweden	Co-founder	2012	n/a	Facebook feed: information about events, collaborations, product releases.
J) Craft Brewery in Gothenburg Area	Gothenburg Area, Sweden	Co-founder	2005	2 000 000	Facebook feed: information about events, collaborations, product releases.
K) Craft Brewery in Gothenburg Area	Gothenburg Area, Sweden	Co-founder	2013	n/a	Facebook feed: information about events, collaborations, product releases.
L) Craft Brewery and Tap Room Operator in Stockholm Area	Stockholm Area, Sweden	Partner	2010	200 000	Facebook feed: information about events, collaborations, product releases.

Table 1: participant information.

Semi structured interviews

We conducted 12 separate interviews with individuals involved in the craft beer industry in a one-on-one setting representing market players from Sweden, Denmark and Finland. The interviews were semi-structured and primarily featured co-founders of microbreweries, other market participants (distributors, restaurants) were also approached to provide a more holistic picture. We identified prospective interviewees via personal networks, networking at craft beer events and social media. Interviews were approximately 1 hour in length each and focused on exploring how breweries took part in cooperative activities, the strategic motivations of these decisions and how these alliances had evolved with the growth of the number of in the craft beer market niche. We applied an iterative approach, with later interview questions expanded based on earlier findings to pinpoint specific properties of collaborations.

Online data sources

We looked up the press releases and social media feeds of craft breweries, the representatives which we approached for interviews, for evidence of collaborative activities. We then used this information to ask probing questions on specific collaborative activities in the one-on-one interviews. Additionally, publicly available previous interviews on the topic of collaboration within the craft beer industry were used as a complementary data source. Additional information sources are included in Table 1.

Non-participant observation

We attended 11 events featuring a total of 49 craft brewers during our study. These included 1 open door day at a brewery, 8 tap take overs, a form of collaboration where a craft brewery 'takes over' another brewery's tap room, a craft beer festival in Stockholm which brought together 24 craft breweries from all of Sweden 1 from Norway and a craft beer festival in Turku, Finland, which featured 15 craft breweries. This provided us with the opportunity to interact with the craft brewing community in an informal setting as well as observe how craft breweries interacted with each other. This provided a richer context to our study in addition to one-to-one interviews, as we could observe cooperative behaviours in a natural setting and use these insights to frame interview questions.

Findings

The craft beer market niche in the Nordics

The craft brewing market appears to be in a challenging position. It occupies the niche of the beer market, a market with massive incumbents whose hourly brewing capacities exceed most craft breweries' annual outputs. Worse, these incumbents have been in the market for hundreds of years and have thus shaped the expectations of what beer is, their brand names have long been synonymous with beer. Their pursuit of scale and efficiency have shaped distribution networks and consumer tastes and it shows: 90 per cent of the beer produced in the world is pilsner and is of low cost and ubiquitous taste.

Incumbent beer producers have developed close relationships with bar and restaurant businesses by installing their own tap systems and helping these businesses secure access to financing from banks. This generosity comes with a caveat, limiting the amount of other producers' beer the bars and restaurants can offer. For most bar and restaurants owners, the decision between financing access and offering a wider variety of beer is a no brainer. Some of these incumbents have gone even further and developed tap systems that only work with their beer. Apart from guaranteeing sales of their own product, these activities have also helped to commoditize beer in the eyes of the consumer: beer is a low priced, cold, hop-liquid that's enjoyed casually and there is normally a choice of dark, light, 0.3 litres or 0.5 litres.

Between the significant market power of the incumbents, the commoditization and, by extension, the low margins on the product, the beer market does not appear to be particularly attractive for new entrants. Yet, the last decade has seen an explosion in the number of craft breweries in the Nordics and these have claimed a respectable, growing market niche within the overall stagnant beer market.

The craft beer market scene in the Nordics can trace its origins back to early 2000s, when aspiring entrepreneurs and home brewers saw an opportunity to make something distinct in the beer market. These early brewers collaborated extensively, sharing resources and know-how to producer higher quality products of growing volumes. Essentially, these were amateurs trying to figure out how to produce beer in a way different to what was already available on the shelves. In fact, in both Denmark and Sweden, the oldest generation of breweries started off under the same roof. As the craft beer niche has developed, resources and know-how have become easily available to everyone, yet the market participants continue to participate in collaborative projects extensively.

The craft beer movement has not gone unnoticed by the incumbent firms. Our interviewees pointed out that initially the large beer producers paid no mind to these small entrants, that has changed with the rapid growth of the market niche. The large beer producers have retaliated by launching more premium products positioned as alternatives to independent craft beer, quietly acquiring existing craft breweries and intensified competition in the on-trade segment (sales in restaurants, bars).

Type of collaborative activity	Prevalence	Reasoning of participation	Development as niche has matured
Product co-development with other craft brewery	High: all firms in sample involved	1. Allows craft breweries to develop know-how and draw inspiration from each other's operations. As beer production is a loosely defined process, there is enormous variation of ingredients, equipment, techniques and recipes. 2. Collaborations generate consumer interest for the product in the consumer bases of all participating partners. The process also disseminates stories and contributes to the communication with consumers. The result is a higher customer exposure and reach for both breweries. 3. Collaborations can serve to ease access and develop a presence in export markets via association with a locally recognised brand.	This type of collaboration is viewed as an essential part of being a craft brewery. Although the individual knowledge bases of breweries have expanded over time and thus breweries have fewer gaps in their know how, exchange of ideas is still seen as important as it contributes to inspiration and product development.More consideration is made when it comes to international collaborations, as they are increasingly used as tools to develop export markets.
Product co-development with other independent business (observed examples include restaurants, coffee roasters, distilleries and salt producers)	High: all firms in sample involved	1. It allows craft breweries to draw inspiration and gain knowledge about specific ingredients and processes, not yet explored in a beer making context (artisanal salt, coffee, fermented fruit), contributing to product innovation. 2. These collaborations expose the craft brewery to other enthusiast consumer groups and generate interest in craft beer. Furthermore, they contribute to positive brand associations.	In order to keep up the high rate of product development, breweries are increasingly seeking inspiration through collaborations with non-beer producers.
Participation in craft beer community events (festivals, tap take overs)	High: all firms in sample involved	1. Participation in these events builds personal relationships among various craft breweries. A personal connection is necessary to initiate collaboration.2. Participation in such events allows for close interaction with loyal customers, allowing to disseminate stories as well as gather customer feedback.	No change.
Sharing of production inputs (hops, barrels, berries)	Medium: majority of firms in sample involved	1. Unique resources (specific hops, whiskey barrels, locally sourced berries) are frequently sought and accessed via relationships within the craft beer community. 2. Access to unique resources contributes to product development and enables ever new product releases.	No change.
Sharing of production infrastructure (brewing equipment)	Medium: majority of firms in sample involved	1. Collaborations allow craft breweries to use other brewery's facilities to make beer styles which their own facilities are not equipped for. 2. Lowered infrastructure costs for all involved. 3. A number of craft breweries start out without own infrastructure and only produce products at other brewery's facilities, allowing them to rapidly develop products that utilise different recipes and production processes.	As the size of craft breweries has increased, more individual breweries own their own equipment, so equipment access is less of a concern. On the other hand, one brewery is working to develop a production facility that caters as a hub to many producers.
Sharing of distribution infrastructure (warehousing, sales channels)	Emerging: few examples of such collaborations observed, but majority are considering it	1. Cooperating on warehousing and distribution is perceived to be a way to challenge macro beer producers in the on-trade segment. There is growing consensus that increased effort must be made to compete in the on-trade segment to ensure continued niche market growth.	This is an emerging theme at the moment of writing; it is too early to predict any outcomes, breweries are considering such activities in order to ensure competitiveness in macro brewer dominated channels, such as the on-trade market. Logistical challenges and discussions of how the costs and benefits should be shared equitably need to be resolved.

Table 2: Summary of findings.

The continued pursuit of coopetition

As the market niche has grown, craft brewers have faced increasing pressures from the market incumbents protecting their market share. Not only that, but the explosion of craft beer market entrants in the mid-2010s has further emphasised how few taps and store shelves there are available for craft beer. Yet, even under such competitive pressures, collaboration has persisted as the craft beer market niche has matured.

The collected data from the microbrewery market in the Nordics suggest that industry participants in the mature market niche leverage collaboration to proactively shape the market and generate competitive advantages that allow the market niche to expand into markets historically served by incumbents. Beer drinkers are realising that beer can offer tastes and experiences way beyond of what have become used to expect from beer. More bars, restaurants and cafés are actively looking to have a distinct beer offering to suit their produce and venues specifically.

The craft beer niche players operate in an environment where none of them have significant market power via pricing or volume individually, yet they are bound together by common belief that the niche has ample room to grow and sustain itself at the expense of outsider incumbents. This results in a situation where the craft brewing niche market participants persistently choose to collaborate with their peers even as competitive pressures intensify. Craft breweries describe themselves as collaborators first and competitors second, as that way they perceive to have a better chance to grow the market at the expense of the wider beer market as well as adjacent markets, such as the wine market. As the founder of one of the oldest operating craft breweries in the Nordics describes it:

> There is still growth in the craft brewing market. Look at the US, they are 15-20 years ahead of us… I think it was a year ago in Colorado they reached 50 per cent market share in terms of volume…. That shows you the potential of craft beer… It's the small things and I think we should be presenting the best beers from every one of us to the public, so we can grow to more than 12 per cent.

Our data indicates that these entrepreneurs engage in collaborations as a strategic tool that enables them to drive customer preferences and redefine market boundaries, not only within the craft beer market niche, but outward, for example, in the mainstream beer market or wine market. Additionally, we observe collaboration to be a source for generating competitive advantages that cannot be replicated on scale such as production of one-off concept beers or releasing hundreds of new product variations every year. Observed collaboration includes horizontal collaboration with other breweries as well as vertical collaboration with suppliers of ingredients, distributors, retailers, coffee roasters, bars and restaurants.

Shaping the Market

The craft beer product range is very distinct from the wider beer market. The products are priced significantly higher, sell in a wider variety of containers and feature a full spectrum of tastes, represented by different beer styles from fruited sours to pastry stouts. Our data suggests entrepreneurs in the market niche view collaborations as a tool to redefine customer tastes by enabling experimentation with product tastes and new, experimental product development, a continuous improvement of the market niche product range and dissemination of stories. By extension, by strategically choosing would-be collaborators that share the similar aspirations for the niche markets growth, these collaborations also help define the boundary between the craft brewing industry and the wider drinks market.

Resource sharing

Craft breweries regularly engage in horizontal collaboration with one another. In a typical example, this would entail a brewery making a field trip to the collaborating brewery and developing and brewing a beer together. This beer is then sold via both participating breweries' sales channels and features both companies' branding. The collaboration can also extend to the design, with labels being co-created by the respective breweries' designers.

On a product offering level, collaboration between microbreweries serves to ensure quality across the board as well as inspire the development of new beer tastes. The average craft brewery included in this case study releases about 100 new beers a year. Collaboration is a major enabler in this, as its enables exchange of know-how, resources and recipes. As one Stockholm brewer describes the reasoning for collaborating with a Gothenburg brewery developing and releasing a new beer:

> They (collaborating partner) are good with fruit and are known for that. They are also good with the Florida style juicy IPA as well as the hazy stuff, which hasn't necessarily been our expertise. We thought this could be a chance to modernise the recipe we had before.

Furthermore, best practice sharing also means product quality is increasing across the craft beer niche and customers are less likely to end up being served a beer that will give a bad impression of 'craft beer'. The result is a huge selection of beer of different tastes available to the customer, which is also constantly being improved. This wide range of beer tastes also leads to specialisation, so collaboration is important for specialised breweries to be able to serve a wider market, whether by diversifying their own range with some collaboration-brewed products or including other brewers offering on their web shop or tap list in order to offer a variety of craft beer to the customer. As one brewery CEO put it:

> I would be more than happy to have their (other craft brewery) beer on tap… because I cannot produce the best beer in every beer style in the world. Sometimes some of my colleagues make beers that are better. I would rather have the best selection.

Our results reveal no evidence that such collaborations have been negatively impacted by the growing competitiveness within the craft beer market niche. While the older, more experienced craft beer producers admit that inspiration and learning, as drivers of collaboration, decrease in importance, it is not viewed as a reason to collaborate; in fact, in case of expanding their products line to new styles, breweries would still collaborate with others. The older, experienced generation of craft breweries continue to engage in collaborations, as they believe that there is more to gain in advancing craft beer as a product category, rather than competing within it, leading to a 'pay it forward' mentality within the community. As a manager of one of the largest and most renowned craft breweries in the Nordics notes:

> We are passionate about the quality of the beer and we are passionate about pushing the borders of what beer can be and how it can taste… The independent craft beer community does not look at one another as being competitors first… our competition is against the large breweries. We are competing for the customers to get used to drinking better beer. That's our ultimate goal.

The date collected suggests collaboration to produce new beers and experiment with styles is not limited to collaboration between micro-breweries. Instead, breweries are also co-developing new products with other companies within the larger food and beverage industry to gain inspiration and knowledge. This further serves to expand the aggregate craft brewing knowledge pool, as well as fuel the passion that trickles down into better beer.

We also observe sharing of tangible assets, such as hops and other ingredients, and production capacity. In the case of the former, we observe certain breweries having particularly close relationships with producers of production-related supplies with some degree of exclusivity, often tied to specific suppliers, such as barrels from spirits production used for aging, certain types of hops – we observe breweries trading hops between one another – and other ingredients such as artisan salt; the brands and reputations of individual breweries; and accumulated experience and knowledge.

A majority of cases studied feature microbrewery collaborations with restaurants, while those who have not undertaken such efforts intend to do so in the future. Similar to horizontal collaborations, these collaborations serve to experiment with beer tastes and push the definition of what beer can be. For example, three of the breweries interviewed have worked with Michelin-star chefs to experiment on new beers specifically for their restaurants. This can involve more extreme attempts of new product development and experimentation, for example, one interviewee brought forward the case of a beer made with fermented green strawberries or pears that were lacto-fermented for 10 days at 60 degrees. Other examples in the cases studied include products co-developed with independent coffee roasters, craft distilleries and salt producers. The knowledge gained in such collaborations is by no means proprietary, but instead shared among the craft beer community, contributing to the overall knowledge pool. These opportunities and the decisions to take part in them are typically rooted in networks and are admitted to seldom equate to the optimal financial decisions, hence we treat them as collaboration efforts and not arm's length transactions.

Such efforts are seen by brewers as a means to set trends in the beer market, with such wildly experimental beers compared to haute couture in fashion – completely crazy creations that inspire others in the market and trickle down into mainstream within a couple of years.

> *Proposition 1: Specialist niche market players engage in collaborations to access and develop a joint knowledge pool. This access serves to key functions: first, easily accessible practical know-how reduces risk of bad quality product entering the market and harming the specialist niche; second, information exchange fuels inspiration and contributes to continued product space evolution.*

Interacting with the customer

The activities previously described also serve to create distinct experiences to the end customer. A wide and transparent network of collaborations serves to add depth to the product experience. This has allowed the craft beer market to redefine customer perceptions of beer, introducing subtle complexities that differentiate mass-produced and specialty products and challenging the appeal of ubiquitous, mass-produced beer. Our data suggests that collaborations serve as building blocks for brewer-customer communication and aid in changing customer perceptions of beer. A recurring motivation of collaborations is that it serves as a catalyst for storytelling. Collaborations provide a good corner stone for creating stories around specific beers, which in turn are attractive to customers.

This serves a double purpose for the companies in the study. Stories create closer relationships with customers, as well as gives a platform to communicate the added value that goes in the beer production. Whether it's stories behind the creation of beers or the production process, collaborations give depth to these stories. Collaborations with artists to design bottle labels as well as art for a microbrewery's tap room are another example, as one brewery CEO described:

> He was a student at a design school... we got in contact with him. And we had the idea with the 7 deadly sins, and we wanted the design, the raw materials and the brewing process to be aligned all the way through. And he did some samples and just blew us away.... He also isolated the different drawings, so within the bar you have them on the walls and you need to know us to actually know which beers the drawings refer to and that's kind of fun.

This story telling has opened up a whole new level of interaction between producer and customer, as well as promoted transparency as a key attribute to the product category. Collaborations allow very fine and detailed information exchange throughout the supply chain, the production process as well as the sales channels. To the end customer, positive attributes about the sourcing and production process are effectively communicated throughout the production and sales processes. So when purchasing the beer, customers can also learn where the ingredients are sourced, how far they have travelled, what inspired the brewers to develop the specific recipe etc. This is an increasingly important competitive factor as consumers in developed markets are increasingly concerned about the sustainability of their consumption patterns. This means it is increasingly important for producers to be able to ensure and communicate the transparency and traceability of their business, as a brewer emphasises:

> ...it (collaboration) has contributed to the transparency of our industry... Transparency in food production is the new black... You want to know who produced it; did they drive it thousands of kilometres... We can tell a story, a huge brewery can never do that, because they use the same hop for a hundred years and don't really develop that way. It's nice for the consumer that the transparency in a product that you didn't know anything about before is getting out there.

Given the wide range of collaborative efforts these breweries engage in and the resulting storytelling, these activities also provide exposure to new potential customers, who would not be considered typical craft beer or even beer drinkers. These stories end up being disseminated via all parties in the collaboration, so a collaboration with a coffee roaster might expose some coffee connoisseurs to the craft beer scene, contributing to the growth of the craft beer market niche. All these collaborative activities have a role in driving the craft beer market. These collaborations enable product development, redefining what beers can be. As importantly, these activities help communicate added the added value of craft beer further setting it apart from regular beer and justifying the different price bracket. Additionally, as craft breweries choose with who to collaborate with, it serves not only to improve and drive the craft beer category, but it also keeps out beer market incumbents or other potential competitors who are seen to be detrimental to the category or just 'uncool'.

> *Proposition 2: Collaborations enhance information flow throughout the value chain, providing a distinct communication flow to the customer, which serves as a unique differentiator in the market.*

Generating Competitive Advantages

Another motivation for engaging in collaborations is the craft beer market niche is competitive advantage, or simply put, engaging in activities that large-scale competitors simply cannot take part in due to their size or strategy. Our interviewees point to intensifying competition between craft breweries and their large-scale counterparts. As the craft beer market niche has grown and mass-produced beer market has declined, the incumbents have turned from indifference to intense competition. The large beer producers have been engaging in efforts to promote their premium production as craft beer, establish their own 'crafty' breweries and acquire stakes in independent craft breweries.

Naturally, collaborations require working together quite closely and the process has to be tailored specifically to each individual collaboration activity. Collaborations are employed by craft breweries to leverage capabilities that are unique to them. Both vertical and horizontal collaborations are employed to do so. The extensive network of relationships that collaborations have built serve to open up opportunities for craft breweries to access various resources across their networks. For example, a small Danish brewery can brew a beer that contains artisan salt from Iceland, is aged on Jameson barrels from Ireland and is brewed involving a Michelin star chef from Stockholm. The resulting product would then likely have consumer interest in multiple geographies, not only from beer drinkers, but also whiskey fans and foodies.

Due to their small size close and personalised relationships with their peers, suppliers, partners, distributor and fans, the craft brewers have access to countlessly more collaboration opportunities than their larger peers in the beverage industry. While the large incumbents are part of larger networks due to their firm size, they have extremely limited access to the craft beer community and their organisational inertia prohibit them to engage in the type of spontaneous, relationship driven collaborations that craft brewers are successful in. Moreover, replicating such activities on a large scale would likely not ensure the kind of transparent and engaging interaction with the end consumer. In the eyes of the customer, the result of such effort would not be consistent with what they expect and value in the craft beer market. In other words, even if commercially successful, such activities would not be perceived to be part of the craft brewing environment. These collaborations also serve to symbolise and communicate added value to customers, which allows craft breweries to price at a premium.

Vertical collaborations with local, regional or even national restaurant chains are common to craft breweries. In addition to these collaborations serving to shape the craft beer market niche as discussed above, craft breweries pursue these opportunities because they are unique. Large beverage producers cannot pursue such opportunities as these do not scale beyond a local level, while other small businesses do not have the same opportunities available to them because these are relationship driven. Not only does this serve to evolve the craft beer market as discussed previously, but also unlocks value only accessible for these small, collaborative niche market players. contribute to long term competitive advantage, as experimentation with these specialised products trickles down into hit products and contributes to unique brewery know-how.

As hundreds of new product releases have become the new normal for the craft beer market, craft beer drinkers have come to expect something new every time they choose to have a craft beer. In practical terms, the craft beer producers constantly releasing new beers and experimenting with beer styles and ingredients have led to a market where the customers do not go back to drink the same beer. While on one hand this puts pressures on producer margins, there being no cash cow product opportunities, that also creates a barrier to entry to large producers, who cannot adapt their processes to cater to a market with such inconsistent and hard to predict demand patterns, as they have spent their entire existence chasing volume and production efficiency. In a low cost, high volume mindset, competing in the craft beer market niche just does not make sense.

Such collaborations also leverage another unique feature of the craft beer market – beer as a product offers near limitless scope of product and process development. This sets it apart not only to regular beer but also other beverages that are considered substitutes. As one brewery founder notes:

> You have to go out there, seek inspiration, meet people that look differently on processes and all kinds of local products, berries etc. That's also what's exciting about beer production, whereas with wine you kind of have to use some grapes. We can use everything and that's why you need to keep seeking inspiration, so we can get better and better.

Horizontal collaboration between micro-breweries also offers competitive advantages, as craft breweries regularly engage in all sorts of resource sharing, borrowing each other's equipment, sharing know-how. These constitute a competitive advantage by lowering product development and production costs, as the fixed cost base is shared among multiple businesses. There is a strong quid pro quo mentality to these exchanges, so breweries generally do not perceive there to be a conflict in the choice between collaborating and competing on such matters. As discussed previously, the sense of common good and advancing the market niche trumps the perceived potential threat of sharing resources with fellow breweries. The only exception observed in our data refers to a situation where sharing know-how would result in direct, extremely local competition. As a founder of a brewery with 14 years of successful operations and growth behind them noted:

> Of course we're still competitors, but the tone is still really nice. I read somewhere on the American forums that some of the really good American brewers are going to open down the street, so I can't help them too much. I also sometimes reach out and ask 'how do I solve this problem, I can't get this to work'.

This persistent involvement in all kinds of collaborations generate higher added value for craft breweries by having a downward effect on fixed costs, while also aiding in capturing higher value sales opportunities via experimental product development. The close relationships within the networks of these collaborations also means that collaborative breweries are better equipped to respond to changes in consumer preferences and adapt to capture higher value accordingly. One example of this is the recent shift in consumer attitudes to give more consideration to transparency in food production. Craft breweries have been able to utilise their collaborative networks to not only ensure completely transparent production, but also use storytelling and cross promotion to rapidly communicate this to the end consumer and capitalise on their developing willingness to pay a premium for production transparency. This is not something large competitors in the food industry have been able to replicate so far due to their scale, so giving at least temporary competitive advantage for small, collaborative players. While this example might be a temporary advantage, the ability to rapidly respond to such consumer preference changes along the entire production chain is a long term one.

> *Proposition 3: Collaborations serve as an access mechanism to a wide network of capabilities, infrastructure and unique resources. These resources fuel product innovation and spread cost, while*

> *contributing to a market where rapid new product releases are the norm.*
>
> *Proposition 4: As collaborations are ingrained in the niche community, they also contribute to a barrier to entry by larger firms: if one does not collaborate, it is not considered part of the niche, nor can it access its resource pool. This is further exacerbated by that fact that niche firms actively avoid the association with their incumbent generalist counterpart.*

Customer Reach

Another recurring theme throughout the collected data is the consideration of collaborations as a tool to reach otherwise distant consumers. Collaborations are employed by craft breweries as a strategy to reach customers in other market geographies and even other product markets. Furthermore, these help position their brands in a way attractive to these customers.

Upon deciding on collaborations with certain partners, craft beer brewery management consider how the association with the potential collaboration partner will reflect on their own brand. In a typical horizonal collaboration, the team from one brewery would go visit the other and brew a beer together at their facilities. The resulting products then feature the branding of both breweries and are distributed via both breweries' sales channels, expanding each breweries market geographically. This helps explain how these small and seemingly local businesses manage to have high export volumes and wide geographical coverage – the breweries included in our dataset export 40-60 per cent of their produce abroad, a majority of them to more than 10 export markets across multiple continents. Breweries in earlier stages of development look to do collaborations with high profile, more established microbreweries to elevate their own brand. More established breweries might look for collaboration partners in distant market geographies with the same goal in mind, as described by a now globally recognised, Danish craft brewery:

> If we do a collaboration with a brewery from South Africa, we also tap into an entire new customer base. If it turns out to be a really good beer, they might go further and try some of our other beers... Then, when a distributor of ours is presenting our core range to a customer in South Africa it is way easier for them to make the sale, if they can present the collaboration between a famous South African brewer and a Scandinavian one.

This example also reveals how the effects from such collaborations are not necessarily temporary or limited to the sales of the specific co-produced product. In fact, these collaborations are a lasting foundation for a company's presence and further expansion in a market that is geographically and culturally very different to its home market.

Similar considerations are also made when craft breweries engage in collaborations with partners operating in different product markets. Collaborations with restaurants help position craft beer as a suitable compliment for meals, giving these products exposure to food connoisseurs, for example. Not only collaborating with restaurants is a source of potential new customers, but associations with good restaurants are viewed as good for the brewery's brand and vice versa, as described by one brewery founder:

> It is always good to be associated with good food... I know the reality is that most restaurants can't afford to have craft beer on draft, but they usually have a bottle or can selection. That would affect what my judgement is about the people making the food as well. You can have the lazy option, pick

> your random craft beer. Or there can be an idea behind it and that will say a lot about the ambitions of the restaurant.

Our data reveals similar collaborative efforts with other food industry firms: craft breweries co-develop products with restaurant chefs, coffee roasters, craft distillers and salt producers, to name a few. This process is usually triggered by a personal connection to the would-be collaborating partner, the collaborators then jointly develop the product, which is them promoted and sold by all participating parties. While these collaborations tend to be more local geographically and rarely contribute to international sales, they do allow the craft breweries to reach customers in other niche markets, whether its foodies or coffee lovers, and generate interest in craft beer. As one brewery explained their reasoning between collaborating with a salt producer:

> We worked with a small, independent craft producer in Iceland, which produces some of the best salt in the world... It is a way for us to seek out new territories, make new friends, reach people who are really passionate about quality salt and get their eyes on our beer. That also gives top restaurant chefs a reason to choose our beer, as we are producing using their preferred salt company.

Collaborations thus serve the craft breweries to not only expand their geographical reach and establish new export markets, but also provide opportunities to get customers of other speciality products to try craft beer. Our data suggests collaborations with non-beer producers allow craft breweries to reach customers who are passionate about specialty in general, not specifically beer, thus contributing to the craft beer market growth.

> *Proposition 5: Collaboration allows firms to gain exposure to various different customer groups and build presence in distant markets.*

Changes in collaborative activities

None of our interviewees indicate that they feel that collaboration levels have gone down or have been negatively impacted by the growing number of niche players and the competitive pressures that creates in the market. Nor does our data suggest the market participants expect collaborations to fade out in the future. Since the craft brewing scene emerged in the Nordics in the mid-2000s, the strategic reasoning behind collaborating has evolved, however, with technical know-how becoming a less important driver, while inspiration seeking, and experimentation have become more important. There are also developments that suggest craft breweries are likely to engage in collaboration in new areas of the craft beer value chain in the future that could lead to an even more collaborative industry in the future.

When the first craft breweries in the Nordics were established in the mid-2000s, these were predominantly home brewing operations experimenting with larger production volumes. These were not established by individuals experienced in manufacturing and did not have a complex business strategy behind them. It was instead a small, friendly, non-competitive community that intensely shared resources and know-how, as, at the time, there were no experts, everything had to be learnt by doing. As the community has grown and become synonymous with a sizeable market niche, this collaborative atmosphere has persisted. As the market participants have gathered experience in these years, the know-how aspect has become less of a driver for collaborations: naturally, there are limits to what one can learn about techniques and processes. Instead, our data suggests that inspiration and experimentation with more extreme tastes, including with ingredients rarely used in brewing (fermented pears, for example, and other traditionally non-beer) has become a dominant motivation and the overall level of collaboration has persisted.

Our data and recent craft beer market developments suggest new forms of collaborative activities are emerging. Craft breweries are looking to challenge the incumbent macro beer producers in the on-trade segment. Discussions are on-going to pool resources and offer a more competitive service to bars and restaurant owners: craft breweries would collaborate to finance and install tap systems and ensure a rotation of craft beers to serve on those taps. Collaboration in this effort appears to be a logical step, not only because the costs of doing something like that are prohibitively high for most craft breweries individually, but the craft beer market needs to grow its presence in the on-trade segment to sustain growth. That will not happen if Heineken and Carlsberg keep being the major installers of tap systems and fridges in the on-trade market.

Craft breweries are also looking to collaborate even more closely in distribution and production infrastructure. One of Denmark's leading craft breweries, To Øl, has recently acquired a site, for production that exceeds their own space requirements more than ten-fold. Instead, their aim is for it to become a hub To Øl City, for specialist production and house multiple craft brewers, cider producers and others under one roof. The expected benefits from this would be increased experimentation and access to inspiration coming from the access to other specialist producers. Furthermore, this kind of set up would also allow for shared warehousing and distribution efforts, contributing to a more efficient operation to everyone involved. If this vision comes true, it could lead to a physical manifestation of the collaborative craft beer community.

Whatever is in store for the craft beer market niche in the future, it appears collaboration is not going anywhere.

Analysis / discussion

By exploring the motivations for persistently engaging in and developing collaborations in increasingly concentrated marketplace, we contribute to the discussions of organisational strategy and market dynamics. We present our findings on persistent collaboration through a lens of market shaping and resource partitioning, a resource-based view on capabilities, and a strategy context, which outline the role of collaboration between otherwise competing specialist players in creating favourable market conditions and continuously shaping a market niche. Together, the three domains provide explanation as to how specialist market players can utilise collaborations in order to create a distinct and competitive market niche in a mature market dominated by large incumbents.

Importantly, our findings advance the understanding of coopetition. Our research outlines reasoning for a persistent long-run pursuit of coopetition and the questions the assumption that the pursuit of coopetition necessarily implies navigating a trade-off between competition and collaboration.

Market shaping

Our findings point to the importance of collaborations in achieving fast product development via intense exchange of know-how, resources and inspiration (Proposition 3). Moreover, collaboration has also enhanced information transfer (Proposition 2) to the customer, showcasing product and production process attribute. We argue that this has reshaped part of the beer market, which is now become the craft beer market niche. These changes have simultaneous implications on both the identity as well as the resource partitioning perspectives.

By facilitating richer flows of information, collaboration has contributed to customers considering a wider range of information upon making a purchasing decision. This is in line with the suggestion that markets can be driven by altering customer preferences (Jarowski, Kohli and Sahay, 2000). Resultingly, with the emergence of new product categories and the detailed communication about these have contributed to the emergence of a new type of customer – an enthusiast, in our specific case, the craft beer geek. These are customers who have significant knowledge of the production process and ingredients of the product, and these have significant role in buying decisions. On an aggregate level, this significantly differentiates the market niche from the wider market, as niche products are considered with a distinct decision-making process.

This impact on customer preferences also has implications in resource partitioning theory, introducing collaboration as a method of altering the resource distribution in a market. Theory suggests generalist producers would not be interested in pursuing specialist market segments, as these occupy resource space locations too small to be exploited by large scale organizations (Dobrev, 2000). Yet, while that held true as the first craft breweries were established, the consensus now is that there is fierce competition between the niche players and the mass producers.

We argue that the collaboration between craft breweries, which, individually, have varying expertise and specialisation, has altered the resource space. As collaboration allows specialists to tap into each other's' customer followings (Proposition 5) as well as introduce new information to consider in making product buying decisions (Proposition 2), we argue it provides these specialists to access multiple locations in the resource space and, resultingly, the craft beer market niche caters to multiple geographies and customer demographics simultaneously. Carroll, Dobrev and Swaminathan (2002) introduced alternative factors to location in the resource space based on identity and dynamic organisational capabilities to help explain the emergence and success of specialists' firms. Our findings suggest collaboration provides a mechanism to organise identities and organisational capabilities, suggesting market niche players are able to have an active role in the resource partitioning process.

We argue that the market is not partitioned into static segments of consumer tastes, but that a large – increasingly so – market segment, or segments, consists of experience seekers and "beer geeks". These customers rarely go back to drink the same beer, rather they seek out the new and untried. This result is primarily the result of market driving by the craft beer breweries – constant, relentless release of new, short-lived products not only drive the market to expect this, but as newer entrants or more experimental breweries identify new gaps, steer the market towards such new gaps. This highlights the need for collaboration even with smaller, perhaps newer entrants – while the "paying it forward" sentiment is prevalent in the industry, such collaboration also allows the relatively larger craft beer breweries to stay in touch with emerging trends. Such market dynamics also suggest a need for constant change to produce and maintain temporary competitive advantages; this implies effects studied in a specific research stream of the resource-based view, that of dynamic capabilities (Eisenhardt and Martin, 2000). This insight also questions existing resource partitioning theory on the topic of niche width. Niche width theory (Pèli, 1997) predicts specialists perform better in stable environments, as specialisation implies chasing high performance in a specific environment, whereas generalist players possess the slack capacity that allow them to weather and adapt to environmental variation. Our findings show that the exchange of market resources via collaboration of specialists increase their mobility in the resource space. Furthermore, collaboration has contributed to a specialist market environment that itself contributes a more variable environment and dynamic niche boundaries, as continued product development and rapid product releases contribute to dynamic consumer preferences.

Previous research on emerging niches have stressed the importance of breaking practices and institutions established by incumbents (Lounsbury, Ventresca and Hirsch, 2003; Rao, Monin and Durand, 2003). Our findings add on to this, suggesting collaboration can help small entrants with little individual market power to effectively reshape customer tastes and dynamically navigate the resource space.

Strategic resources and the resource-based view

Our findings also point to the benefits of collaborations in developing and accessing resources, both tangible and intangible. Examples of resources, with varying levels of tangibility, include excess capacity, which is a necessity for contract brewers; production-related supplies with some degree of exclusivity, often tied to specific suppliers, such as barrels from spirits production used for aging, certain types of hops – we observe breweries trading hops between one another – and other ingredients such as artisan salt; the brands and reputations of individual breweries; and accumulated experience, knowledge and know-how surrounding both products, customers and other key stakeholders.

Findings in coopetition literature indicate that heterogeneity in resources is a driving force in cooperative activities. But while extant research suggests that such resource heterogeneity would merely encourage cooperative behaviour that, on the one hand, consist of activities carried out further from buyers, and on the other hand, would include resources that are best utilized in combination with the competitors' resources (Bengtsson and Kock, 2000, 2014; Padula and Dagnino, 2007), our findings indicate that this has the potential to produce widespread, frequent collaboration in close proximity to the buyers, in products and distribution networks.

We note that know-how is not readily available or accessible outside the market. We argue that such know-how, as a resource, is heterogeneously distributed. Even as the niche matures, this heterogeneity does not noticeably decrease, and hence cooperative behaviour on product development is one of the few ways in which breweries can access such know-how, even in the long term.

Furthermore, many of the production-related processes are the result of accumulated know-how and specific to a certain type of beer. Our findings indicate that to a degree, breweries either consciously or subconsciously specialize in certain types, with significant overlaps. As such, cooperation on the product level, both in the form of "collaboration" beers and general sharing of know-how allows the breweries to continue developing new products and introduce these to the market. We note that the fact the craft beer market is so heavily dependent on new products creates a significant mobility barrier against incumbents. As our findings indicate, not only are consumers very likely to try a new beer, at least once, but new products quickly outsell the previous launch. Incumbents are notably geared towards high-volume products with high production efficiency. While some of these incumbents have started to compete with the craft beer market by introducing sub-brands that mimic the identity and products of newer craft beer entrants, these products do not address the constant consumer demand

and market drive for new taste experiences. The latter remains out of reach for the incumbents, as catering production for such a market is simply not viable.

Our findings also indicate that collaborations serve a critical role in providing a platform for entry into new markets. While cooperative activities with non-beer producers provide exposure to new customer groups – ones that would otherwise be hard to reach – ones with other beer producers provide opportunities for craft beer breweries to expand their geographical reach through entry into new markets. As such, cooperative activities with firms that at the starting point do not share the same market from a geographic perspective is perceived as beneficial for both parties; cooperative activities decrease the cost of acquiring new customers, who we argue are an important asset to the craft beer breweries (Gupta and Lehmann, 2003), and decrease the cost of sales for both the brewery and their distributors.

Strategy context

Our findings suggest that collaboration is an important strategic tool that enables niche players to shape the market by utilizing synergies that arise from the heterogeneity of resources – i.e. structural elements – and the collective use of identity-claiming mechanisms, the so-called cognitive elements. Previous research has already suggested that an oppositional identity plays a role in the persistence of cooperation, we observe a similar anti-incumbent sentiment, with firms actively avoiding association with their incumbent counterparts, "big beer". This is consistent with Mathias et al. (2018), but while the authors argue for the critical role collective identities and norms play in persistent coopetition, our findings indicate that other factors play an equally critical or greater role in explaining persistent cooperation. We also observe certain shifts, mostly driven by pursuits of different strategies – such as local or international presence – or legitimizing craft beer as accompaniments to meals instead of more traditional wine pairings. This suggests resource partitioning based on identity, which is consistent with Carroll and Swaminathan (2000). Furthermore, our findings indicate that market infrastructure and identity, primarily achieved through collaboration, needs to be maintained in order to keep incumbents at bay; this also requires collaborative efforts.

A significant factor is the creation of mobility barriers. The craft beer market's remarkable reliance on new product launches is primarily the result of market driving. Ultimately, this results in actively created mobility barriers against the much larger incumbents. Extant research suggests that the creation of such mobility barriers can enable firms to diminish or eliminate the profit advantages of larger firms, allowing the specialists to defend their niche positions. Our findings provide for mixed indications that seem to be, at least to some extent, tied to geographical location. Some firms are able to challenge the profit advantages of incumbents' – to a large extent, thanks to a much higher price point – and some larger firms even indicate an opportunity to challenge incumbents on prices. Others, on the other hand, struggle to earn a profit.

Our findings imply that competition dynamics in the beer industry are shifting from an individual firm level to competition between competing eco systems, which is in line with the current discussion of competitive dynamics (Gueguen, 2009; Möller and Rajala, 2007; Vanhaverbeke and Noordehaven, 2001). Our findings suggest the craft beer market niche, via evolving collaboration efforts, is moving towards a market structure that incorporates elements of a platform business model. Ritala, Golnam and Wegmann (2014) studied Amazon's marketplace platform and concluded that there are benefits to resource and competitive positioning that come from involving competitors inside a firm's business model. Not only do our findings support that, but also indicate that the existence of a physical or software infrastructure (as is the case of an online marketplace), is not a prerequisite. In fact, we suggest the ecosystem need not have a permanent physical or systemic manifestation and the competition between macro beer and craft beer can be considered as competition between two competing ecosystems.

Overall, we conclude that our findings indicate that a number of interplaying mechanics are important in explaining why collaboration persists in the maturing niche of craft beer. We note that on the issue of resource partitioning, while the generalists' positions do open up opportunities for new entrants, craft beer breweries also actively pursue a strategy of increased partitioning. As more experimental breweries identify new gaps, craft beer breweries drive the market to such new gaps. This results in the market displaying an increasing number of centres, "peaks", which in turn contributes to the emergence of a new type of consumer that not only is not serviced by the incumbents, but who might not have existed to the same degree before such market driving took place. We note the importance of collaboration with smaller, newer entrants, who help the more established breweries stay in touch with emerging shifts in the market. We also note that resource heterogeneity appears critical; accordingly, collaboration provides access to resources, including know-how, specific supply chains and resource space, that would otherwise not be available be available outside the market space.

Finally, we also conclude that the combination of aforementioned resource partitioning and resource sharing provide the craft beer breweries with competitive advantages against the generalist incumbents, "big beer", and create mobility barriers that allow the craft beer breweries to defend their niche positions.

Conclusions and implications for future research

In this study, we have examined the reasons why competitors in a market niche might engage in persistent collaboration. Data was collected by conducting a multiple case study of collaboration patterns and strategy in the craft beer market niche in Northern Europe. The market niche in question has emerged in the region in the mid-2000s and has since then experienced rapid growth, triggering retaliation from the industry incumbents, whose market share has slightly declined over the same period. Our results outline the considerations of market niche participants that lead up to and shape collaboration decisions, as well as capture the development of these over time. Based on these results from the multiple case study, we developed propositions about the role of coopetition in the development and growth of the market niche.

These implications contribute to theory in the domains of market shaping, strategic resources and coopetition. Furthermore, we find evidence that the advantages of network effects typical to platform business models are also available to firms that are part of a relationship-driven community.

Theoretical implications

Our main contribution is the exploration of the role of collaborative mechanisms in shaping the market and securing resources and as a way to enable competitive advantages unique to market niche players. We argue that a number of mechanics contribute to the persistency of collaboration in a niche, First, we find and discuss evidence proposing that collaboration gives a collective of small niches the ability to engage in market shaping via altering consumer preferences (Jarowski, Kohli and Sahay, 2000) as well as quickly reach consumer groups in market locations distant from their local markets. The emergence of the "beer geek" consumer group, as well as adoption of new product categories (pale ale, sour ale, pastry stout etc.) suggests craft breweries are successfully driving the market towards a new kind of consumption.

Second, we argue that craft beer breweries are able to leverage the specific synergies arising from the heterogeneity and specific complementarity of their know-how. We proposed that collaborations create and continuously develop a joint knowledge pool that drives product development and reduces risk of product failure. Members of the craft beer community, presumed they are perceived as such by the others, are able to access this knowledge which lowers their product development costs and contribute to the production of a better product. This view contributes to prior research on access to strategic resources and specifically resource complementarity (Barney 1991, Barney and Clark, 2007; Harrison et al., 1991, 2001; Hitt et al., 1998) and as such, on the hand suggests sources of sustained competitive advantage, while on the other hand suggesting the need for dynamic capabilities (Eisenhardt and Martin, 2000).

Third, we note that the craft beer markets' heavy dependence on new products not only creates a significant mobility barrier against incumbents, whose process efficiency is not geared towards the production of hundreds of ultimately short-lived products, but also encourages collaboration, both explicitly in "shared" production, i.e. "collaboration" products, and in the form of resource sharing – specifically that of know-how. Both elements not only allow individual breweries to continue developing new products and introduce these to the market, but contribute to the growth of the joint knowledge pool.

Fourth, we note that the craft beer industry utilises collaborations extensively as a platform for market entry. Collaborations with non-beer producers and vertical partners aid in introducing craft beer to non-traditional consumer groups; horizontal collaborations serve to expand geographical reach and, consequently, decrease the cost of acquiring new customers. Considering customers as an important asset contributes to explaining persistent cooperation, as sharing customers across markets is viewed as beneficial for all parties involved.

Finally, we note that the established infrastructure and identity, both of which are primarily achieved through cooperative activities, need to be maintained in order sustain the competitive advantage craft beer breweries have achieved over incumbents, requiring cooperative activity to continue beyond initial market creation.

Since craft breweries exclude macro breweries and other breweries associated with them from their community and collaborations, this suggests that the competitive advantage is sustained on a market niche level. Research on coopetition have come to similar conclusions on examination of platform business models (Ritala, Golnam and Wegmann, 2014). As craft breweries deny macro beer producers' access to this community-based network, we propose the dynamic between the craft brew market niche and the mainstream beer market has properties consistent with ones expected to be present in an environment where there is competition between multiple ecosystems.

Limitations

While the craft beer market is not explicitly an outlier in terms of industry characteristics, we observe that the market might display some industry-specific idiosyncrasies. We observe, for example, the great range of consumer tastes, which might contribute to increased opportunities for niche creation and resource partitioning. Furthermore, we observe that the craft beer market is in a unique position, where the number of potential horizontal collaborations is very high; as such, where the opportunities to make a narrow niche position economically viable might vary between industries, the potential for sharing of resources, particularly that of know-how, might be limited. Given such potential idiosyncrasies, whether emerging niches in other mature markets display the same patterns and drivers of persistent collaboration would warrant further research.

Future research

Our study being exploratory in nature, it naturally highlights relationships we believe to be of interest for further studies concerning collaboration, coopetition strategies and market dynamics. We believe that the most interesting areas for further study are the role of collaboration in market resource access, specialist mobility in the resource space as well as platform business model properties in the context of collaboration.

In the context of resource partitioning theory, our study implies the presence of collaboration can alter the market resource space accessible to specialist players. As previously discussed, the development of the craft beer market niche has also seen an increasing number of customers change their preferences in the way they assess beer when making purchasing decisions. This begs to question whether, by extension, collaboration can serve to alter the distribution of resources in a market space, thus shrinking the resource space covered by generalist producers. We therefore propose future research explicitly address collaboration strategies as a determinant in resource partitioning.

Niche markets have been frequently examined from resource partitioning and identity perspectives. Our findings reveal patterns reminiscent of those one would expect to find in environments of competing market platforms or ecosystems. We therefore argue for future research to study niche emergence and specialist – generalist market dynamics in the context of platform business model development. Specifically, we believe the examination of collaboration as a type of platform enabling infrastructure, warrants attention of future research.

Our research also proposes a new mechanism for overcoming difficulties associated with entry to new export markets. Organisations seeking to establish presence in export markets encounter multiple obstacles of various shapes. In addition to considerations arising from differences in the institutional market settings, there are differences to consider regarding consumer cultures, trends, preferences et cetera. This results in export market establishment being associated with significant preparation and cost. Our findings suggest that collaborative strategies may provide an alternative route to reaching such markets, avoiding the complications mentioned previously to some degree.

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Appendix

Proposition	Quotes			
Proposition 1: Specialist niche market players engage in collaborations to access and develop a joint knowledge pool. This access serves to key functions: first, easily accessible practical know-how reduces risk of bad quality product entering the market and harming the specialist niche; second, information exchange fuels inspiration and contributes to continued product space evolution.	Participant D: If you think you're going to be the best brewer by staying in your barn somewhere, I can tell you its not going to happen. You have to go out there, seek inspiration, meet people that look differently on processes and all kinds of local products, berries etcetera. We can use everything and that's why you need to keep seeking inspiration, so we can get better and better.	Participant H: We want to see if the breweries have some different or weird or unique processes and learn from them. Its also about doing something that combines our strengths and the other brewery's strengths. For example... we had a collab with Finback... made a sour IPA, combining our knowledge of sour beers and their knowledge of IPAs.	Participant C: We did a collab last year with... They are known for making porters. That gave us great insight into making a better porter recipe. We would have had to do tons of experimentation in order to figure out how to it properly ourselves. And we didn't have the time or money because craft breweries operate on narrow margins. So we have got to learn very quickly.	Participant L: We've always maintained we would like to learn from people when we do collaborations. For example, we did a collab with (brewery name), who are incredibly good with hazy IPAs, which is not our strength or love. We did one with them and it came out really great. We learned a lot of tricks they use to make their beer the way it is.
Proposition 2: Collaborations enhance information flow throughout the value chain, providing a distinct communication flow to the customer, which serves as a unique differentiator in the market.	Participant B: I hope that the trend of people wanting a more local product, wanting to have that connection to what they consume, is going to continue. It's also just a return to normality, where in the olden days, every local town had a local brewery, bakery, local shop... Now we're seeing a return to people wanting to have that connection with where they get their products.	Participant D: If you're having a Tueday night at home and you have some meatballs and have a glass of wine its ok. But with wine you actually look at the bottle, you smell the wine and enjoy the wine and that's what we're going for with craft beer. If you buy one of our barrel aged beers for an evening when friends come over, you can actually tell the story – the beer has been stored on rye and bourbon barrels, this is why you have a bit of whiskey taste et cetera. So you use the inside of the product to create that story.	Participant L: They have organised something called All Together Now. It's a similar beer with a similar label made by about 100 breweries around the world and the profits will go to supporting out of work restaurant employees.	Participant K: These events (tap take overs) will be more focused on having an intimate experience. We will make sure we will be there and be able to explain the purpose of the beers, give more context to the people who drink the beers. I think that is what consumers will be looking for, eventually.
Proposition 3: Collaborations serve as an access mechanism to a wide network of capabilities, infrastructure and unique resources. These resources fuel product innovation and spread cost, while contributing to a market where rapid new product releases are the norm.	Participant G:I thought there were no gluten free beers in the market that were any good. So I asked (CEO of a Danish micro brewery), maybe together with (another brewery) in Belgium who had some really good gluten free beers, (Danish micro brewery) could develop something that tastes like real beer and is gluten free and he did. And it was really successful... One of them won gold in the Stockholm beer festival the year after.	Participant J: They (collaborating brewery) are constantly looking for capacity and quality; as they have not had a brewery of their own. I guess we were able to offer both. It's a different process to brew for someone else, you get a recipe and then you might tweak it a bit to suit your brewery, maybe make some suggestions.	Participant B: Last year we did over sixty new beers - obviously a vast majority of them were IPAs, DIPAs or session IPAs... It's just a constant evolving thing, where you're trying to improve, where you're trying new techniques. A new beer is always the result of experimentation, finding what works and what doesn't...	Participant F:Its key to keep on producing new and interesting beers... especially when it comes to the hardcore part of our fan base, there is always demand for doing new interesting stuff. They would always try to find the beer companies that are ever changing and keep developing new ways of approaching beer. So I think it will always be important.
Proposition 4: As collaborations are ingrained in the niche community, they also contribute to a barrier to entry by larger firms: if one does not collaborate, it is not considered part of the niche, nor can it access its resource pool. This is further exacerbated by that fact that niche firms actively avoid the association with their incumbent generalist counterpart.	Participant H: People say is that all of the craft breweries are in it together against the big boys. But, the reality is that usually the craft beer markets, the bottle shops, the online shops, the craft beer bars, festivals, usually they are off limits to the big boys.	Participant C: There have been situations with collaborations falling apart last minute because of news that a brewery was owned by private equity or owned by another brewery that was displeasing. That's the kind of thing you wish to avoid.	Participant F: In recent years, there have been a lot of craft beer companies being bought up by larger brewers. The independent craft breweries, like us, stick together and keep the rest of the breweries outside of that circle. Once you get funded by a larger brewery or even a company with money invested from a big brewery, then you are not able to participate in the events, festivals or collaborations with the craft beer players.	Participant B:If we were to associate with someone who's too big and stuff like that, that would hurt us very quickly. . . . we need to be very careful about who we associate with, getting called for selling out and things like that.
Proposition 5: Collaboration allows firms to gain exposure to various different customer groups and build presence in distant markets.	Participant J: It's of course beneficial for us to do a collaboration with well-established, popular breweries in markets we wish to enter. If the brewery in question has 40 000 followers on Instagram and they display our brand, we suddenly have 40 000 potentially interested people.	Participant H:The main idea behind that (international collaborations) is to raise our profile and its also about getting sales. When we go to festivals to different European countries and Russia, we get fans there and we meet importers there. And then the importers and distributers want to buy our beer and that's the return on the investment we make in our festivals.	Participant K: We don't have a natural presence in Stockholm, so it really serves a purpose coming to Stockholm and showcasing our beers. Then we know there's a lot of people in Stockholm who would like to see our beers in Stockholm more.	Participant B:Once you do one collaboration with a semi-known brewery, people pick up on that and you perhaps get invited to a festival and get invited to collaborate somewhere else and it gains momentum – once you get invited to the big, cool festivals, where other like-minded breweries are, then a lot of doors just automatically open, and we're fortunate to be there.

Appendix table 1: Summary of interview quotes.