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Local firms' strategies and cluster coopetition in Tuscany: the case of "Toscana Promozione" Agency

Abstract

This study examines a new paradigm of coopetition strategy emerged in Tuscany, one of the most famous Italian area in the world for cultural and economic heritage. Nowadays, global success in business requires that firms implement both competitive and cooperative strategies (i.e. *coopetition*). This strategy, according to Ray Noorda (the founder of Novell – an American multinational software and services company headquartered in Provo, Utah), considers the advantages arising when both cooperation and competition coexist in the same domains.

In the last twenty years, articles related to coopetition investigated several aspect of this strategy; in contrast, industry level coopetition has been investigated less than the other features (Rusko, 2011). Giving the literature review, there is a lack in knowledge regarding the benefits of coopetition fostered by local governments with foreign governments.

This study presents a new approach of industry-level coopetition through the qualitative case study of the economic promotion agency in Tuscany, *"Toscana Promozione"*. The paper presents a new paradigm of coopetition strategy in where firms are in a coopetition relationship with foreign competitors (and governments) thanks to the support of local authorities.

The main result of the research is that the boundary between institution and entrepreneur must be clear, government and local authorities must enforce competitiveness to improve the environment in which firms cooperate with the institution and compete each other with their own strategy. However during economic downturn periods, government and local authorities should, also, consider the possibility to become promoter, and supporter, of emerging entrepreneurship.

Keywords: institution, Tuscany brand equity, cluster competition, coopetition strategy, nautical district.
JEL Classification: L14, L21.

Introduction

Overview and detailed aspects. In the last few decades, there has been such an explosion in the level of connectivity worldwide that an almost cost-free and open exchange of information has now become a reality. This, changes in the way people communicate, affects life on multiple levels (ranging from local to the international level) carrying many economic effects as business structures exploit the same channels for obtaining competitive advantages. In addition, business strategy is changed.

Due to the persisting financial difficulties of Euro area, the weak recovery in several other advanced economies (e.g. the United States), the expected slowdown in worldwide economic growth, policy maker are still facing the following question: *"which regions can drive growth and employment creation in the short to medium term?"* (Schwab, 2012). Therefore, governments are trying to encourage entrepreneurship with a wide range of strategies; however, we think that one in particular should be preferred among the others. That is the coopetition strategy.

Coopetition is a new philosophy that goes beyond the conventional rules of competition and cooperation. In the context of global competition, multinational enterprises (hereinafter MNE) often engage complex, and simultaneous, competitive-cooperative relationships with their global rivals. Global success in today's business environment requires that firms pursue both competitive and cooperative strategies simultaneously[1]. Cooperation can enhance a MNE's competitive position in the global marketplace where intertwined opportunities with various geographically dispersed rivals (Luo, 2004, p. 11).

Industry level competition and cooperation acquired a growing importance during the last decades; there are several studies that investigate, separately, the effects of both strategies (Porter, 1980; Nielsen, 1987; Jorde and Teece, 1990; Fiegenbaum and Thomas, 1993). However, these studies are not able to describe, and explain, the potentiality of coopetition strategy.

By far, in the last twenty years, those articles related to coopetition investigated several aspect of it (Rusko, 2011) by focalizing on the dyadic coopetition (Bengtsson and Kock, 2000, 2003) multifaceted coopetition (Luo, 2004) and intra-firm coopetition (Amburgey and Rao, 1996; Tsai, 2002; Luo and

[1] According to the European institute for advanced studies in management (EIASM), *"Coopetition highlights the need to overcome the oversimplified framework at the base of conventional approaches and proposes a description of more complex market structures where cooperation and competition merge together to form a new perspective. By widening the conventional boundaries of the two more familiar categories of competition and cooperation, coopetition challenges the traditional framework addressing the surge of complexity of actors' roles, strategies, objectives, processes and rent seeking behaviors"* (Stein, 2010, p. 256).

Slotegraaf, 2006). By contrast, industry level coopetition has been investigated less than the other features (Rusko, 2011).

Our study presents a new approach to the concept of industry-level coopetition; through the case study of "Toscana Promozione" (hereinafter TP)[1], we present a new domain in which a coopetition strategy take place fostered by local government[2].

For the purpose of our research, we adopt the case study approach, which is particularly useful to *"investigate contemporary phenomena within its real-life context"* (Yin, 2009). Through our case, we show a new paradigm of coopetition strategy in where the government develops the strategy among global rivals within the same industry-level.

The main result of our research is that the boundary between institution and entrepreneur must be clear. Government and local authorities must enforce competitiveness to improve the environment in which firms cooperate with the institution and compete each other with their own strategy, nevertheless during economic downturn they must be ready to became the promoter and supporter of local entrepreneurship development.

To explore the issues outlined above, the remainder of the paper is organized in a number of sequential and interrelated sections. Section 1 presents some insight related the entrepreneurship, international markets and the financial information role. Following this, section 2 provides a relevant literature on coopetition strategy. Section 3 presents the methodology and data. Section 4 presents the case study while we offer major findings, policy implications, and some concluding remarks in section 5.

1. Entrepreneurship, international markets and financial information role

In the last decade, there has been a rapid growth of information in every aspect of our lives. In the economical field, the use of information changes the way to make critical decisions. Information firms related to the US banking have already achieved nearly half the market value of traditional banks. The main problems of traditional financial services firms are *under near terms earnings pressure* and *the threat of their business model*. Both problems can be solved by the same solution: *Information*.

Economic globalization is the process of progressive decline of the role of national markets and of parallel rise in importance for global markets. Global markets are becoming the main areas of interest and play for the firm as they serve for selling goods and services as well as for acquiring labor and capital. Technological advancement has made it possible to organize production efficiently on an international basis. This has influenced the way firms are internally organized and the way they interact with national governments to which they must obey. As already mentioned, there has been an increasingly important interdependence of national economies, and the trend toward a greater integration of labor, goods, and capital markets is nowadays very strong (Neary, 2003).

As a result, the world has become a smaller place than it was to our ancestors. Knowledge was previously confined to specific geographical places where it was necessary to move in order to acquire; now it is spread, and made available, worldwide. According to some neo-liberals, this situation is leading to emptying the notion of geography itself as occupying a certain location instead of another one is going to play no role at all as far as business is concerned. According to other economists, local realities play an important role as they provide a competitive advantage that cannot be substituted by a global market (Lattanzi, 2013).

Further, there is another conjecture that mixes the two theories above. This, affirms that globalization has reshaped and designed in a different way the idea of local area not as limitation rather than additional power for the strategy of the company when them are able to manage the economic local roots in terms of tradition, heritage, history and any other distinctive forms[3]. Recently Porter (2000) underlines that *"Proximity in geographic, cultural, and institutional terms allows special access, special relationships, better information, powerful incentives, and other advantages in productivity and productivity growth that are difficult to tap from a distance [...] Globalization and the ease of transportation and communication have led to a surge of outsourcing in which companies have relocated many facilities to low-cost locations. However, these same forces have created the location paradox. Anything that can be efficiently sourced from a distance has essentially been nullified as a competitive advantage in advanced economies. [...] Although global sourcing mitigates disadvantages, it does not create advantages. Moreover, distant sourcing normally is a second-best solution compared to accessing a*

[1] "Toscana Promozione" is the economic promotion agency of Tuscany established in 2000 by the Regional Authorities as platform for overseas enterprises interested in doing business in or with Tuscany (www.toscanapromozione.it).

[2] The idea behind local authority willingness to create coopetition among local firms can be explained as follows: *"if you give a man a fish he is hungry again in an hour. If you teach him to catch a fish you do him a good turn"* (Anne Isabella Thackeray Ritchie, 1885). That is, local authorities should create business opportunity in order to foster entrepreneurship.

[3] All of these characteristics are referable to the "Marshal local cluster idea" (Marshall, 1920).

competitive local cluster in terms of productivity and innovation. Paradoxically, the most enduring competitive advantages in a global economy seem to be local."

Multiple forces, such as large investment firms and multinational corporations, i.e., big financial institution and players that occupy a central role and play a great influence in the markets, shaped globalization. Whether the pressure of international markets and large multinationals will deprive the nation-states of authority and sovereignty forcing a change in their policies and out-powering them is still an open question that needs to be evaluated in the future. It remains as a fact that even though globalization forces are at work and influence economic phenomena at a local level also, the role of the nation-state remains of prime importance as it serves for a number of vital issues for the society[1] (Lattanzi, 2013).

2. On the coopetition strategy: origin and new insights

Why do firms should implement coopetition strategy? Why don't they "*play*" alone? Why do they should cooperate with competitors? As Alexander Dumas (1844) wrote, "*un pour tous, tous pour un*", coopetition is a strategy able to generate value for those firms that cooperate and compete against other competitors. Like the value theory of M&A, the whole is greater than the sum of the part; through cooperative relationships, competitors are able to enhance their performance by sharing resources and commitment to common task goals in some domains (Luo, 2004). Then, they select independent actions to improve their own performance. This is how coopetition works; firms cooperate for a common task goals while, in a second time – in other domains – they compete for it.

Talking about both cooperation and competition at the same time seems to be in collusion with the classical approach to economics, where the competition has been always viewed like the starting point of all commercial activities. Barney (1986) affirmed that the higher the number of firms within the same industry the greater the level of competition, with all its consequences (i.e. a decrease of prices and an increase of innovation). At the same time talk about cooperation and competition together, seems to be in collusion[2].

Nevertheless, nowadays the emerging facet of global competition is the coopetition (cooperation and competition between global rivals). So far coopetition strategy has received ample usage especially by those companies that have traditionally been competitors, since is it proved that cooperate enforces firms' competitive advantage (Rademakers and McKnight 1998); in particular these benefits include value added, secure contact, improved productivity and quality, access to raw materials and reduced risk (Meyer, 1998; Walley, 2007).

According to Dowling et al. (1996), Bagshaw and Bagshaw (2001) and Dagnino and Padula (2002), Ray Noorda coined the term *coopetition* as an important philosophy, or strategy, that consider the advantages arising when both cooperation and competition coexist in the same domain[3].

Brandenburger and Nalebuff (1996), through the game theory approach, shifted this concept into the strategy field by analyzing the actors of the coopetition strategy, the so-called "*coopetitors*", and their relation with the other four strategic players (suppliers, customers, competitors and complementors). Their framework is known as the "*value net*".

Before the 1990s the traditional approach in doing business was a "*win-lose*" strategy; in other words a strategy where competing with global rivals lead to innumerable loss of business opportunities (Walley, 2007). Then, after the mid-1990s, this idea evolved into a new paradigm; it was the advent of a "*win-win*" strategy, made of cooperation between competing firms (Kotzab and Teller, 2003; Nowak, Sigmund and Leibowitz, 2000; Palmer, 2000; Walley, 2007). Luo (2004) assess that firms have to implement coopetition strategies in order to "*create a bigger business pie*", thus stressing out the embedded power of cooperation strategy (seen as a positive sum game). However, it is not complete since it misses the role of competition; in fact, the scope is to "*compete to divide it [business pie] up*". Thus, the equations became a variable positive sum game, or a win-to-win game (Walley, 2007; Rusko, 2011).

Many coopetition studies, following Brandenburger and Nalebuff (1996), focalize to the attention on: the benefits, the value net (or value creation), the economic performance of the participating firms and non-economic exchanges that contribute to the coopetitive relationship (Bengtsson and Kock, 1999, 2000, 2003; Bagshaw and Bagshaw, 2001; Garcia and Velasco, 2002; Tsai, 2002; Kotzab and Teller, 2003; Luo, 2004, 2005, 2007; Walley, 2007; Rusko, 2011).

These theories consider, alternatively, the coopetition as a dichotomic relationship among actors (Bengtsson and Kock, 2003) in which the core of the

[1] As an instance, providing a legal system, as well as an educational and health system is very important in order to attract economic activity that benefits and makes national prosperity flourish.

[2] This is mostly because cooperation maintains prices and moderating innovation process (Walley, 2007).

[3] Cf. Lawrence (1992).

relation is the input or the output, or a multidimensional structure of relations in which other players such as the government (or public sector) are involved in the games (Brandenburger and Nalebuff, 1996; Luo, 2004; Skippari et al., 2005; Mariani, 2007; Rusko, 2011). One of the key aspects of the former approach is that there are three different types of coopetitive relationships between competitors: (a) cooperation-dominated relationships, (b) equal relationships and (c) competition-dominated relationships (Bengtsson and Kock, 2000). Instead, in the latter approach (multifaceted relationships) Luo introduces four key figures with which establish coopetition: (a) with global rivals, (b) with foreign governments, (c) with alliance partners and (d) within multinational companies. Even if it seems to be a multidimensional approach, it can be shaped into a one single ordinate where the coopetition with global rivals and with multinational companies are the zenith and nadir (external and internal type of coopetition), and in the middle lies the other two forms of coopetition.

For the purpose of our analysis we use the multifaceted approach of Luo (2004) with, however, few modifications. Like Rusko did in his research (2011), where he investigated the impact of the coopetition strategy within the Finnish forest industry, we have, instead of *coopetition with foreign governments*, coopetition with and within local and foreign governments. As we present in the result section, we adopt a position where firms are in a coopetition relationship thanks to the Tuscany government, with foreign governments and competitors. In such way, we consider a bidirectional relationship with governments rather than the one proposed by Luo (2004).

Our approach is in line with Rusko (2011, p. 313) since we assume that *"two or more competing firms cooperate with each other due to (or in response to) the moves of government. Government may even be the initiator in such moves"*.

The second topic we want to introduce, that is the relation between firms' business model and coopetition strategy. Business model is defined as the generic intersection between "*the strategy and practice, describing the design or architecture of the value creation, delivery, and capture mechanisms the firm employs (e.g. Teece, 2010), as well as the changes in these processes over time (Amit and Zott, 2010)*" (Ritala et al., 2013). The idea of Ritala et al. (2013) is that since a coopetition strategy, as well as relationship among actors, is hard to manage, is it useful to create and develop a suitable business model in order to obtain the invaluable advantages from the strategy in itself. That is, a coopetition-specific business model would be useful in avoiding conflicts over value created and, at the same time, maximizes joint value creation through the utilization of shared supplementary and complementary resources (Lavie, 2006; Dyer, Singh and Kale, 2008; Ritala et al., 2013).

However, in order to create the right coopetition-based business model we have to understand the reason behind the coopetition strategy. To this end, Ritala and colleagues divided the generic driver of coopetition in: (a) increasing the size of the market; (b) creating new markets; (c) efficiency in resources utilization; and (d) improving the firms' competitive position. Nevertheless, what happen if from the entire set of drivers above we add the willingness to replicate and relocate local cluster identity product, or service, in a different country? This is the case of the nautical industry in Tuscany.

3. Methodology and data

For the purpose of our research, we decide to adopt the case study approach. This, is particularly useful to employ in research to explore professional attitudes and experiences of a new policy initiative or service development (Crowe et al., 2011) or more generally to "*investigate contemporary phenomena within its real-life context*" (Yin, 2009). It is an established research approach used in managerial studies, particularly in the coopetition investigations. A case study can be defined: intrinsic, instrumental and collective (Stake, 1995). An intrinsic case study is typically undertaken to learn about a unique phenomenon, the instrumental case study uses a particular case to gain in depth knowledge of an issue while the collective case study involves studying multiple cases simultaneously or sequentially (Crowe et al., 2011).

In our research, since we are investigating an isolated phenomenon, we use an instrumental approach. Due to the lack of similar cases, we are not able to adopt an extensive (i.e. collective) method in which we generalize our result through the comparison with similar output. Therefore, we provide insights from a unique case *"by providing a thick holistic and contextualized description"* (Eriksson and Kovalainen, 2008, p. 118).

In our research, we use only secondary data sources, accessed thanks to the collaboration with Toscana Promozione. Further, we combine those data with other sources, i.e. data triangulation, in order to improve their reliability. In particular, for this purpose, we combine the initial data with data comes from articles and journals.

4. Local cluster and firms cooperation: the "Toscana Promozione" case

4.1. "Toscana Promozione": history and background. The Agency for the Economic Promotion of Tuscany (TP) was created specifically to be the only governmental authority[1] designated to support the internationalization process of those firms that operate in Tuscany. Thanks to a network of professional associations, institutions, enterprises, universities and research centers, "Toscana Promozione" is nowadays a concrete platform for overseas enterprises interested in doing business in or with Tuscany.

TP has been established in order to promote internationalization process of Tuscany firms and, at the same time, to attract overseas investors interested in doing business in Tuscany. In order to achieve this objective, it performs the following four typologies of services: (a) promotion of Tuscany Brand (abroad), (b) supply of real and financial services, (c) marketing services and (d) professional training.

Table 1. List of activities of TP

A. Promotion of Tuscany brand	
"Regional Branding" activity	
B. Real and financial services	
1. Commercial strategy Consulting on foreign markets (research of and reports on market dynamics); Operational support through local operations; Scouting and groundwork for potential investors, alliance and partnership; Providing investment opportunities; Assisting investors: assessment, contacts, negotiation and after-care services. Temporary Export Management; Marketing business plan development; International marketing consulting (web marketing).	2. Tax & legal 3. Financial services Financial consulting; Funding; Credit management integrated solution; Bank support for the internationalization. 4. Communication Network of Italian, and not, media; Advertising and consulting.
C. Marketing	D. Training
Promotion	Normative and informative training

In 2001, year in which the agency was established, Foundations and Local Entities invested around 120 mln of Euro; Tuscany region founded 90% of the whole investment, while the Tuscany Chamber of Commerce and Enit financed, respectively, seven and one percent. Initially the contribution was around 5 mln of Euro *per* year, but it had grown to 13 mln of Euro during the period 2007-2010. However, due to the financial crisis and according to the Region saving plan, the total amount of resources allocate to support internationalization process is now decreased to 9 mln Euro.

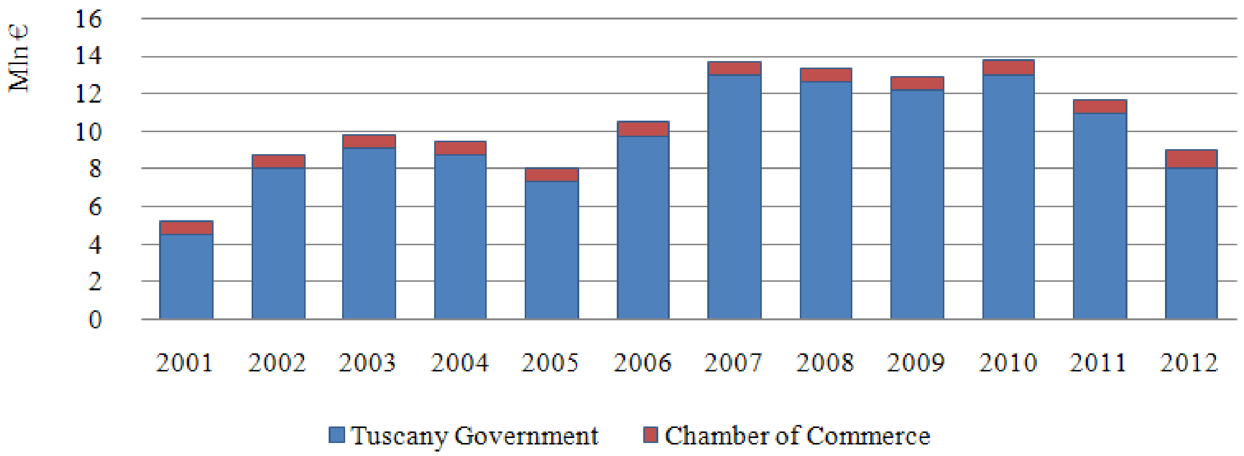

Fig. 1. Resources and investments – Tuscany Government and Chamber of Commerce

[1] It was established through the regional law nr. 6 (2000) thanks to the agreement between the Tuscany region, the National Institute of Foreign commerce, Unioncamere Tuscany and National Institute of Tourism. Its strategy is determined year by year by the CEO in according with the strategic guideline imposed by local authority. Therefore, TP once respected that guideline, is governed, and managed, by an autonomous staff of 47 people.

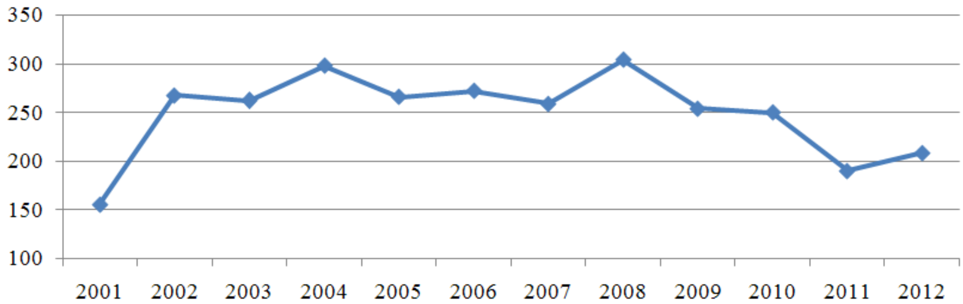

Fig. 2. Number of promotional activities

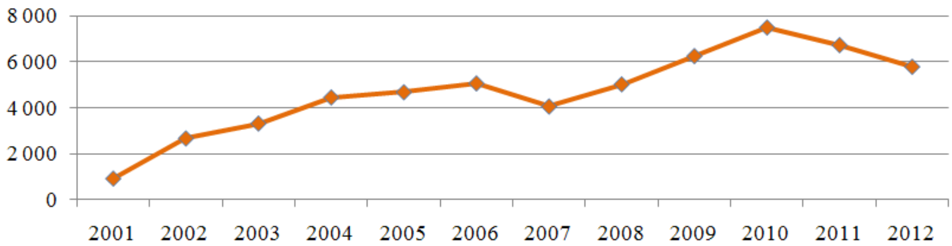

Fig. 3. Number of professional operator

Fig. 4. Human resources

Regarding the promotional event, in 2001 TP has performed, more or less, 156 activities against the 300 in 2008. In the last two years, in order to reach a higher quality level of service and efficiency of each activity (Table 1), TP performed 200 plans through the assistance of 1.827 operators. However, if we add at this final result the number of all these professional figures that, directly or inderectly, have benefited of TP services we obtain a total amount of 6.000 contacts *per* year (5.810 in 2012)[1]. Regarding the workforce, from the initial value (2001) of 36 in 2012 TP registered an increase up to 59.

Attraction of new foreign investors, revitalization and development of local economy are, understandably and appropriately, the main objectives and focus of Local Government. Investment processes are considered the best way to create a gate with emerging markets (otherwise hard to access) and to support technological advancement. With a budget of 2.7 mln of Euro, the Agency is focalizing its future activities on: (a) promotional activities (fairs and workshop); (b) scouting and groundwork for potential investors; (c) communication and (d) assistance to investor. These actions are addressed with special regard to the following industry sector: Life Science, ICT, Green Economy, Nanotechnology, Technology for Cultural Heritage, Industry, Automotive, Shipping, Logistic, Educational and Real Estate. TP will implement these activities, on an operational point of view, in Europa (the UK, France and Germany), the USA, Japan, China, emerging markets, Korea.

One of the most relevant target that TP wants to reach is a reshape of Tuscany image (i.e. Tuscany brand). Worldwide, Tuscany has always been considered as the “Eldorado”, a particular region that own a competitive advantage higher respect to the rest, generally supported by a cultural heritage and

[1] In 2012 TP has performed 209 actions divided into: international fairs (26%), sectorial events (22%), multi-sectorial events (2%), B2B incoming (11%), seminar and workshop (22%), training (12%) and support to international conference in Tuscany (5%). Overall, TP has activated 5.810 agreement with professional operators of which 1.827 with the scope to support promotional advertising while 3.983 has benefited of financial consulting services. Concluding, TP manage around 6.000 contacts each year; its consumer base is made of 15.000 operators located in Tuscany.

"tradition" that make it unique. However, in recent years Tuscany has experimented a decline in business opportunity (with a special regard to manufacturing). Starting from this point, TP has launched a promotional advertising with the aim of increase attractiveness *Tuscany Brand.* That is, TP wants to enhance the visibility of the region among international investors through the valorization of those features and resources that are unique in Italy and that are available only in there; for this purpose, TP has created agreement with international media (i.e. Financial Times and Foreign Direct Investment). Through these partnership, and by participating at international fairs, TP wants to reach the majority of international investors in order to present which are the opportunity in doing business in Tuscany and explain the service-pack offered to whom they wish to invest in.

4.2. Coopetition with local government: Visun Tuscany Yachting. The nautical cluster in Viareggio is well known worldwide. This is because there are few companies (i.e. Benetti, Perini, Codecasa, San Lorenzo, Overmarine e Fipa Yacht) that create one of the most beautiful yacht in the world. This is mainly due to the high quality products that combine a perfect equilibrium of both functionality and aesthetic design. Further, there are several collateral companies (i.e. suppliers and other form of stockholder) that are less known but important as well because are an important part in the research and develop of the cluster in itself. They create a supply chain that supports companies during the whole product life cycle. However, sailing business is not only centred over boat production, there is another activity, called "refit", that is very important. This is referred to a wide range of activities that include: routine and emergency maintenance services, periodical inspect-tions and so on. Actually there are in commerce 4.700 boat over 24 meters, 1.128 of them has been constructed before 1990, 1.457 between 90's and 2000 and 2.115 after. Each boat annually costs, for refit services, 7% of its own value; further the number of boat that need a refit service is growing exponentially. This is why the nautical district of Viareggio decided to join in this business, naturally with a focus on international market.

There is one thing to consider. Tuscany has a complex system integrated made of firms that operate in the nautical industry (most of these firms are located in Pisa, Livorno and Marina di Carrara). Therefore, this complex system of relations became exportable only if we first start to develop the supply of new ship in order to, consequentially, export maintenance services. This is the turning point, replicate local district products in different markets. This is our story: Visun[1].

First meeting between Tuscany firms operating in the nautical sector and Visun Group took place during November 2011, when a delegation led by TP and the president of Navigo Toscana (regional agency for firms operating in nautical sector) went to Sanya (Hainan island) to discover any possibilities to develop new business there. Hainan, a tropical island situated in the south of China, is one of the most valued market in which the nautical business develops. According to local authority business plan, Hainan would have become, in the next few years, one of the most esteemed locations for international tourism, with a special concern to nautical activities. In fact, in 2010 local authority promulgated new regulations regarding nautical industry.

"Toscana Promozione", through local scout and business consultant, discovered a new business opportunity according to the fast growth of Chinese market. Thanks to its *status* (Regional Agency), it has been able to create connections, and synergies, with local authorities that, in their turn, created the connection between TP with Visun Group. After few months, during the YARE (Yachting Aftersales and Refit Experience in Viareggio), grown the idea of a service center located in Sanya in which there would have been performed refit services. Immediately, a Visun delegation was invited by TP to attend at the nautical fair in Viareggio. During the fair, TP and the president of Navigo Toscana presented them a portfolio of ideal candidates with their area of specialization. As a result, the Visun Royal Yacht Club made an agreement with Yachtica, Viareggio Supply Service and other companies involved in the value chain process (*Tecnopool* for refit and design, *Arredomare* as artisan carpenter and *Francesco Virdis* as manager). This deal regarded the realization of an equipped area in Sanya where the Italian firms would have performed refit service for mega yacht (Visun Tuscany Yachting). During the deal closing, TP played a crucial role since it provided financial and legal consulting support.

The agreement regards the construction of two areas addressed for refit of mega yacht; the first one will be over during 2013 where the construction of the first service center (3.000 m^2) designated for 35 metres long ship refit services (routine and emergency maintenance services) is expected. The

[1] Visun Group, established in 1999, is involved in real estate development, hotel operation, yacht club, assets operation and property services etc. The group owns 14 holding enterprises; group total assets of nearly a hundred billion.

other one represents the core of the project: a 60.000 m^2 service center for 80 metres long yacht. By doing so, Sanya is going to become one of the most important refit center in the world; in fact it will be equipped with two boat life (250 and 900 tons each), one syncro lift (2.000 tons) and 5 boathouses.

The initial investment, entirely funded by Visun Group, is around 50 mln of Euro. It will be allocated as follow: six mln of Euro for the first service center (2013) and the rest for the second center (2015). Both will be managed by the Visun Tuscany Yachting ("Tuscany Shareholder" control 51% of the capital) and, according with the initial business plan, is expected a turnover of 25-30 mln each year.

One of the success factor of this operation is the reputation of services provided by Tuscany firms (i.e. Tuscany Brand). It is well established, and well known, that "made in Italy" represents the highest competitive advantage of Italian products with respect to the rest of the world. Furthermore, one other key factor, which contributes to the success of the project, was the scouting service and the day-by-day support provided by TP[1].

"Toscana Promozione" is a very young agency created about ten years ago through a huge initial investment. Thanks to it, regional authorities have been able to create and foster entrepreneurship through institutional cooperation strategy within local district firms.

The agreement was the first phase in the wider picture drawn by TP. In fact, the aim of the strategy implemented by the agency was instrumental to strength singular firms' competitiveness that is nowadays, as in the past, based on the district culture, economic heritage and technological innovation. As the nautical cluster highlighted the companies cooperate with the institution to get the international market where they compete in reason of their own strategies. That is, institution bridges the market gap and firms compete on it.

5. The cluster coopetition strategy

Globalized economy means for companies the ability to compete on international markets where growth is fostered by the equity capital evidence. International market values local district where we can find culture, tradition and intangibles heritage up to create economic vein exploitation.

In our point of view, long-term growth and profitability depend on the ability of firms to create scale strategy through an increase in skills. In other words, this means making a significant step in order to increase market share (especially outside the domestic market) while skills identify the necessity to acquire know-how and experience in order to implement "scale" strategy. Among cluster firms are interested in economic welfare and are willingness to cooperate with institution when, and only when, this enforce their ability to compete each other and not as undifferentiated part of a conglomerate.

First, we have to clarify the distance existing between coopetition advantage and competitiveness advantage. The former emerges during the internationalization process, especially when the district brand equity is shifted to another given market, while the latter comes as its consequence. As Porter (1980) assesses, competitive advantage makes you the leader in a market until competitors obtain higher cost advantage or differentiation in product quality. However, since nowadays technology has shaped the quality differences among competitors, firms should promote and valorize the perception of local district brand equity[2] in order to achieve higher competitive advantage

In fact the importance of the origin of a product has grown a lot, as a result of globalization, because products are manufactured in various countries. Country of origin has a cognitive effect from which consumer can infer beliefs about a product based upon their beliefs about the country from which the product originates (Verlegh and Steenkamp, 1999; Fetscherin and Toncar, 2010). Supporting the local image (when it is a good one) becomes extremely important when firms implement internationallization process; in other words firms have to strength country equity (i.e. Viareggio Nautical District) especially because *"when consumers are not familiar with a country's product they will use the country's image as a product evaluation (Maheswaran, 1994; Aaker, 1996; Klein et al., 1998) [...] Bilkey and Nes (1982), Roth and Romeo (1992), and Pappu et al. (2007) have demonstrated that consumers hold different sets of beliefs across product categories, and that their attitudes towards products from a given country vary by product category. These effects are generally less pronounced when the manufacturing process is simple (e.g. shoes) than when it is complex (e.g. cars) (Ahmed et al., 2002)"* (Fetscherin and Toncar, 2010, p. 5).

Our case study highlights that is not *per se* sufficient to create a high quality yacht in order to gain

[1] In 2011, it went to Hainan in order to discover and explore new business opportunities and in 2012, it went again with a delegation of Tuscany firms' managers.

[2] Regarding the importance of brand equity Hassan and Rahman (2013, p. 785) affirmed, *"There are many elements that are embedded in brand value. Brand perception is never controlled by the manager and is perceived differently depending on the culture of a particular location. For example, a particular brand might be perceived as sophisticated in certain places while not in other places"* (Foscht et al., 2008).

competitive advantage; in fact a high level of technology has became wide accessible. However, a yacht in the Viareggio nautical district makes you different from the mass, adding perceived value for your product due to strong, original and reconverted capability to produce. Therefore the competitiveness of a local district is part of the district in itself made through the years by those companies that compose the district. Hence, it is unmovable and strictly related to its environment, but – here our solution – if coopetition support local brand equity internationalization, through different culture and market, then firms are able to reproduce that competitiveness separately from its original district. In other words, coopetition aim is to shift local identity and then firms are able to compete though a high level of "perceived" competitiveness.

Conclusion and perspectives

Nowadays, political, economic, cultural and social factors affect the way in which companies compete each other. Economic globalization foster the rising in importance of global markets as the main areas of interest where firms sell goods and services as well as for acquiring labor and capital.

However, the persisting financial difficulties and the slowdown in worldwide economic growth, lead institution to a critical role, as our case study highlights. It has to encourage entrepreneurship and cluster expansion in order to obtain long-term economic growth. This is indispensable when we are in front of "*Economic Branded* Cluster[1]" as Tuscany is[2].

The analysis of the role of Toscana Promozione seems to admit the existence of some interesting relations among cluster and competitive advantage in terms of productivity, innovation, new business and competition. In particular, it is convenient for cluster to cooperate with institution when at the end of the cooperation process the cluster can increase its internal level of competitiveness (Dal Maso and Lattanzi, 2013).

In conclusion, our case study shows that cooperation with institution is an advantage when it increases the level of competitiveness of the individual enterprise that cooperates and is located in the cluster; the cluster identifies a place and a heritage of the community and as such should be preserved and protected before, then enhanced and therefore exploited. It is our thought that *"Cluster Coopetition strategy"* (firms cooperation with institution + competition between firms) might be an interesting driver by which policy maker foster in international perspective local economies.

In our point of view this effort is needed in the next years because the way in which strategic thinking grows up is changed; globalization and cluster evolution can be potentially complementary only if managers realize the importance of simultaneously managing cooperation and competition at a cluster-level relationship.

According, we think that our paper represents a possible basis for future researches and managerial discussions in the field because it goes further than the classical models of coopetition. In fact, starting from the classical framework (Brandenburger and Nalebuff, 1996; Bengtsson and Kock, 2000; Luo, 2004) we develop a theoretical model in where firms are in a coopetition relationship thanks to the Tuscany government, with foreign governments and competitors. In such way, we consider a bidirectional relationship with governments rather than the one proposed by Luo (2004).

Future research should replicate our framework, and adjust it, in different industries and, more important, in different cluster by addressing the issue of the dynamic aspects of coopetition, expanding the case presented here (Bonel and Rocco, 2007). In a spirit of game theory, cluster coopetition can bridge the distance between the competitive and the cooperative business perspective inasmuch it can create a strategic tension that is greater than the sum of the parts. With this respect, each single pillar is strengthened by the strategy in itself and through this new approach managers are able to modify, the classical paradigm and perspective of business strategy. In doing so, our wished aim is that managers should be able to design, explore and exploit, new scenarios in where the role of actors is dynamic and in a continuous evolutions, like the global market in itself.

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[1] According to Porter (2000): "*Clusters represent a new and complementary way of understanding an economy, organizing economic development thinking and practice, and setting public policy. The state of clusters reveals important insights into the productive potential of an economy and the constraints on its future development"*.
[2] According to Bigliardi et al. (2011) in Italy, there are still a few companies that have fully understood the advantages that co-opetition strategies may provide.

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