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**Bridging the Gap between Threshold and Dynamic
Capabilities: A Qualitative Study of the Collaboration
Strategies of New Zealand Wineries**

**A Thesis Presented in Partial Fulfilment of the
Requirements for the Degree of Master of Business
Studies in Management**

Massey University - Wellington, New Zealand

James Matthew Crick

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Glossary

Co-Creation – ‘An interactive, creative and social process between stakeholders that is initiated by the firm at different stages of the value creation process’ (Roser *et al.*, 2013, p. 23)

Competitive Advantage – ‘How a strategic business unit creates value for its users which is both greater than the costs of supplying them and superior to that of rival strategic business units’ (Johnson *et al.*, 2011, p. 535)

Coopetition - ‘A dynamic and paradoxical relationship which arises when two companies cooperate together in some areas, such as strategic alliances but simultaneously compete with each other in other areas’ (Bengtsson & Kock, 2000, p. 411)

Dynamic Capabilities - ‘The firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments’ (Teece *et al.*, 1997, p. 524)

Resource-Based View (Capabilities Strand) – ‘The competitive advantage and superior performance of an organisation is explained by the distinctiveness of its capabilities’ (Johnson *et al.*, 2011, p. 538)

Strategic Capabilities – ‘The capabilities of an organisation that contributes to its long-term survival or competitive advantage’ (Johnson *et al.*, 2011, p. 539)

Strategic Management – ‘The determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals’ (Chandler, 1963, p. 13)

Threshold Capabilities – ‘Those capabilities needed for an organisation to meet the necessary requirements to compete in a given market and achieve parity with its competitors in that market’ (Johnson *et al.*, 2011, p. 540)

Abstract

The objective of this study is to examine collaboration's role as a strategic capability within the context of the New Zealand (NZ) wine industry. It utilises resource-based theory to examine collaboration's position as a mechanism to survive within an industry (threshold capabilities) or a basis for competitive advantages (dynamic capabilities). The literature review found that collaboration is a multi-level construct with different forms occurring at the corporate, business and operational-levels as well as the network-level strategy. In the literature review, coopetition (the interplay between cooperation and competition) was found to be the main form of collaboration occurring at the corporate and business-levels whilst co-creation (market-led collaboration with customers) was more common at the operational-level. Depending on the resources and capabilities that firms can leverage, collaboration may be able to be manipulated into a dynamic capability depending on the industry. An instrumental case study methodology was adopted within the 'boundary' of the Wairarapa wine cluster. Four pilot firms across NZ were analysed to ensure that the correct questions were being asked as well as fourteen Wairarapa firms with a range of triangulation techniques (primary and secondary methods). This took the total sample to 18 interviews (including the pilot firms) with 14 coming from the Wairarapa. The empirical findings revealed that collaboration (particularly in the form of coopetition) is a threshold capability for smaller organisations; the larger wineries can use it to a competitive advantage - a dynamic capability. These larger firms use collaboration as much as they can before any disguised forms of competitive advantages are lost. This is not a luxury that smaller firms can afford meaning that collaboration especially at the coopetition-level allows the larger wineries to increase their forms of business performance. The discussion chapter develops and analyses a 2 x 2 matrix from the empirical findings. Each cell contains a roughly equal number of firms; the characteristics and reasoning for this discovery is discussed. The theoretical contribution outlines that larger firms, can leverage competitive advantages from collaboration; smaller organisations have to collaborate to survive. Future research should measure if this study's findings are indicative across the country's wine industry and overseas.

Key Words: Collaboration, Capabilities, Wairarapa Wine, Strategy

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List of Abbreviations

ABDC – Australian Business Deans Council

ABS – Association of Business Schools

APA - American Psychological Association

B-to-B – Business-to-Business Marketing

B-to-C – Business-to-Consumer Marketing

CLC – Capability Lifecycle

COO – Country of Origin Effect

IB – International Business

IF – Impact Factor

MBS - Master of Business Studies

MUHEC – Massey University Human Ethics Committee

NZ – New Zealand

PhD - Doctor of Philosophy

PLC – Product Lifecycle

SA – South Africa

UK – United Kingdom

US – United States

VRIN - Value, Rarity, Inimitability and Non-Substitutability Framework

VRIO – Value, Rarity, Inimitability and Ownership Framework

CHAPTER I – INTRODUCTION

1. Background to the Research

This thesis contributes to the literature concerning of the capabilities element of the resource-based view of the firm. The over-arching aim is to bridge the gap between threshold and dynamic capabilities. The objective of this study is to investigate whether collaboration is something firms need to employ to survive within their industry (threshold capabilities) or does it result in competitive advantages (dynamic capabilities)¹? Past collaboration-orientated research has focused on selecting the right partners in horizontal collaboration exercises e.g. joint ventures (Buckley & Casson, 1996). The recent research of Lin *et al.* (2014) found that collaboration can be shaped into a competitive advantage via seeking the correct supplier partners in vertical collaboration. There is scarce data on whether horizontal collaboration is something organisations have to do to meet the conditions of their selected industries as a mechanism for survival.

To investigate this knowledge gap, a region of a highly competitive yet collaborative nature was selected namely, the Wairarapa cluster of the NZ wine sector. This industry was chosen partially on the basis of past research's findings of the sector being in a state of oversupply (Deloitte, 2012). This is important as it assists in determining that as supply is greater than demand, it helps question: what firm-level collaboration strategies can be implemented to control such markets' characteristics (Johnsen & Ford, 2008)? The industry's collaborative nature was measured by Marshall *et al.* (2010) who found that the industry is built upon the assumption that cooperation is in tandem with competition. This thesis aims to develop an insight into the collaboration strategies of Wairarapa wineries by investigating (via a qualitative case study analysis) if producers view collaboration as a necessary step for survival or if it gives them a dynamic edge. If so, how can those (who possess this ability) leverage it as a dynamic capability?

¹ The word count for this thesis was 27,000 – 32,000 with a 10% margin of error (35,200). Associate Professor Kate Lewis (thesis coordinator) stated that this word count does not include references, appendices and tables etc. The word count for this thesis is 34,768.

2. Thesis Structure

This study is divided into six chapters. The introduction outlines a brief background to the theoretical area and context of the study as well the sub-objectives this investigation sets out to achieve. The literature review provides an analysis of the existing literature underpinning this study and explains what is known about collaboration and strategic capabilities as well as the gaps in the theory leading to the research propositions in which these gaps are explored. The methodology builds upon theory to design credible methods to investigate the gaps within the theory surrounding this investigation. The findings analyses the empirical results by splitting the results into key themes and sub-themes through a manual coding approach. The discussion chapter presents a 2 x 2 matrix that was developed as a result of the thematic content analysis. The conclusions and recommendations chapter summarises the investigation and highlights further research that could be implemented based on the study's limitations². This also involves providing recommendations for scholars and practitioners as a result of this study's findings.

3. Theoretical Significance

Many articles have been written on the respective areas of collaboration (McEvily & Marcus, 2005) and capabilities (Appendix 1); knowledge examining the association and integration of collaboration as a capability is extremely scarce. Relatively little has been written on threshold capabilities (or synonyms for threshold capabilities) as the focus on strategic capability literature has been on the notion of dynamic capabilities and how they can be leveraged to secure competitive advantages (Siahtiri *et al.*, 2014). This thesis makes its contribution to knowledge via investigating how collaboration acts as either a threshold or dynamic capability. A secondary contribution is the impact on the context of the study. The primary data was provided by key decision-makers within the Wairarapa wine cluster. This region has only been explored generically in studies that have looked at the entire NZ wine industry (Hall & Baird, 2014); none have looked at this particular cluster on its own. There was a study examining the Wairarapa wine

² The administration guide states there is no formal structure for this thesis meaning it is the responsibility of the author to write his/her thesis in such a way that makes a contribution through whatever style they deem appropriate. A traditional approach was chosen based on the structure of other Master's theses e.g. chapter layouts.

cluster in a journal that was not on the Australian Business Deans Council (ABDC) List citing a sociological theory that was not relevant to this study (Howland, 2013). Likewise, Dana *et al.* (2013) studied the Waipara cluster in Canterbury; these authors found that coopetition in Waipara involves a range of stakeholders e.g. universities. Whilst coopetition with universities is not the focus of this investigation, it is useful to apply coopetition further in the NZ wine sector. This is therefore the first study that applies a management theory to the Wairarapa wine cluster. This study aims to address this gap in the literature whilst simultaneously examining a cluster that has minimally been studied – an additional contribution derived from this study.

The existing capabilities knowledge differentiates three types of capabilities. The first type of capabilities illustrates the resource-based view, specifically, the resources that are the foundation of a firm's ability to perform basic functional activities. This type has been labelled as first category capabilities (Collis, 1994), first-order capabilities (Danneels, 2002), zero-level capabilities (Winter, 2003) or substantive capabilities (Zahra *et al.*, 2006). The second type of capabilities provides a dynamic advantage through creating and lengthening the resource base. These capabilities have been described as second and third categories (Collis, 1994), second-order capabilities (Danneels, 2002), first-order capabilities (Winter, 2003) or dynamic capabilities (Teece *et al.*, 1997). The third type of capabilities is referred to as meta-capabilities (Collis, 1994) or higher-order capabilities (Winter, 2003) and is characterised by learning-to-learn capabilities. In this study's contribution to knowledge, the research looks at the role of collaboration as either a threshold or dynamic capability. 'Threshold capabilities are those capabilities needed for an organisation to meet the necessary requirements to compete in a given market and achieve parity with its competitors in that market' (Johnson *et al.*, 2011, p. 540); these capabilities have been linked closely to first-order capabilities etc. but are slightly different as they are mechanisms for survival within a market rather than capabilities restricted to internally-based within the firm.

Whilst developing competitive advantages are important for firms, survival mechanisms are also critical for the following reasons. (1) Strategies such as Ansoff's (1957) 'Market Penetration' focus on firms launching existing products to existing markets; in these instances, firms apply such strategies to survive. (2) Dynamic capabilities are not given outcomes and managers have to input heavy quantities of resources and other capabilities in converting threshold capabilities into dynamic capabilities. Many

managers do not have the time or resources to attempt to develop dynamic capabilities. This thesis contributes to theory by bridging the current gap between threshold and dynamic capabilities by exploring if collaboration can be leveraged as a dynamic capability within the NZ wine industry.

4. Practical Significance

Organisations in wine-producing countries (including NZ) are collaborating at multiple levels vis-à-vis cellar door staff improving service exchanges with clients but also organisations are competing and collaborating interchangeably as an integral part of their business-level strategies (Taplin, 2010). There has been the 2005 establishment of the strategic alliance the ‘Family of Twelve.’ This alliance is composed of twelve independent wineries who have engaged in a cooptition strategy to add value to their brands and improve customer relations. The goal of the alliance is ‘to nurture long-term relationships with an emphasis on education both at home and in our key export markets’ (Family of Twelve, 2014). The members and locations of the Family of Twelve are presented in Appendix 2. Another change is an alliance of micro-vineyards on Auckland’s Waiheke Island that has led to a greater number of visitors than if they were operating in isolation (Baragwanath, 2010).

In NZ, the past 5 years have seen many transformations. Younger people are consuming wine more frequently causing wineries to promote wine more strongly at the ‘Generation Y’ market (Fountain & Lamb, 2011). The Canterbury earthquakes of 2010 and 2011 have caused some Waipara wineries to lose the majority of their trade due to Christchurch bars/restaurants being closed (Crick & Crick, 2012). Firms are not only interacting with consumers through cellar door sales but have also diversified their portfolios to include tourism in addition to the core offering of wine (Dodds *et al.*, 2013). There has been both an overall rise in supply and demand for NZ wine since 2004 (Appendix 3) outlining how the industry is growing in economic value. Despite its low population, NZ has a moderately high consumption of wine (30th in the world) with the average person consuming 21.65 litres per year (Appendix 4).

NZ is a ‘trade-dependent’ economy that relies on market-orientation for business-level ventures i.e. the strategies involving firm-level competitiveness (Ellis, 2011). This means that internationalising may be a necessary step to survive let alone compete for some vineyards (Dana & Winstone, 2008). Tourists are visiting from domestic and

overseas locations; hence, the need to interact with customers to boost immediate/future sales at the cellar door (Benson-Rea *et al.*, 2010). As a ‘new world’ wine country, the NZ wine sector accounts for 0.88% of global wine production with a 14.52% growth in output since 2008 (The Wine Institute, 2011 a). The industry exports a wide variety of red, white and rosé styles with the largest international markets being Australia, the United States (US), the United Kingdom (UK) and Canada (NZ Wine, 2013 a). NZ is best known internationally for its production of wine (as opposed to other alcoholic beverages) with the NZ Winegrowers Association attempting to boost the country’s brand equity in global export markets (Felzensztein *et al.*, 2014). The Wairarapa cluster encases two sub-regions (Harris, 2014): the Martinborough region (in the southern end of the cluster) produces the bulk of the region’s grapes (NZ Wine, 2013 a) and the Gladstone/Masterton region is slightly further north and produces the remainder of the region’s vines (NZ Wine, 2014 a; b). The cluster encases 9.39% of the country’s vineyards/wineries (NZ Wine, 2013 b) but is in the shadow of Marlborough, Hawkes Bay and Auckland (in terms of output) which have a greater number of larger producers as opposed to the boutique wineries in the Wairarapa (Overton & Murray, 2015).

The territory has seen a strong investment in both wine and olive products namely, whole fruit as well as olive oils (Stephenson, 2014). Some wineries (e.g. The Elder Pinot) have diversified into olive oil production as well as wine production (The Elder Pinot, 2014). The overall Wairarapa (that includes the main Martinborough sub-region) has a population of 60 vineyards (NZ Wine, 2013 b). In addition to wine production, other firms are producing other alcoholic beverages e.g. beer; these producers are smaller players but predict a rise in the region’s reputation for such products (Springford, 2015). The Wairarapa is culturally diverse with many producers having migrated from a range of countries. Examples of foreign-owned organisations are presented in Appendix 5; secondary data such as websites are often unclear about cultural heritage. Later in this study, a sub-theme explored was the collaboration strategies occurring within vertical networks. This usually related to giving the wineries with an international heritage a higher chance of succeeding in such markets hence, the use of the information in Appendix 5 provides a summary of the firms with this potential advantage in international ventures. This further shapes the gap in the existing knowledge that this study aims to fill i.e. whether collaboration (the above example included) is a threshold or dynamic capability. There have been no direct management

studies on the Wairarapa, inferences have to be made from other wine regions in NZ and globally. In Marlborough, collaboration is stronger between wineries in the Blenheim/Seddon region rather than towards Nelson (Hayward & Lewis, 2008). From a Chilean agricultural (including wine) perspective, Geldes *et al.* (2015) found similar results suggesting that this assertion might transfer internationally. The aim of this study was to select a cluster that has been minimally explored in previous literature. A further reason for selecting the Wairarapa region was to measure how wineries collaborate with those located at a regional-level. Sampling a mixture of regions would have not explored the in-depth ways in which firms collaborate with their competitors as accounts would have only told one side of the story (Murray & Overton, 2011). The purpose of this investigation was to explore the practices of a single cluster rather than diluted findings that contain accounts from a series of regions. This made the data far more rich and rigorous as the sampling frame is focused in one specific cluster.

5. Research Questions

The research questions were set out using Booth *et al.* 's (2008) typology whereby topics begin as broad and are narrowed down into appropriate, manageable tasks. These research questions are presented as follows:

- How and why is the collaboration strategy used as threshold or dynamic capabilities?
- How and why is the collaboration strategy used at the multiple levels of strategic management?
- How and why is the business-level strategy the main level in which competitive advantages through collaboration is created?

6. Chapter Summary

The introduction chapter has outlined the structure of this thesis and described what each of the following chapters entail. The introduction has also described the context of this study as well as the theory the study builds upon. The study contributes to the gap in the literature concerning the question of: is the collaboration strategy used as a threshold or a dynamic capability? In defining this gap, the chapter has outlined the main groups of capabilities and has labelled which strand of the resource-based view of the firm it contributes to. The study makes a secondary contribution to context via

exploring the competitive strategies of a cluster that has not been explored in isolation by a study of this calibre. The next chapter (the literature review) discusses the theory underpinning this thesis and identifies gaps in the existing pool of knowledge surrounding collaboration and capabilities.

CHAPTER II – LITERATURE REVIEW

7. Chapter Introduction

The previous chapter provided an overview of the contextual background of this study. This chapter outlines the theory underpinning the collaboration strategy and strategic capabilities³. Collaboration was explored as a multi-level concept with a specific focus on coopetition and to a lesser extent co-creation. It critiques the theory underpinning collaboration and applies the discovered knowledge to the context of this study. The chapter proceeds to highlight capabilities and similarly breaks down the theory about capabilities (threshold and dynamic capabilities) plus applies the theory to the study's context. The literature review is summarised with the development of four research propositions that are explored within later chapters of this thesis. This literature review aims to explore two main constructs: collaboration (across multiple levels) and strategic capabilities as well as the intersection between the two. The model presented in Fig. 1 explains the key concepts incorporated in the literature review underpinning this study.

Fig. 1 – A Model Outlining the Concepts in the Literature Review

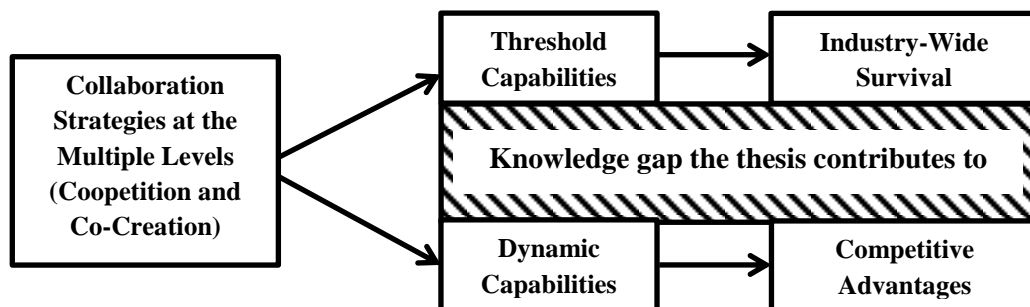


Fig. 1 depicts a proposed link between collaboration and strategic capabilities (both threshold and dynamic capabilities). It proposes that this link can lead to two possible outcomes i.e. whether collaboration is classed as a threshold (survival) or dynamic capability (competitive advantage). It is noted that this model is not the conceptual framework developed from this chapter's findings rather an account of the concepts in the framing literature.

³ Appendices 7 and 8 describe the system for identifying sources for the literature review.

8. The Discipline of Strategic Management

Strategic management is ‘the actions that managers take to attain company goals’ (Hill *et al.*, 2013, p. 445). This describes how strategy involves a process in which ‘managers’ take to meet objectives but does not specify what areas the objectives fall under. ‘A strategy is a fundamental pattern of present and planned objectives, resource deployment and interactions of an organisation within markets, competitors and other environmental factors’ (Hofer & Schendel, 1978, p. 25). This describes the premises of strategy but does not highlight the context of the particular objectives. Chandler (1963, p. 13) defines strategy as ‘the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.’ Strategy involves a process needed to achieve long-term goals. One must specify (1) the types of goals organisations should strive to achieve and (2) the period of time organisations should develop strategies within. Strategy is viewed upon as a multi-level discipline that could encapsulate many areas of an organisation’s activities to achieve its strategic goals (Whittington *et al.*, 2011). This will be continued in the following section with a specific focus on collaboration.

9. The Multiple Levels of Collaboration

Despite some disagreement in the literature, the common levels of strategy are the ‘corporate, business and operational-levels’ (Johnson *et al.*, 2011, p. 7). The corporate-level represents top-level planning that involves developing long-term missions (Kleinbaum & Stuart, 2014). The business-level involves firm-level competitive strategies (Ahearne *et al.*, 2014). The operational-level concerns the functional members of an organisation making day-to-day tactical decisions (Menz & Scheef, 2014). The theory does not account for more modern day strategic activities such as the collaboration strategies (the focus of this study) occurring at an organisation’s network-level: which is typically where collaboration strategies are devised (Coviello & Joseph, 2012). Collaboration could be seen as an individual or firm-level capability as it is relevant to how individual employees and/or managers may network with a range of stakeholders or at the firm-level where businesses (with their employees as a collective unit) develop networks with such stakeholders (Raza-Ullah *et al.*, 2014). The network-based view has a broad variety of sub-areas within the term. The two main factors are coopetition and co-creation. Coopetition is the interplay between competition and collaboration whilst co-creation is working with customers to improve service and

market orientation (Bengtsson & Kock, 2000; Flaherty & Pappas, 2009). These will be discussed in the following section.

10. The Collaboration Strategy

Collaboration can be defined as ‘the cooperative way that two or more entities work together toward a shared goal’ (Frey *et al.*, 2006, p. 384). Collaboration is seen to include a broad spectrum of possible stakeholders within different strategic levels as collaboration can occur anywhere from the managing director devising plans at the corporate-level through to the operational-level (Raza-Ullah *et al.*, 2014). This definition is clear on how many partners are involved in the strategy and indeed what they intend to achieve together. ‘The term collaborative business relationships.... refer to alliances, joint ventures, business networks and other formal and informal relationships in which firms coordinate activities to achieve their goals’ (Palakshappa & Gordon, 2006, p. 389). The term has some scope to include many different strategic levels as well as the prior-noted issue of informal and formal channels. This requires a specification onto the different sub-areas of collaboration namely, coopetition and co-creation which are discussed as follows.

‘Coopetition is a dynamic and paradoxical relationship which arises when two companies cooperate together in some areas, such as strategic alliances but simultaneously compete with each other in other areas’ (Bengtsson & Kock, 2000, p. 411). A major flaw is the reference to ‘two companies’ as it restricts the strategy to a partnership rather than an alliance-related concept (Hamel, 1991). Coopetition is ‘the simultaneous existence of cooperation and competition and it can be found at intra-organisational, inter-organisational or individual levels’ (Tidstrom, 2014, p. 262). Some writers differentiate collaboration versus cooperation by stating minor differences between the two e.g. cooperation is more informal whilst collaboration includes both formal and informal networks (Luo, 2007). Tidstrom (2014) highlights this dispute but states that that collaboration and cooperation are one of the same factors. This means that an agreed definition of overall generic collaboration is difficult to achieve (Ho & Ganesan, 2013). The definitions and characteristics of the sub-forms of collaboration are known for example, as coopetition and co-creation; this means that scholars have to piece together the individual sub-forms of collaboration to develop an overall definition.

The characteristics of the main sub-forms of collaboration (coopetition and co-creation) are discussed in the following paragraphs.

Coopetition allows organisations to save time/costs in entering new markets and increase returns (Kozyra, 2012). It can limit competitive advantages to some degree as some organisations are forced to make some strategies known to their competitors which are then able to be copied/adapted (Luo *et al.*, 2006). This is especially prudent when dealing with international coopetition whereby organisations are risking their strategies and innovations being known by a greater quantity of direct/indirect competitors due to the parameters of globalisation (Luo, 2007). Organisations who are engaging in coopetition on a large scale (e.g. international strategies), can have access to knowledge and resources potentially equally to competitors, assuming they have the competencies to access this advantage (Chetty & Campbell-Hunt, 2003).

Collaborating with customers may improve service encounters and business performance via increasing market orientation (Brodie *et al.*, 2011). Underpinned by service-dominant logic, co-creation describes how intangible capabilities can boost business performance (Vargo & Lusch, 2004; Peters *et al.*, 2014). Recent studies have reversed the theory by examining how co-creation exercises might fail which are known as ‘co-destruction’ strategies (Heidenreich *et al.*, 2015). Such co-destructive effects that are said to occur when parties do not get their desired outcomes from the arrangement (Heidenreich *et al.*, 2015). Examples will vary but co-creation-based problems are not likely to be as significant as coopetition-orientated failures as the arrangements between buyers and sellers may not be as significant as industrial-level transactions (Luo *et al.*, 2007). Although this study has described the differences between collaboration, coopetition and co-creation, there are relationships between these terms (particularly, coopetition and co-creation). Firms engaging in coopetition may also wish to develop insights into their market orientated behaviour by improving the experience of their customers (Park *et al.*, 2014). Most literature however distinguishes the terms and allocates particular business units for the terms to be categorised under.

‘Industry conditions’ such as volatility can influence the likelihood of collaboration (Porter, 1990). This can include a broad number of factors due to strategic environments being typically unpredictable settings (Wilden *et al.*, 2013). In the case of the global wine industry, industries are built upon the assumption that wineries produce decent

wine at a minimum (Bretherton, 2005). The increased level of competition has forced organisations to collaborate to add value to their brands (Alonso, 2011). Managers who have limited resources and capabilities may have to collaborate to break-even and/or increase returns (Park *et al.*, 2014).

Co-creation involves organisations collaborating with consumers to improve the product/services(s) an organisation delivers (Yngfalk, 2013). Co-creation literature often analyses its effect on competitive advantages (Killa, 2014). Co-creation/co-destruction has been investigated extensively; coopetition is an area where far less is known: the purpose of this study is to gauge whether it can be used as a strategic capability. This also extends to the destructive effects of coopetition – should they exist. A gap in the literature surrounds whether collaboration at the operational-level extends beyond co-creation strategies. This concerns whether functional-level employees can deal with coopetition-orientated duties or is this restricted to managers and/or owners? This is a gap this study aims to fill by investigating the coopetition strategies at a range of strategic levels. Although the methodological considerations are explored in the following chapter, the study investigates this gap in the existing knowledge by developing insights into how coopetition may be more than a business-level strategy by exploring how and why operational-level staff members engage in coopetition. This component of the empirical results will be discussed further in the findings and discussion chapters.

‘Vertical coopetition occurs between buyers and sellers, whereas horizontal coopetition takes place between competitors (Tidstrom, 2014, p. 262).’ This definition outlines the basic disparity between the terms but it refers specifically to ‘coopetition’ and it does raise issues concerning the conditions to the notions. For example, does vertical coopetition apply to further up the supply chain with agents/distributors? Vertical coopetition can apply to such conditions (Dowling *et al.*, 1996). The term typically refers to business-to-business (B-to-B) strategies over customer-orientated models (Lacoste, 2012)⁴. If one combines the definition of coopetition with horizontal

⁴ Vertical collaboration refers to supply chain management (Johnson *et al.*, 2011). This thesis appreciates that vertical collaboration is an important strand of knowledge; whilst the conceptual discussion highlights some findings regarding vertical collaboration; the thesis primarily focuses on horizontal collaboration strategies.

coopetition, there appears to be no disparity. It appears that vertical coopetition is the only sub-notion that needs distinction from mainstream coopetition. To re-iterate, coopetition is the interplay between competition and cooperation (Bengtsson & Kock, 2000) whereas, collaboration is more similar to cooperation and involves a range of facets including coopetition.

Following on from the introduction's remarks on distance's effect on collaboration strategies, 'close geographic proximity can be a barrier to social proximity' (Letaifa & Rabeaua, 2013, p. 2071); a key reason being that international insights are psychologically viewed as more effective if the country is further away. Historically, it was argued that the further away a 'host country' is from the 'home country', the more significant the barriers to entry would be in that market (Buckley, 1989). Whilst this was potentially true at the time, recent work has indicated that businesses have much more scope to develop networks plus enhance resources and capabilities making market entry and success far more realistic (Ellis, 2007). In the case of coopetition, studies have examined geographically close and distant business relationships (Wang & Krakover, 2008). Wang & Krakover's (2008) case study approach found that short and long-distance collaboration can be of a formal or informal nature. Whilst this is a known phenomenon, the authors set their context in the US meaning that there is a gap in the existing knowledge regarding whether cross-country collaboration strategies vary in nature to the same degree.

Psychological and geographical distances do not always go hand in hand due to cultural facets e.g. language and behaviours distorting the association between geographic distance and psychic distance (Fletcher, 2008). Psychologically close-distance relationships are typically more predictable as those involved in the coopetition strategy are likely to be familiar with each other's culture or strategic intentions (Ganesan *et al.*, 2005). A disadvantage is that members often are not required to adapt (significantly) to the corresponding cultures through 'polycentricism'; personalities and cultures may clash causing the coopetition exercise to be of a disadvantage to all of the parties involved (Cabus & Vanhaverbeke, 2006). Theory dictates that there needs to be a common goal for both/all parties (Tidstrom, 2014). Close-distance collaboration may leverage certain access to knowledge or resource-based capabilities that the long-distance relationships cannot access. This potential outcome is discussed in the following paragraphs. This argument contributes to whether collaboration is viewed

upon as a threshold or dynamic capability due to the consideration that it may be a necessary step to survive within an industry or may develop a sustainable competitive advantage.

Long-distance cultures can cooperate to develop competitive advantages that non-coopetition strategies cannot acquire as quickly due to the role of networks in certain cultures - particularly in the Far-East (Luo, 2004). As coopetition extends both the resource and network-based view, relationships are integral to this theory (Eng, 2005). A disadvantage is the role of culture playing an important component of sustaining the quality/value of the collaboration strategies (Yarborough *et al.*, 2011). In the case of the wine sector, if wineries were to collaborate with competitors of a different culture(s), the question of efficiencies comes into play (Mitchell *et al.*, 2012). Managers have to be wary of how differences in culture and working arrangements may alter the effectiveness of a collaborative arrangement. The most apparent difference for long-distance collaboration is the role of culture with a specific focus on the possibility of cultural-based clashes when networking becomes counter-productive due to partners disputes lessening the potential benefits in the collaboration strategy. This helps the study develop an insight into the collaborative practices of firms as it might be that the businesses that have access to international and long-distance collaborative partners may have more chance in developing competitive advantages than firms with limited access to only close-distance networks.

11. Collaboration within the Wine Sector

Clusters are developing in many industries; they assist businesses in starting-up as they help develop innovation and diversify risk (Delgado *et al.*, 2010). In the NZ wine industry, social capital and communication allows smaller wineries within regional clusters to grow and expand (Murray & Overton, 2011). This appears to be a finding that is cross-culturally transferrable as the same is true in the Chilean wine industry (amongst other agricultural industries) (Felzensztein *et al.*, 2012). There are very few sources on remaining wine-producing countries' relationships with regional-level networks. To build on earlier sections of this and the previous chapter, this section will discuss the different forms of collaboration that are occurring at a variety of strategic levels. This follows on from the earlier conceptual analysis of how collaboration is a

multi-level construct; this means that the earlier sub-forms of the theory surrounding collaboration can now be applied to the context of this investigation.

Functional-level winery employees have been found to collaborate with their clientele to develop a rapport with their patrons adding value to brands (Hollebeek & Brodie, 2009). Wineries are developing new insights into raising the profile of their organisations, boosting present/future sales (Hoffman *et al.*, 2001). Key examples include offering tasting sessions and wine tours as well as other tourism-based services to boost wineries' augmented products (Hojman, & Hunter-Jones, 2012)⁵. This creates relationships in order to increase demand with present/future customers through a range of marketing communications (Benson-Rea *et al.*, 2010). Some wineries are keeping 'old world' traditions in a 'new world' wine environment (Taplin, 2012). The NZ wine sector has followed a large change whereby some firms have shifted from lifestyle to growth-orientated enterprises (Crick & Crick, 2012). At a generic-level, this involves prioritising the wants and needs of the customer as part of the firm's growth strategies (Gatignon & Xuereb, 1997). It is still unclear whether the product augmentation and service-led strategies (i.e. collaboration with customers) is something that is needed to survive within the industry or, whether it results in a sustainable competitive advantage. This area of the literature review is explored further within the findings and discussion chapters in which this gap is evaluated.

Coopetition is employed as a mechanism to create sales/brand equity (Gomez & Molina, 2012). Resource-based theory dictates that businesses have finite resources and capabilities to secure competitive advantages (Barney, 1991; 2001). Integrating cooperation into an organisation's business model allows firms to improve in areas they are less specialised in (Roggeveen *et al.*, 2012). There are drawbacks to the theory; organisations that are eager to cooperate may give too much information away. Therefore, a point of differentiation may be diluted amongst competitors to become invaluable within a particular industry (Porter, 1991). The overall strand of literature concerning the potential for damaging competitive advantages is not a new issue that this study has uncovered. What is less known is the extent to which collaboration

⁵ Wine tourism is a broad concept for which examples vary by author/study. This study acknowledges a variety of wine tourism offerings when drawing upon business-to-consumer (B-to-C) collaboration.

(specifically coopetition as this concerns B-to-B collaboration) contributes to damaging forms of competitive advantages? This study explores this gap in the literature by investigating how and why collaboration (with a particular focus on coopetition) has the ability for some organisations to lessen the odds of securing competitive advantages whilst for others, it may act as a mechanism to enhance such competitive advantages.

It has been argued that coopetition may make some organisations less effective when dealing with individualistic strategies whereby there is not a need to cooperate (Bengtsson & Kock, 2014). Some wineries have struggled in internationalising into new markets whereby they have previously depended on assistance from competitors (Santini & Rabino, 2012). Organisations (across several industries) have typically been less successful due to this pre-meditated dependency on support (Zahra, 2005). Wineries have been entering new international markets with the support of other competitors at a regional-level (Bicknell & MacDonald, 2012). This study aims to develop an insight into how and why such instances (should they exist within the thesis' sample) act as survival mechanisms (threshold capabilities) or competitive advantages (dynamic capabilities).

It has been suggested that it may be more efficient to collectively enter foreign markets as a region and promote regional varieties and only once the bottles are stocked within retail environments, it is left for individual brands to fight for themselves (Barker *et al.*, 2001). In the case of Marlborough's Cottesbrook's sales of Sauvignon Blanc to Tesco, the organisation found that collaborative relationships with distribution employees and NZ collaboration partners increased the ability to boost efficiency and lower transaction costs in their marketing strategy (Tipples, 2008; Tipples & James, 2010). This helps illustrate that relationships are a critical component of international and domestic marketing strategies (Zontanos & Anderson, 2004). Whilst this may be true, relationships, as stated in an earlier section are only one element of the coopetition strands of the collaboration-orientated literature i.e. relationships via collaboration has to integrate with competition. This thesis aims to explore to what extent collaboration integrates with competition i.e. how strong are the coopetition networks within the Wairarapa cluster? This is a mechanism to help determine (and contribute to the current gap in the existing knowledge) whether collaboration is a threshold or dynamic capability.

Collaboration strategies have developed competitive advantages at a country-level such as regional or even national reputations for specific varieties of wine (Marshall *et al.*, 2010). The corporate-level strategy of the NZ wine sector has been to develop the national-level degree of collaboration shaping a range of business/operational-level strategies (Charters *et al.*, 2011). Due to almost every NZ winery being individually owned/operated (NZ Wine, 2013 a), the national body has limited control over its members apart from recommendations over what policies should be implemented (Grimstad, 2011). For this study, accounts from participants are mostly at the firm-level meaning that corporate-level accounts are not drawn upon as they are less important to explore the case study of the Wairarapa wine cluster. It is still useful to build an overall picture of the national-level collaboration efforts that are occurring in NZ.

A notable example is the: ‘100% Sustainable’ campaign which develops wineries’ strategies to involve an environmentally-friendly outlook on production and operation systems (NZ Wine, 2014 a). This has been known to develop competitive advantages in the sector by giving more-resourced organisations the ability to cater for eco-tourists as well as the mainstream clientele (Flint & Golobic, 2009). This extends to collaboration-based incentives as the corporate-level body has no managerial control over individual producers; it is up to firms at the micro-level to engage in collaboration strategies. This assists in determining the extent to which collaboration is occurring at the different levels of the firm. If it was compulsory (e.g. by law) to engage in collaboration, this study would add little value to the strategic management discipline as it would be difficult to explore whether collaboration (of all varieties) acts as a threshold or dynamic capability. As it is not implemented by law (as compared to sustainability), the study has the ability to investigate whether it is a survival mechanism or a basis to sustain a competitive advantage.

12. Differentiating between Small and Large Wineries

Strategy literature usually depicts that larger businesses have a far stronger chance of securing competitive advantages than small businesses due to their extra capital and cash flow that smaller firms may not have access to (Barney, 1991). This requires a need to set out a measure that differentiates small from large firms within the context of this investigation. Business size is usually classified by a range of factors e.g. output and/or the number of employees (Deakins, 1996). This works when distinguishing between

firms across different sectors; a drawback is when an industry (such as the NZ wine sector) is populated with mostly small organisations (Murray & Overton, 2011). In the case of the NZ wine industry, wineries are typically boutique as compared to larger wine-producing regions e.g. California, Burgundy and Tuscany (Getz & Brown, 2006).

An appropriate measurement for differentiating small from large wineries is the input of the product portfolio (Hall *et al.*, 2011). This marketing term refers to a model(s) which allows firms to manage their different product lines and compare their performance holistically with some products being more augmented than others (Mullins & Walker, 2010). In the context of wine marketing, this can refer to the level of wine tourism ventures that are offered at a particular vineyard as some firms operate a production-orientated model with others having a service-intensive business model with a largely augmented product portfolio (Strickland *et al.*, 2013). In instances of augmented product portfolios, firms are typically larger in size (but still are officially termed small businesses in respect of employees) than the businesses that offer a production-focused business (Hall & Page, 2009).

A key example in the Wairarapa cluster is the difference between the Margrain Vineyard and Kusuda Wines. These firms are different due to their product portfolios as the Margrain Vineyard has relatively few employees but provides a significantly higher number of augmented services e.g. accommodation, a cellar door and conference bookings etc. whilst Kusuda is a small producer that is owned/operated by one individual (Kusuda Wines, 2011; Margrain Vineyard, 2015). For the rest of this study, the product portfolio will be used in the operationalisation of small versus large wineries. If one was to operationalise this construct with the generic measures of a small business, both of the above firms would still be small despite there being overt differences between the two. It is noted that there are other measures that are appropriate in studies examining different sectors.

13. Strategic Capabilities

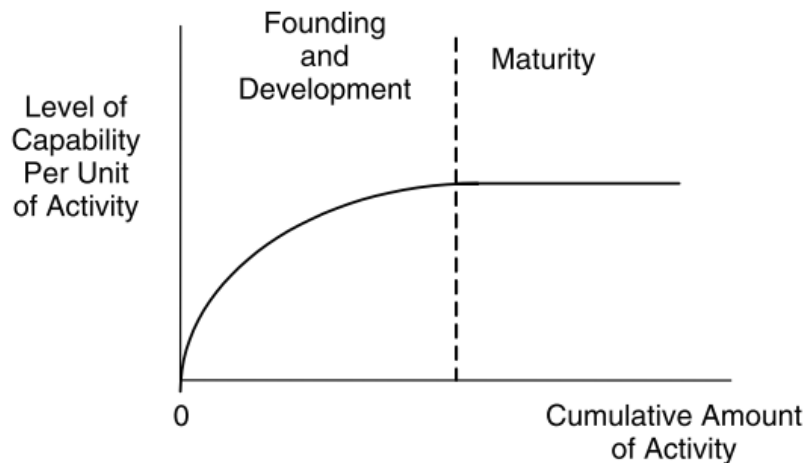
Following on from the discussion of this study's contribution to theory, 'an organisational capability is a high-level routine (or collection of routines) that together, with its implementing input flows, confers upon an organisation's management a set of decision options for producing significant outputs of a particular type' (Winter, 2003, p. 991). According to Teece (2010), organisational and strategic capabilities are inter-

changeable terms. Although Winter (2003) discusses ‘high-level routines’, the author disregards the specification of threshold versus dynamic capabilities and how the ‘significant outputs’ may be something that is needed to survive within an industry i.e. threshold capabilities or something that secures a competitive advantage i.e. dynamic capabilities (Eisenhardt & Martin, 2000). Dynamic capability literature has used primarily Teece *et al.*’s (1997, p. 524) definition: ‘the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments;’ this thesis therefore uses this definition.

Some scholars have attempted to develop their own definitions of dynamic capabilities but the work typically is based upon, if not very similar to, the original definition (Dixon *et al.*, 2010). ‘The dynamic capability perspective extends the resource-based view argument by addressing how valuable, rare, difficult to imitate and imperfectly substitutable resources can be created and how the current stock of valuable resources can be refreshed in changing environments’ (Ambrosini & Bowman, 2009, p. 29). This succinctly explains how dynamic capabilities add value to organisations via competitive advantages. These definitions do not provide detailed insights into the timeframe of the capabilities i.e. at what point does a threshold capability become a dynamic capability and vice-versa? It is important to note the role of the timeframe of capabilities, since dynamic capabilities are said to be affected by factors such as technological advances (Coviello & Joseph, 2012). This means that if time progresses and a firm’s dynamic capabilities are dependent on the technology at the time, a capability may become a survival mechanism (threshold capability) (Teece, 2012).

Helfat & Peteraf (2003, p. 997) introduced the ‘Capability Lifecycle (CLC)’ (Fig. 2) which states that all dynamic capabilities will become threshold capabilities if managers do not sustain investment in capital and social costs into the construct due to the role of rivals in the industry. This is reinforced by an example from Narver & Slater (1990) who found that competition ‘moderates’ the relationship between ‘advertising’ and ‘market orientation.’ As competition is added to the equation, organisations that have a particular capability (e.g. a particularly effective advertising capability) are highly likely to lose the effectiveness of the capability as rivals are operating similar business models (Day, 1994).

Fig. 2 – The CLC Model



Source: Helfat & Peteraf (2003)

Capabilities come from a wide variety of business units (marketing, finance and personnel); considering them in isolation (e.g. just finance) is likely to result in minimal success (Westhead *et al.*, 2001). Entrepreneurs have to question: how will they structure their business units in order to gain and sustain a competitive advantage (Teece, 2010)? Firms from a broad range of sectors split their capabilities into sub-groups such as human, technological and financial capabilities which are tailored to suit their specific business models (Porter, 1981; 1985). The resource-based view dictates that businesses can develop sustainable competitive advantages from resources and/or capabilities (Barney, 1991). Resources are the tangible objects e.g. equipment or machinery that is used to drive business performance whilst capabilities are the intangible units such as knowledge or experience (Porter, 1985; 1991).

Johnson *et al.* (2011) state that resources and capabilities can be one of two groups: threshold versus dynamic. To maintain this study's contribution to theory (the capabilities strand of the resource-based view of the firm), this investigation prioritises the need to explore the capabilities element of the theory. Whether a capability is classed as a dynamic capability depends entirely on the sector an organisation competes within (Townsend & Busenitz, 2015). This concerns industry-specific factors that influence what is needed to survive versus standout amongst the competition within the industry (Fahy & Smithee, 1999).

As the NZ wine sector contains a variety of growth-orientated organisations (Crick & Crick, 2012), this study presumes that many in the sector will have desire to be

competitive with their rivals across the industry. It is assumed that (1) a winery produces some form of decent wine that attracts customers of a certain calibre (Mitchell & Hall, 2004) and (2) a winery has a sustainable output business model (Dodds *et al.*, 2013). Wine tourism is a competitive strategy that provides some wineries with dynamic capabilities (Beverland, 2004; 2006). With a rise in tourism/eco-tourism ventures, some wineries have dynamic capabilities; yet this is being diluted across the sector (Baird & Hall, 2014). There have been few studies on eco-wine tourism in NZ; the US's wine sector has displayed recent trends in eco-tourism whereby demand has shifted in favour of the producer (Atkin *et al.*, 2012). It is still possible to gain/develop dynamic capabilities from such services as a result of an increasing competitive intensity. This may be different within a NZ context due to cross-cultural differences. Whilst the tourism component of many wineries' business model is not the main focus of this study, it is important to question that due to the NZ wine industry having gone through a series of changes, what the role of collaboration on this shift? The study aims to explore this shift further with a specific focus on whether the input of collaboration into vineyards' business models acts as a threshold or dynamic capability.

At a conceptual level, threshold capabilities for some organisations can be converted into dynamic capabilities due to their resource-based competitive advantages (Helfat & Peteraf, 2015). Referring to the NZ wine industry, Marlborough's Yealands Estate's competitive advantage is based on its sustainability-based dynamic capabilities (Yealands, 2013). What may be a threshold capability for many organisations; some producers can develop a specialised dynamic capability. This element of the theory advantages mostly larger organisations that have the economies-of-scale to develop dynamic capabilities and competitive advantages far more easily than the average small enterprise (Liesch *et al.*, 2012). This is often difficult to operate as such strategies are often leveraged by resourceful organisations (Barney, 2014). Applying this knowledge, this investigation aims to explore whether collaboration is something only the larger wineries can leverage as a dynamic capability (thus, it is only a threshold capability for the smaller wineries) or if collaboration can be a dynamic capability regardless of the size of the firm. From a conceptual standpoint, collaboration appears to be linked to large-scale resources and capabilities that typically, larger firms possess. This suggests that collaboration is a dynamic capability for the larger firms as they have the resources

and other capabilities to leverage a competitive advantage from the multiple forms and levels of collaboration.

Johnson *et al.* (2011) provide a description between the similarities of the terms capabilities and competencies by stating that both notions can be of a threshold and a dynamic (or distinctive) nature. The authors state that some capabilities/competencies are survival mechanisms whilst dynamic capabilities are primarily used for competitive advantages. Hitt & Ireland (1986, p. 401) linked the ‘distinctive competencies’ concept to Ansoff’s (1957) ‘corporate diversification strategy.’ The authors found that whilst capabilities are an element of competencies, competencies are better linked to diversification (in the Ansoff Matrix) whilst capabilities should be compared to differentiation (in respect of the work of Porter). Competencies can be just as effective as strategic capabilities in planning as authors argue that some capabilities (depending on the environment and industry conditions) do not have to be converted into competencies as consumers may not care if a resource is combined with a corresponding capability as it may add little value to their consumer experience (Conant *et al.*, 1990). Capabilities are almost always intangible (Block *et al.*, 2014) whereas differentiation can be a tangible resource or an intangible capability.

Resources and capabilities should not be examined in isolation; if organisations are not seen as ‘competent’ they cannot deliver this additional value to their customers and are highly likely to incur a reputation of being inferior to the competition (Mol & Birkinshaw, 2014). Competencies allow scholars/practitioners to see how strategy can be employed more holistically i.e. considering intangible capabilities in addition to their corresponding resources (Berchicci *et al.*, 2012). They also provide further insight into strategy theory by making it clear how strategies can be implemented in different situations such as across national borders or within cooperation arrangements (Luo *et al.*, 2011).

Competencies are ineffective when there is little to no difference between them and a capability when intangible ‘know-how’ abilities and skills are being viewed (Hamel & Prahalad, 1990). There is a difference when resources are inputted into the equation and managers have to question if a resource plus a capability is competent or not (Baum *et al.*, 2014)? If they are, this relates to securing competitive advantages whereby insufficient competencies results in losses or meeting the industry threshold at best

(Morgan *et al.*, 2009). What is less known about competencies is the proportion of resources and capabilities that total a particular competency. This will vary by firm, industry and other circumstances. This study does not explore this gap in the existing literature significantly; in exploring the gaps in the knowledge that are to be filled, the element of resources and capabilities are explored in terms of their role in collaboration strategies. Contributing to this gap would be more relevant had to study aimed to explore distinctive competencies rather than dynamic (and threshold) capabilities.

Barney (1991) introduced the 'Value, Rarity, Inimitability and Ownership' (VRIO) framework as a guide to develop sustainable competitive advantages through resources and capabilities. Value indicates an organisation's ability to deliver value to its patrons and maximise brand equity (Slater, 1997). Adding value is an integral component of strategies; it is important when organisations are attempting to boost their profile internationally (Mol & Kotabe, 2011). Value significantly changes in duopolistic and oligopolistic markets as competitors add their own value/hurt their rivals in the industry (Chien & Chu, 2006). Adding value is still important for monopolies as consumers may shift their demand to substitutes meaning organisations in these markets must strive to develop and employ strategies that sustain demand in their organisation and its offerings (Slater, 1996). Porter's (1980) 'threat of substitutes', is a very strong factor in this scenario as it dictates the focus of rivals at a firm's produce; therefore, has the ability to widen the scope of potential competitors within an industry.

Rarity is the scarceness of a capability whereby the rarer the capability, the lower the chances will be of attack from competitors (Kozlenkova *et al.*, 2014). Competitive advantages are likely to be sustainable when organisations that possess the competitive advantage have the ability to control the dynamic nature of a strategy (Alvarez & Barney, 2010). Rarity was previously (by historical strategic practices) an ideal state to possess a capability; with technological advances/research and development, capabilities and resources are not as rare as they once were (Barney, 1991). Organisations have to invest capital into ensuring that 'rare' capabilities are sustained in their dynamic nature (Ambrosini & Bowman, 2010). Inimitability is the ability to copy a resource or capability (Helfat & Winter, 2011). Larger/resourced organisations that have access to patents or copyrights have the ability to boost their chances of sustaining such capabilities; this is a luxury smaller organisations often cannot afford (Barreto, 2010). This element of the theory minimally accounts for illegal operations of

counterfeiting goods in terms of imitations of the original resource. This does not apply to intangible capabilities to the same extent as these cannot be manufactured to the same degree as a tangible resource (Sun & Tse, 2009).

The model has been modified from VRIO into VRIN with 'N' standing for 'Non-Substitutability' (Greco *et al.*, 2013). This change was made to account for consumers having so much choice in the marketplace especially with the rise in e-commerce, providing customers with more choice in multiple countries (Nikolaeva, 2007). If there are more substitute goods, managers must question: why should consumers buy their products and what makes our products different (Sharp & Dawes, 2001)? Non-Substitutability allows managers to develop insights into the ways in which products can be adapted to suit the rise in consumer buying power; this will vary by organisation and industry. The change is not exclusive to products and applies to resources and capabilities as this was the focus of this highly cited management theory (Shaw *et al.*, 2013).

The framework is very effective in considering how managers can develop their resources and capabilities into valuable competencies that can be superior to one's competitors (Barney, 2012). The theory assumes that business-level strategy is causation-focused and individualistic (Johnson *et al.*, 2011). This might be the context that the theory was originally written in by an American author in an American publication namely, the *Journal of Management*. The theory has subsequently been explored to suit cross-cultural management practices such as US companies engaging in collaboration strategies with Chinese organisations who have different traditions and methods to gain and sustain competitive advantages (Fang & Zou, 2009). Consequently, there is a degree of transferability regarding this theory across cultures and is not necessarily restricted to western nations.

Non-Substitutability and Inimitability are very similar in the sense that they develop strategies to prevent or limit competitors from copying the capability underpinning a particular competency (Pan *et al.*, 2007). Arguably, the original Ownership criterion was superior as it developed a different factor for managers to consider when determining how to sustain their strategic capabilities (Lopez, 2007). The ownership factor was comparable to Dunning's (1988) 'Eclectic Paradigm' whereby international managers of larger corporations are instructed to consider the 'ownership-specific'

decisions when determining a market entry mode based on their strategic strengths and weaknesses (Hennart, 2012). The Eclectic Paradigm is an international business theory and whilst the VRIO/VRIN framework can be applied for firms with an international presence, it does not have to be an internationalisation strategy, rather a mechanism to enhance and sustain the strength of strategic capabilities.

The resource-based view includes a notable disadvantage of knowledge-based capabilities only being useful if they are kept personal i.e. if organisations have a particular knowledge-based capability; they can exploit it but must be prepared for competitors to imitate it (Arnett & Wittmann, 2014). This is important for collaborating organisations who are sharing knowledge with their competitors (Arend *et al.*, 2014). Tacit knowledge: the intangible assets that cannot necessarily be articulated, as opposed to the mainstream explicit knowledge which can be put into words, is easier to sustain as individuals have the ‘know how’ to preserve it (Barney & Peteraf, 2014). What is less known about the theory is the intersection between the more established resource-based view of the firm and the emergent knowledge-based view (Yu *et al.*, 2014)⁶. This thesis contributes to the capabilities strand of the resource-based view. Whilst there does appear to be some overlap between the two theories, this study appreciates that knowledge can be a capability and thus, is included within the mainstream resource-based view. The theory developed in this section will now be applied to a wine-specific context.

14. Capabilities within the Wine Sector

The ‘differentiation strategy’ underpinning the competitive advantage notion describes a broad range of unrestricted possible options for a competitive advantage e.g. ‘design or brand image, technology, customer service’ (Porter, 1980, p. 37); wineries should question: will a particular capability add value to the organisation (Felzensztein *et al.*, 2014)? In the case of the NZ wine sector (and sectors more generally), firms need to develop their dynamic capabilities to leverage individual competitive advantages. Most countries’ (including NZ) wine industries are very competitive, whereby consumers have a large amount of choice between wineries (Fitzmaurice *et al.*, 2014). A further

⁶ The knowledge-based view overlaps heavily with the network-based view. This thesis uses the term interchangeably but differentiates both of the above term from the resource-based view – in which the thesis makes its contribution to knowledge.

example is in the French wine sector which is known for its hypercompetitiveness with producers attempting to differentiate by promoting their dynamic capabilities (Duquesnois *et al.*, 2007). In NZ, the wine sector has different degrees of competitiveness (measured by consumer choice) with some clusters such as Auckland and Marlborough being much larger (by the number of vineyards/wineries) than the Bay of Plenty or the West Coast (Hall & Gossling, 2013).

In highly competitive (in terms of supply being greater than demand) regions (and as seen in Australia), demand is diluted across a larger pool of wineries meaning organisations have to promote/exploit a resource or capability to attract customers and add value to the brand (Oczkowski, 2014). Within the word constraints of this thesis, the following paragraphs highlight the main examples of key threshold and dynamic capabilities. The examples of threshold capabilities are: sustainability and wine tourism. The discussion on dynamic capabilities stresses that particular forms of competitive advantage vary by firm rather than a set of groups as per threshold capabilities. It is noted that there may be more illustrations; the literature review (i.e. measures described in the previous section) has retrieved and analysed the key examples for this study.

The corporate-level strategy of the NZ Winegrowers Association intends to make sustainability (environmental sustainability) compulsory for NZ wine-makers (NZ Wine, 2014 a). Wineries have the option of marketing their operations on sustainable production (such as the Yealands Estate) but are not forced to do (Hughey *et al.*, 2005)⁷. As vineyards and wineries have their individual points of difference, firms have to promote their individual dynamic capabilities through other means specific to their brand strengths as it appears that attempting to gain competitive advantages via exploiting threshold capabilities is something a very small percentage of firms can do. This is simply because to fit under the definition of threshold capabilities, it is merely a survival mechanism (Johnson *et al.*, 2011); capabilities such as sustainability are highly unlikely to develop a competitive advantage for the bulk of firms in NZ. The Wairarapa's Murdoch James Estate has sustainable production (a threshold capability) (Steensel *et al.*, 2005) with a primary competitive advantage through other means which has included networking with two investment partners who have assisted them in

⁷ Wineries that incorporate sustainable practices into their business models want to be viewed upon as pioneers despite the strategy's place as a threshold capability.

Confucian (Far-Eastern) markets based on their networks/contacts (Johnstone, 2012; Harris, 2014).

Wine tourism is an augmented service whereby wineries are adding to their core and actual products with ‘intangible’ services (Jackson & Murphy, 2006). Wine tourism is largely a threshold capability (as there are few exceptions where at least a cellar door is present); unlike sustainability, NZ wineries are not forced to engage in tourism ventures (Brown & Getz, 2005). Wine tourism allows organisations to increase their clientele by attracting additional markets that desire an augmented service rather than the core wine experience (Barber, 2014). Wine tourism is the: ‘travel for the purpose of experiencing wineries and wine regions and their links to lifestyle; wine tourism encompasses both service provision and destination marketing’ (Charters & Ali-knight, 2002, p. 312). The potential flaw in this definition is the Australian context the paper was written in; whilst the notion appears generic, one must question: does wine tourism vary across national borders?

Pearce’s (2014) study outlines conceptually that destinations are a key driving force in tourism research meaning that there is a relationship between location and demand for general tourism services. This is further reinforced by Bruwer *et al.* (2015) who discuss how the country-of-origin effect (COO) influences wine tourists’ demand and therefore, the COO is significant in the wine tourism trade. Wine tourism is largely a threshold capability because a large amount of wineries provide such services meaning that developing a competitive advantage at the business-level is very difficult (Hall & Page, 2009). Some wineries have a competitive advantage via wine tourism; the Gibbston Valley winery in Central Otago offers a wide variety of tourism offerings such as cheese-making facilities, wine caves and collaborative partnerships with tours on route to the AJ Hackett Bungy Jump (Hall *et al.*, 2011). Viewing wine tourism as a dynamic capability for the bulk of vineyards in the industry seems to be a rare occurrence. This helps illustrate that in theory, as competitive intensity increases, there is likely to be a dilution of competitive advantages (Ang, 2008). This extends to one viewing a construct as either a threshold versus a dynamic capability.

In terms of dynamic capabilities, as with many sectors, the NZ wine sector includes some organisations that possess a strong point of difference and/or a dynamic capability (Alonso, 2009). Auckland’s Villa Maria Estate has the production equipment and

growth conditions (tangible resources) as well as intangible capabilities e.g. generations of knowledge and experience to be successful producing high levels of output (New Zealand Tourism Guide, 2014). As industries adapt to new environments and technological advances, competitors can access new capital that brings them up to speed with those who have the first-mover advantage (Kor & Mesko, 2013). This is highly relevant for the NZ wine industry due to the large number of wineries making production-orientated competitive advantages difficult to achieve/sustain (Murray & Overton, 2011).

Wineries must find new ways to tailor their original dynamic capabilities to the conditions of the industry (Rod & Beal, 2014). This typically involves accepting that resources may still be advantageous; yet, networks are the key to harnessing dynamic capabilities and maximising success in domestic and international markets (Teece, 2014). Organisations have to appreciate that dynamic capabilities exist for a finite amount of time; once competitors attempt to create a similar capability to the same magnitude, there is a set amount of time before one cannot call it 'dynamic' (Augier & Teece, 2009). Although some previous literature has suggested that dynamic capabilities are of a managerial nature (Winter, 2003), Teece *et al.* (1997) argued that dynamic capabilities are driving forces of a sustainable competitive advantage and can originate from any strategic level and are not restricted to those within the control of managers.

Many NZ wineries have leveraged competitive advantages from their strategic capabilities by exploiting networks from their first-mover advantages (Benson-Rea & Wilson, 2003). The Yealands Estate was using sustainability as a dynamic capability before the industry turned this into a threshold capability (Yealands, 2009). One might question: why are they still known as the best for sustainability as measured by their numerous awards (Yealands, 2013)? This appears to be down to their pioneering status which sustains their competitive advantage; this phenomenon reinforces the theory of the dynamic capability which states that first-mover advantages can help preserve one's competitive advantage (Luo, 2001). This assertion creates some disagreement within the literature as Johnson *et al.* (2011) state that to meet the definition of a threshold capability (e.g. sustainability); it can only be used as a survival mechanism. There are examples where capabilities such as sustainability are survival mechanisms for the vast majority of firms but some can develop it into competitive advantages via dynamic

capabilities. This appears to be driven by the larger organisations that have other resources and capabilities to tailor such capabilities such as first-mover advantages which are discussed further below.

First-mover advantages are less effective when the ‘first-mover’ gets complacent and does not sustain their competitive strategy allowing rivals to add value to their own brands by adopting this form of competitive advantage (Teng, 2007). A notable example is the Martinborough Vineyard; this firm was one of the pioneers within the cluster and developed a production-focused first-mover advantage by planting its vines in the region (Martinborough Vineyard, 2014). An arguably complacent attitude to production has led to its take-over from the US investor Bill Foley at a relatively low price despite its potential for goodwill-inflated value (New Zealand Herald, 2014); specifically, as a result of an increased competitive intensity within the cluster.

15. Intersection between Collaboration and Strategic Capabilities

‘Acquiring resources’ can be made far more affordable and efficient when collaboration is added into a business model meaning collaboration can be used to gain an efficiency-orientated competitive advantage (Chetty & Wilson, 2003). On the downside, organisations have to accept that developing a competitive advantage through collaboration is highly dependent on one’s trust of the collaboration partners (Paulssen *et al.*, 2014). If organisations collaborate with rivals to gain resources, networks or develop new ventures, both parties are assuming that confidences will not be broken (Butler & Batt, 2014). Whilst this cannot always be avoided, collaboration (especially coopetition) partners (in order to fit into the definition of collaboration) have to be working collectively to establish or achieve some common goal (Vajjhala & Strang, 2014). Should one party not have an interest/stake in the arrangement, it appears that there is little keeping them engaged in the process (Lee *et al.*, 2013). This can result in ‘co-destructive’ effects whereby a collaborative exercise could have detrimental consequences on the organisation(s) involved; these typically come at a high cost (Echeverri & Skålén, 2011). The above factors allude to whether collaboration is a strategy needed for industrial-level survival or to develop a competitive advantage.

To revisit an earlier point, strategic capabilities encompass two groups: threshold versus dynamic capabilities. This thesis has analysed the conceptual disagreement i.e. that some scholars have used different terms such as first-order capabilities etc. This section

of the literature review expresses the view that collaboration allows NZ wineries (and wineries globally) to gain long-term insights into wine-making and marketing practices that they would not have been able to learn if they operated in isolation (Lockshin & Spawton, 2001). Wineries have the ability to market their individual brand identities as well as develop networks for the extended future (Corderc & Marchini, 2011); they may be able to tailor these into profitable competitive strategies on a domestic/international scale (Kotabe *et al.*, 2012). The existing literature has identified various strategic threshold capabilities employed within the NZ wine sector (sustainability and wine tourism). Collaboration is a strategy and indeed a capability that comes in many shapes and forms merging with other strategies (Hunt & Morgan, 1996) such as sustainability and wine tourism. Earlier studies suggest that collaboration is something that the majority of wineries globally have to do to survive. It is an assumption that wineries should collaborate to add value to their ventures at a survival-level but does not give it a competitive advantage (Bruwer *et al.*, 2011). This does not prevent the more resourced wineries being able to stand out from their competitors and use collaboration as a dynamic capability in tandem with other strategic capabilities such as sustainability and internationalisation. In theory, larger organisations can typically sustain and exploit opportunities much more than smaller firms (Cavusgil & Knight, 2014).

In the case of wine, this typically involves wineries being more established and/or having the support of external stakeholders such as equity partners (another form of collaboration) (Felzensztein & Deans, 2013) such as the prior-mentioned Murdoch James Estate. Theory dictates that organisations that have collaborative investment partnerships are able to access new networks assuming the ventures are appropriate to an organisation's strategic goals (Yang *et al.*, 2014). This is not a luxury that smaller, less-resourced wineries have to compete with (Beverland, 2000). This has parallel links with other industries since at a generic-level, smaller organisations are said to struggle more with developing networks into competitive advantages over larger rivals in the industry (Lechner & Gudmundsson, 2014). These conceptual findings are explored further within the following section of the literature review and the methodological component of this study. To re-iterate, the model depicted in Fig. 1 illustrates the conceptual underpinning of this study which is different from the conceptual model discussed in the following section.

16. Conceptual Framework and Research Propositions

This study contributes to the capabilities strand of the resource-based view of the firm. The investigation conceptually has uncovered that collaboration (in the context of the NZ wine sector) is typically something firms need to engage in to compete within the industry and thus, survive within the market – a threshold capability. The literature review has identified that conceptually, collaboration on its own is not a dynamic capability within the NZ wine sector. When combined with other competitive strategies/capabilities, collaboration can become a dynamic capability. Factors such as first-mover advantages can allow some organisations to use the knowledge and/or resources they have gained from their collaboration strategies as a competitive advantage. This is usually something that only the larger wineries can do meaning that the larger firms in the sector are the ones that have a stronger chance of developing competitive advantages from collaboration. The study (using business-level strategy theory) aims to investigate if collaboration is most effective at the business-level or the other levels within the field of strategy. This thesis presents a set of research propositions it aims to explore within the parameters of this study.

Propositions were presented using Orr & Scott's (2008) formatting style; this allowed a clear/succinct design to gauge how the propositions tie in with the conceptual model. Propositions allow qualitative researchers to explore a theory (investigating their conceptual findings) without the dependency on hypothesis testing (Zikmund *et al.*, 2013). The propositions were described opposed the likes of Johnson *et al.*'s (2002) study by not stating them as qualitative hypotheses (though it is noted that some authors use them in this capacity) within the conceptual model (Appendix 9). Instead, the study described them more similarly to Bonoma (1985) who suggests that propositions can be used as statement-phrased versions of research questions.

- P₁: Collaboration strategies act as a dynamic capability by giving wineries an ability to gain a competitive advantage

This proposition aims to find out if collaboration is a dynamic capability. It questions: if it is a dynamic capability, what competitive advantage does it acquire? This proposition aims to explore this question by asking interviewees about whether collaboration has resulted in a competitive advantage/success – if so how and why? This was beyond cause and effect style of measurement that one might see in a quantitative study; instead

it measure the ‘how and why’ style questions in a subjective format that quantitative research is far weaker at measuring than qualitative research (Buchanan & Bryman, 2007). It was decided that competitive success could include different factors. Success was operationalised by the following factors: perceived customer satisfaction and market share. The reasoning for selecting these measures is explained below; interviewees should be free to discuss further competitive success measures. Customer satisfaction was selected based on Miles *et al.* (2012) who found that there is an association between having a competitive strategy and customer satisfaction. Market share and customer satisfaction are strongly correlated but nevertheless, it paid to input measures to check such data (Rego *et al.*, 2013) in an exploratory context.

- P₂: Collaboration strategies occur at multiple levels from the owner/manager(s) through to operational-level staff members

Collaboration occurs at the corporate, business and operational-levels of strategy. This proposition aims to measure how/why collaboration operates at each of the above levels. Exploring the answer(s) to this proposition involves asking the interviewees alongside participant observation about how and why they collaborate across the different levels of their organisations. These levels are crucial in their own way to create and sustain competitive advantages (Barney, 2012); thus, interviewees and observed employees were sourced from various organisational levels to explore this proposition. This proposition also enquires into the scope of the collaboration strategy at each of these levels of strategy and investigates if any particular level has a greater dependency on collaboration than the others.

- P₃: Collaboration strategies improve the overall strength of a winery’s business-level strategy to secure a competitive advantage

Building on similar issues to proposition 1, this proposition investigates a more specific form of collaboration than the generic measures in the prior-mentioned component of the conceptual model. This proposition explores if the business-level strategy is key to influencing collaboration’s effect on securing a competitive advantage. It questions: does the collaboration strategy generate long-term success at the business-level? It has been argued throughout the strategy literature that business-level strategies are the key driving force behind the notion of the competitive advantage (McWilliams & Siegel, 2011); it is assumed that the strength of the business-level strategy is the primary factor

in determining the competitive advantage of the firm. Collaboration is seen as a competitive strategy whereby managers decide to cooperate with rivals for a common goal and increase the odds of a competitive advantage (Yarbrough *et al.*, 2011). This proposition aims to investigate if this is a fair assertion by operationalising competitive advantages through the measures in proposition 1.

- P₄: Collaboration strategies developed at the business-level act as dynamic capabilities

This proposition specifically examines the business-level form of collaboration. This proposition will continue to answer a key research objective namely: is collaboration a dynamic or threshold capability? Competitive advantages (via capabilities) are often intangible as they are strategic assets that organisations employ to be competitive against their rivals in their industry (Slotegraaf *et al.*, 2003). This proposition focuses on the business-level and explores if this is the strategic area that develops and secures competitive advantages through dynamic capabilities. The firm, management and industry will vary the strategic level that depicts competitive advantages (Zollo & Winter, 2002). The literature indicated that competitive advantages through dynamic capabilities are developed primarily at the business-level for which the other strategic levels simply feed into this area (Teece, 2007). This proposition investigates if this is a fair assertion in applying this theory to the wine sector.

17. Chapter Summary

This literature review has explored existing studies involving collaboration to show that the theory of collaboration is a multi-level construct whereby various aspects of the phenomenon are occurring (in the wine sector and beyond) at the different levels of strategy. Capabilities have been examined to reveal that there are two main groups: threshold and dynamic capabilities. Collaboration appears to be something wineries have to do to survive in the industry (threshold capabilities); more resourced wineries have the ability to turn this into a dynamic capability to exploit competitive advantages through networks. The chapter ends by developing a set of propositions for further exploration. The methodological approach undertaken in the study is discussed in the next chapter.

CHAPTER III – METHODOLOGY

18. Chapter Introduction

The last chapter found that conceptually, collaboration is largely a threshold capability in certain sectors; larger organisations may have the ability to convert it into a dynamic capability with the input of additional resources and capabilities due to their scale-based advantages. This chapter outlines the research philosophy to explore the propositions set out within the literature review. To investigate the ‘how and why’ questions, a qualitative methodology was deemed as the most suitable research design. This style of research provided the study with a more in-depth approach towards gaining information about the collaboration strategies of the Wairarapa wine cluster. The investigation was case study-based whereby 14 firms in the Wairarapa wine cluster (represented by the boundary of a single case study) were studied using semi-structured interviews with reinforcing participant observation and secondary data analysis to triangulate the interview data. This chapter discusses the methods adopted for the investigation and argues why they were chosen. This assisted in the arguments behind why the methods chosen were credible and the extra steps taken to boost the study’s confidence in the empirical/triangulated findings. The chapter also discusses the data analysis by focusing on the approach undertaken to ensure that the findings are robust.

19. Justification for a Qualitative Methodology

Qualitative research is an integral element of the ‘interpretivist’ approach and historically has been viewed upon as an outcast in strategic and broader management research (Whittington, 2006). Qualitative research concerns gaining a subjective understanding of constructs in a more in-depth style than the dominating format of quantitative research (Bryman, 2012). Research in this study’s domain has been split into one of three groups: deductive, inductive or abductive research (Eisenhardt & Graebner, 2007). Authors have found that the use of these different research designs (deductive, inductive and abductive) through the case study approach can serve different objectives. This study employs an abductive research design⁸. Abductive methodologies

⁸ ‘The abductive approach is to be seen as different from a mixture of deductive and inductive approaches. An abductive approach is fruitful if the researcher’s objective is to discover new things — other variables and other relationships’ (Dubois & Gadde, 2002, p. 559).

have been a popular form of research with scholars arguing that going in and out of theories in respect of empirical data allows a more holistic form of knowledge to be created (Dubois & Gibbert, 2010). Debate exists concerning whether certain qualitative studies that claim to be ‘case study’ research should in fact be justified as truly meeting that term; this is after noting the stated justification of the robustness of procedures undertaken in certain published work (Welch *et al.*, 2011). Gray (2004) suggests it is a way of understanding and exploring phenomena beyond cause and effect relationships; moreover, that it is a useful when exploring multiple perspectives. Welch *et al.* (2011) outline the approaches taken by leading authors that advocate a case study approach and derive a 2 x 2 matrix. This current study draws on the approach advocated by Stake (1995) who mentions three types of case study.

This study addresses what Stake (1995) considers as the single ‘instrumental case study’; this focuses on a single issue or problem and then identifies a single case to explore the issue. It is therefore different to what Stake (1995) views as the ‘collective case study’ i.e. that uses multiple cases with the aim of understanding a single phenomenon. The current study focuses on the Wairarapa wine cluster and so is not a collective case study that would suggest other clusters are being compared. It is different to what Stake (1995) sees as the ‘intrinsic case study’; this focuses on the case itself and is used to learn about that particular case in-depth rather than as a vehicle to explore wider issues. In the intrinsic case study, an example might be investigating a specific organisational restructuring or similar event and hence again is not applicable in the current study. Whilst other studies examining the case study approach have set the boundaries of their case studies as the firm-level and have analysed them using a cross-case comparison (Lindgreen, 2001 a), the firms in this study are simply actors in exploring the single case of the Wairarapa cluster. The propositions developed within the literature review are set at the firm-level to examine how the actors (Wairarapa vineyards) are collaborating within the boundaries of the single instrumental case study. This ultimately contributes to investigating the study’s primary objective i.e. is collaboration a threshold or dynamic capability?

The context in which a case study (or studies) exists is a fundamental aspect to this particular methodological approach and hence there is an importance of setting a ‘boundary’ (Stake, 1995). Indeed, Stake (1995) suggests that one of the pitfalls of case study research is when the particular researcher attempts to make the study achieve too

much as it loses focus. Triangulation within the boundary that is set is an important aspect of case study methodology where the researcher collects data from multiple sources and explores multiple perspectives (Denscombe, 2007); also, to clarify meanings in a case study (Stake, 1995). It provides credibility and data may be viewed as more trustworthy where there are several sources of information (Stake, 1995; Yin, 2014).

Denscombe (2007) suggests that triangulation is based on the laws of geometry whereby it enables the location of a point to be exactly determined based on two other positions. Despite the reference to three points of view in the triangulation process, depending on the data available, some studies suggest that two, or in some cases, more than three perspectives is an acceptable form of the triangulation process and allows scholars to add rigour to their research by exploring multiple viewpoints (Homburg *et al.*, 2012). It is important to recognise that this is not always possible due to the nature of data collected in a case study, e.g. different peoples' knowledge of events or indeed what is published in secondary sources. Despite this, different perspectives offer an alternative view of reality (Denzin, 1989). The process adds to the rigour of an investigation by offering a holistic perspective which supports the findings and hence credibility (Miles and Huberman, 1994). Where possible, Yin (2014) suggests that a convergence of data from different sources allows a researcher to determine the consistency of the findings.

The rigour of research was conventionally judged on the basis of issues such as validity, reliability, generalisability and objectivity (Denscombe, 2007). These terms imply a somewhat quantitative perspective as in fact does the term 'sampling' in respect of data collection. There appears to be inconsistency across studies with some qualitative research using terms such as 'validity' and 'reliability', while others use alternative terms that they see as more appropriate to qualitative studies. Lincoln & Guba (1985) suggest four criteria, namely credibility, dependability, confirmability and transferability. Guba & Lincoln (1994) added authenticity although this arguably has received less attention in qualitative investigations. This current investigation recognises this ongoing debate in the existing methodological literature and does not intend to unify thoughts on the topic as that is not the aim of the study. The methodological approach undertaken was a means to an end (achieving the research

objective) and not an end in itself; this chapter provides a commentary to justify the approach undertaken to improve validity, reliability and overall credibility.

Debate exists in the literature in respect of what forms the ‘boundary’ of case study research? In this investigation, the boundary was collaboration strategies in the Wairarapa wine cluster in NZ. The firms within this cluster that granted interviews formed only a sample of the population; as this chapter will proceed to explain, it was considered that the percentage of participants (23.33%) was representative to understand the nature of the case study. The percentage accumulated was only one facet of the sample; another key factor involved the characteristics of the sample. These key characteristics are described further in later sections of the methodology. The fact that diminishing returns of new information was obtained suggested a point of theoretical saturation was reached. Zikmund *et al.* (2013) notes that theoretical saturation and representativeness are different matters as some samples can have the diminishing returns effect of theoretical saturation but it may be too small to be a sufficient inference on the population. For this study, the population (as defined by the boundary of the case study) was the Wairarapa wine cluster. Representativeness was confirmed by triangulating the interview data with other sources to boost the level confidence in the findings (Denzin & Lincoln, 2005). This was especially relevant given that when possible, interviews were combined with observation and triangulation with secondary sources that will be outlined later in this chapter.

The case study utilised data from individual firms (or vineyards) as ‘actors’ within the Wairarapa cluster as a whole. The triangulation procedure adopted suggested the data had the necessary depth to justify the term ‘case study’ within the investigation’s boundary (the Wairarapa wine cluster). In the following chapter, largely aggregated results will be presented in respect of firms in the cluster rather than in their own right to allow data to be compared and contrasted. This is apart from summary data to classify each firm in relation to both demographic characteristics and core aspects of strategy undertaken in respect of the objectives of this study. The ‘how and why’ nature of qualitative research is brought out by comparing these firms (within a 2 x 2 matrix in the discussion chapter) as actors to help explore and explain the collaboration (both coopetition and co-creation) strategies of the Wairarapa cluster/case study. These methodological considerations will be discussed in their own right in individual sections within this chapter. Although broader strategy research has been dominated by positivist

logic, the use of the case study method was adopted on the basis that the wine sector has been studied through a range of methodologies but the case study method appears to be the most popular (Hall & Mitchell, 2000). This study is merely continuing this trend of popular methodologies relative to this study's context to address 'how and why' issues as opposed to numerical data.

20. The Research Design Process

Excluding the propositions, the research design was created to involve several critical stages/phases (Appendices 10 and 11); these are presented in the following sections. Four pilot interviews were conducted with key informants within the wine sector. This involved interviewing four managers at wineries in different clusters outside of the Wairarapa. This was a means to gain accounts from wineries in other regions as well as not damaging the sample size when approaching the firms in the Wairarapa. As the Wairarapa is a small region in terms of the number of wineries (NZ Wine, 2013 b) and it was estimated that due to the data collection period taking place during an extremely busy time of the year, it would be better for 100% of the Wairarapa interviews to be used within the core study. These 4 interviews were triangulated with secondary data on each firm as well as a degree of observation of staff at the cellar doors at each winery. This pilot study provided some background information on the industry that was not available through secondary research but also acted as a tool to ensure that the correct and most appropriate questions were being asked.

The core Wairarapa-level study within the data collection process was split into two sections. The first part involved conducting 14 interviews with managers across 14 wineries i.e. one in each firm. Interviewees were sought from the various databases (e.g. the NZ Winegrowers Association and individual company websites) for key decision-makers within the cluster. All 60 firms within the Wairarapa cluster were approached for an interview with a specific focus on speaking to particular individuals that would have experience in collaboration strategies at the multiple levels of the firm and observing behaviour at the cellar door. Once the firms were contacted, the firms that responded recommended a colleague to speak to in a different functional area i.e. the most appropriate person in the firm based on the nature of the study. Participants were interviewed via a semi-structured style and asked to talk about issues regarding the research objectives. The second part concerned triangulating the interview data with

secondary methods e.g. newspapers, websites and other media releases that would help reinforce or contrast the core findings based on data from key decision-makers as well as with observational data. Observation only occurred in the wineries where there was a cellar door to gauge how the co-creation form of the collaboration strategy was employed within the firm and ultimately the Wairarapa case study. In the firms without a cellar door, interviews with relevant triangulation with secondary sources were sufficient methods.

Between one and two hours were spent at each winery (including the pilot firms). This time was spent: conducting the interviews in addition to observational methods e.g. employees' interactions with customers. A case study requires in-depth perspectives; whilst the interviews gained a detailed insight into each winery's collaboration strategies, observation gained more insight into the collaborative practices of each firm. The factors that were observed are outlined in the relevant sections. For the firms where observation occurred, the factors that were recorded varied by firm as each firm had a different business model. Despite there being pre-determined themes from the literature review and the pilot study, the investigation did not exclude new observable events due to the issue of making the study well-rounded and triangulated with different perspectives.

21. Theoretical Foundations

Theory-building can be difficult in qualitative research as data collection is not always linear and can be 'messy' and iterative in nature (Sinkovics & Alfoldi, 2012). From a credibility-orientated perspective, Sinkovics *et al.* (2008) warn of the need to try to ensure the trustworthiness of the data. Utilisation of secondary data sources was made where possible e.g. websites to triangulate the data to provide 'detailed and holistic knowledge' (Eriksson & Kovalainen, 2008, p. 117). This was in addition to triangulation with participant observation. Iteration meant that 'progressive focusing' was undertaken in line with the work by Stake (1995), i.e. requiring a degree of iteration between theory and the data⁹. Blaikie's (2011) approach was utilised whereby a process in which frequent referrals were made between each stage of the methodology was

⁹ Progressive focusing is defined as 'a systematic narrowing and refinement of the research focus during fieldwork in order to accommodate highly unique and specific issues' (Sinkovics & Alfoldi, 2012, pp. 818 - 819).

adopted to boost the quality of the empirical findings (Appendix 12). For example, after the observation, comparisons were made with the interview data.

Case study research has largely been developed by three key writers: Eisenhardt, Stake and Yin (Welch *et al*, 2011). The key factors across these and other influential authors outlining the main facets of case study research have been presented in Appendix 13. Eisenhardt's approach favours 'building theory' from case studies through different research strategies namely, deductive and inductive investigations (Eisenhardt, 1989). Yin's approach leans towards positivism whereby there is a need to create generalisability across cases via a cross-case comparison (Yin, 2014). Stake's (1995) approach developed 'progressive focusing' whereby case study researchers have the responsibility to sift through the large quantities of material and focus on the most useful and contributory elements to the case study's objectives through iteration (Singh, 2014).

This study has primarily used Stake's approach and argued why such considerations have been employed. The investigation does draw to a limited extent on the work of Eisenhardt as a complementary theme for the case study research design and the final chapter will outline the way in which this study builds on earlier work through a contribution to knowledge. Case studies can be derived from positivist styles of research (Beverland & Lindgreen, 2010); the interpretivist positioning of this study makes objective-thinking somewhat contrary to the nature of the objectives and thus, unhelpful to theory underpinning this thesis. Hence, the work of Yin (2014) was disregarded. There is debate about whether the term 'sample' is appropriate for qualitative as opposed to quantitative work and if an alternative word should be utilised; it was considered appropriate in the context of the 14 firms within the single case study the Wairarapa wine cluster). By this it is meant that the sample was able to uncover new information but was not too large to spread the study too thinly i.e. the concern of Stake (1995). It was accepted that interviews may not be 'fully' generalisable as the sample was not intended to be large enough to make such an inference as large sample quantitative methods (Styles & Hersch, 2005). It was anticipated that a point of theoretical saturation of 'salient' issues was reached (Bryman, 2012); data was analysed on an on-going basis to gauge if theoretical saturation had been reached i.e. data was analysed from the first interview after it had taken place and continuously from

thereafter (Eisenhardt, 1989)¹⁰. This point will be expanded upon in the data analysis section later. The firms accessed for this study were presented using pseudonyms (Firm 1, 2, 3...) (Flint & Golicic, 2009). This involved presenting the wineries used for this study in a table-like format with key demographics; these are presented in Appendix 14.

This was a strategy to boost credibility by building upon prior studies in which various scholars have used such frameworks to present their empirical findings (Miles & Huberman, 1994). The study simplified the findings to show critical information about the respondents without the reader sifting through pages of text unnecessarily (MacLean *et al.*, 2002). Two key strategies were implemented to boost the rigour of the research making it relevant to academic and practitioner audiences. (1) Bracketing was used as much as possible (within the word limit); this notion involves maximising the voice of the ‘participant’ more than the voice of the ‘interviewer’ (Tufford & Newman, 2012) so that the interviewer did not accidentally misconstrue what the participant was saying. This was put into practice by boosting the amount of quotes compared to paraphrasing (Morrow, 2005). (2) Notes about each interviewee were made during and after every interview alongside supporting observational methods (Blazevic & Lievens, 2008). This strategy was designed to ensure that key events were not missed out of the investigation; this assisted in the thematic content analysis as well as judging if theoretical saturation had been reached. After 9 Wairarapa firms, it was deemed that the saturation point had been reached; yet, an additional 5 firms were studied to boost the study’s confidence that theoretical saturation had truly been reached¹¹.

The decision was made to stop collecting data after 14 firms (in the case study cluster) on the basis of there being 4 additional pilot firms (18 in total) showing a broad spectrum of data for the investigation; this led to a required sample size for a study of this calibre. Perry (1998) recommends that an honours thesis should sample 4 cases

¹⁰ Analysing 14 vineyards in detail would have exceeded the thesis’ word limit as work that analyses firms in-depth provides an excess of the words that were available. Buchanan & Bryman (2007) states that a case study should be as in-depth as it needs to be; as this study sets the boundary of the case as the cluster itself, multiple actors (firms) were required to investigate this phenomenon.

¹¹ This was in addition to there being several wineries in the cluster that did not wish to be interviewed.

with one interview per case (if that term is used instead of firms as this study has already discussed what constitutes a ‘case study’), while a doctoral-level study should have 35 to 50 interviews across the different hierarchies of the particular study’s investigation and a Master’s thesis should sample anywhere in-between these figures. As this study has sampled 14 core firms (with multiple methods used per firm) excluding the pilot study, the sample size is considered respectable. This is in addition to the core issue of theoretical saturation being reached suggesting an acceptable level of primary (interview and observational data) findings for a Master’s thesis.

22. Pilot Interviews

In order to gauge what were the best questions to ask, 4 pilot interviews were undertaken with decision-makers in different wine clusters. Informants were sought from the NZ Winegrowers Association’s website after searching for key phrases such as ‘regional wineries’ and ‘winery decision-makers.’ Key terms also included phrases concerning collaborative measures to help identify potential firms for the pilot study. This was a strategy to view a succinct list of the potential interviewees as well a way to screen out all the unhelpful information regarding methodological considerations (Smets *et al.*, 2012). The pilot interviews were an effective method to gain an understanding about the NZ wine sector (via perspectives from different clusters) as well as an indication about the Wairarapa cluster from an outside perspective: a region that has been overlooked to a great extent in the wine-orientated literature (Forbes & de Silva, 2012). This was achieved by asking interviewees about their knowledge of the Wairarapa region which due to collaboration with the NZ Winegrowers Association was moderately high. Pilot interviews have been said to be a useful strategy to act as a foundation for qualitative and quantitative research (Miles & Huberman, 1994). They are designed to allow researchers to mould their ‘actual’ research methods on i.e. such as the interviews within this thesis (Zikmund *et al.*, 2013). Pilot interviews can be misleading to the findings of the core interviews i.e. a few pilot interviews can skew one’s data causing researchers to ask misguided questions to more reliable participants (Carpenter & Westphal, 2001). To counter-act this problem, triangulation was used wherever possible to gauge the level of ‘skewness’; as there were 4 pilot interviewees (alongside observation), the study was not dependent on a single response as comparisons could be made across interviewees.

The pilot interviews were separated from the group of core interviewees meaning each interviewee's contribution was a supplementary part of the findings. They were primarily used as subjective indications for ensuring the right questions were being asked. Most questions were developed from the theory identified within the literature review meaning the pilot interviews acted as confirmatory measures for this study. A large amount of observation occurred at all of the pilot firms – they all had augmented product portfolios. This meant that collaboration in the form of co-creation was observed; the field notes collected from this method also assisted in shaping sufficient interview questions.

23. Core Interviews

Although emails (including reminders for those who did not respond) were sent to every winery in the cluster, it was expected (based on sampling difficulties in management research) that a small proportion of the population would agree to be interviewed and observed. It was anticipated that if a small amount did agree to be interviewed (which turned out to be 23.33%), a particular sampling strategy would need to be implemented in order to evidence a credible foundation for the recruitment of participants. Snowball sampling was adopted whereby members of a sampling frame accumulate by some form of recommendation from interviewees (Morse, 1994). Interviewees were approached by email during the data collection were and asked if they could recommend any other interviewees that would contribute to the research objectives. In most instances, this was unnecessary as interviewees recommended fellow wineries on their own accord¹².

Snowball sampling is a 'non-probability' technique whereby researchers select members of a population through a judgement-based approach and then ask the members of that group to recommend additional individuals to approach based on the construct that is being measured (Blaikie, 2011). This allows researchers to place their confidence in their participants to make that judgement and provides them with links/networks with potential subjects that may not have been accessible without such connections (Battilana & Dorado, 2010). It was deemed completely appropriate to sample using this tool as the construct being measured is collaboration (both coopetition

¹² In three firms, there were two interviewees present (one manager and one wine-maker). This was counted as one interview but the insights from the second interviewee were extremely useful for triangulation purposes with different staff members.

and co-creation). As the study was measuring how organisations are collaborating with one another, asking them to recommend collaborative stakeholders including competitors (in instances of coopetition) to approach was viewed as completely valid. This approach was used by van Burg *et al.* (2014) when investigating collaboration strategies in the aircraft sector and was incorporated in this study.

The downside to the snowball sampling strategy is that the data might be skewed as the snowball effect may be composed of individuals who are from a certain end of the scale of what construct is being measured (Broschak & Block, 2015). In the case of this investigation, the study took Wee's (2001) advice and was explicit to the initial interviewees regarding what characteristics the snowball effect was composed of. These were: mixture of sizes (Darnall *et al.*, 2010), variations of the level of coopetition (Ritala, 2012) and differences in the product portfolio of the organisations (Morgan & Rego, 2009). This was a strategy to widen the distribution of the snowball effect to be indicative of the overall cluster and therefore the case (Singh *et al.*, 2011).

The NZ Winegrowers Association's website was studied with a specific focus on the webpages for the Wairarapa cluster. Although the website gave the names of every winery in the region, it was an overview and did not account for problems such as wineries with multiple ownership; firms that were not affiliated to any corporate-level group or wineries that had gone out of business. For example, secondary data revealed that the Murdoch James Estate also co-owns the Alana Estate (Harris, 2014) whereas; the NZ Winegrowers Association's website states that they are two separate organisations. Although every winery in the cluster may not be known, the researcher spent a day recording the names of the wineries in the cluster and checking them off against a list derived from various websites. Between Martinborough and Masterton it was recorded that there were 60 wineries. This population of wineries within the Wairarapa cluster is relatively small compared to other clusters (NZ Wine, 2013 a). Accessing all of the wineries within the cluster would have been possible; this assumes that participation would have derived a 100% response rate which is extremely uncommon in research across many disciplines including strategy research (Cycyota & Harrison, 2006). After a point of theoretical saturation was reached, there would however be limited use in conducting further interviews.

Interviewees were initially asked a set of demographical questions based on Voronov *et al.*'s (2013) study on the Ontario wine cluster; the authors' recommendations led to gaining a foundational understanding of the background of the subject. These questions included the interviewee's export ratio, product portfolio and the number of employees. Interviewees were then asked thesis-specific questions i.e. those involving collaboration plus other competitive strategies and whether they viewed the strategy as a threshold or dynamic capability. Following Riege's (2003) advice, subjects were informed about the theory of threshold and dynamic capabilities (in brief detail) to ensure that they understood the questions¹³. All interviews were semi-structured whereby a planned agenda was devised before the interviews (Appendix 15) but there was some flexibility to ask follow-up questions to boost credibility (Somekh & Lewin, 2010).

All interviews were undertaken using the same form (Appendix 15) as a guide to explore collaboration as a strategic capability within the Wairarapa wine cluster. This involved using Appendix 15 as a guide when talking around issues regarding collaboration with a range of stakeholders (e.g. competitors and customers) but adapting questions to tease out issues specific to the interviewee's organisation (Bryman, 2008). When exploring coopetition within the interviews, for participants that were highly involved with coopetition strategies, probing questions would be asked to bring out the 'how and why' reasoning for such strategies. A firm that was significantly less involved in coopetition would be asked the reasoning for such a low level of coopetition. When each interview finished, this was typically the point in which the interviewee would recommend further individual wineries to speak to as part of the snowball sampling strategy. If the interviewee was at all confused over why they would recommend a particular organisation/person this would be clarified.

¹³ The theory was not described to a great extent as this was deemed unnecessary as most interviewees would not need to know the theory as much as the interviewer. A brief background of the theory was laid out to ensure that the interviewer and the interviewee(s) were talking about the same topic.

24. Triangulation with Participant Observation Methods¹⁴

All research was 100% overt i.e. all participants were aware of their role in the study. The use of observational methods allowed the further understanding of the role of collaboration (particularly co-creation) as it helped reinforce the interviews undertaken within the firm (Lee & Broderick, 2007). Observational research (amongst other qualitative methods) can be ‘a wilderness of complexity and unpredictability’ (Gummesson, 2005, p. 309). Having objectives to what the observation sets out to achieve boosts the quality of one’s results due to the reasons surrounding progressive focusing as already discussed. Six firms did not have a cellar door, consequently, for the 8 out of the 14 firms that observation was employed in (excluding the pilot firms), this occurred at the cellar door whereby the member of staff in question would be watched for two key factors ranked in the order of importance to this investigation. (1) How the employees are collaborating with the consumer via value co-creation-orientated strategies. (2) The role of competitors in the operational-level decision-making strategies e.g. how competitors are recommended to customers to enhance service quality; this overlapped with the co-creation element but drew on other themes. This assisted in gauging the multiple levels of collaboration (both cooptation and co-creation) as explored within proposition 2.

25. Triangulation with Secondary Research Methods

As already outlined, triangulation is a reinforcing strategy used to enhance the rigour of the research by looking at another perspective of a construct being investigated (Oppermann, 2000). Primary qualitative methods are open to criticism for being too subjective and heavily influenced by factors such as interviewer bias whereby the researcher’s presence affects the responses of the interviewee (Hogg, 2008). To minimise such problems, the interview data was reinforced with data from secondary sources such as websites and media releases including newspaper articles in line with existing theory written on triangulation methods (Miles & Huberman, 1994).

¹⁴ This issue was discussed with the supervisory team to add depth to the investigation of the firms within the Wairarapa case study. Not all studies that employ the case study approach use observation (Stake, 1995). To develop the depth and breadth of this study, triangulation with primary data was employed in addition to a thorough secondary data analysis.

Triangulation was effective when an interviewee made a particular comment on the effectiveness of a collaboration strategy and to reinforce the data, web searches were utilised to ensure that the data was being represented correctly (e.g. a vineyard's website may mention links with another firm). Triangulation was less effective when dealing with organisations that had a significant degree of attention from the media as well as more academic sources e.g. an equity partner joining the firm. Notes were written about such firms to attempt to find a balance between contrasting sources. This concerned the firms where there was an overload of data questioning: which sources are the most valid and reliable for this investigation. This was achieved by finding a dominant viewpoint that would screen out any conflicting sources. Another firm to the above had a significant degree of media attention due to its international ownership. Secondary sources were analysed to attempt to find whether this was an accurate account. In all instances, this was an effective strategy to find a balance between conflicting information.

26. Data Analysis

Based on the procedure undertaken within Appendix 16, the data analysis process is described as follows. As previously outlined, given that the boundary of the case study was the Wairarapa wine cluster, by implication, data collected via triangulated approaches among a sample of vineyards meant they were what might be termed the 'actors' within the boundary of a single 'instrumental' case study. The data analysis did not set out to consider 'cross-case' analysis (e.g. across sectors rather than firms) in the true sense of the term. Richness of data against the core themes identified from the review of the literature in the context of the study's objective was the over-riding consideration guiding the analysis undertaken rather than numerical mentions of the times that themes were raised (Oeppen & Jamal, 2014). The transcribing was undertaken by the researcher to maintain control of the findings and to ensure that anything was not missed out of the final transcripts (Miles & Huberman, 1994).

Data was manually coded around key themes identified first from those derived from a review of the underpinning literature. After this stage, an in-depth search through the transcripts and the triangulation process was used where possible – this included the primary (observation) and secondary data (newspapers, websites and other media releases) forms of triangulation. Not only was the geographical boundary of the

Wairarapa important but also the conceptual boundary i.e. themes to be explored as derived from the review of the literature. Only certain topics were explored and able to be coded at the primary data gathering stage (allowing for probing on those issues) so the study did not become unfocused and address tangential issues; plus to avoid respondent fatigue. Also affecting the coding was the nature of the vineyards participating in this study; this meant that triangulation was not always possible and this explicitly affected the analysis process undertaken as previously described. In the boutique vineyards, there was no cellar door and particular firms had one decision-maker with certain casual staff who would not be in a position to comment on facets of this study of a strategic nature or only one person did everything so by definition there was nobody else to talk to. Websites and secondary sources like newspaper articles were very limited for certain firms and so again, triangulation was difficult and data could not be coded. This information is summarised in Appendix 17.

The system of analysis involving splitting the findings into key themes and converting the data into information allows researchers to maximise credibility in their analysis (Bansal & Corley, 2011). There is no single 'correct' method to undertake this e.g. manually or using an electronic approach such as NVivo, since more importantly, an audit process is evident. The key themes were pre-determined from the literature review with some minor modifications from the pilot study. The previously mentioned triangulated data created a holistic picture of the issues being investigated (Ketchen *et al.*, 2013). The use of the NVivo software was considered but was deemed unnecessary for this study. The number of actors in the case study was manageable plus the content analysis was not quantitative i.e. no percentages of re-occurring themes were being analysed; rather a qualitative system of analysis whereby key themes were explored and discussed using a more in-depth subjective approach (Smith *et al.*, 2012)¹⁵.

When studying small business relationships, Fuller & Lewis (2002) discuss how their data (using a case study methodology) was manually coded using iteration-based

¹⁵ As the number of actors (firms) was small ($n = 14$), expressing the number of reoccurring themes as percentages would have been skewed as the difference between 1 versus 7 out of the 14 firms stating a particular theme would have had drastic impacts on the percentage. Such information was expressed as proportions to maintain realism within the data analysis process.

methods to draw out themes from the data. The authors also used iteration by revisiting transcripts and triangulating data with other primary methods. A similar approach was adopted in this study whereby manual coding started with the key themes derived from the underpinning literature (and the pilot study) and then moved to iteration to build on these via sub-themes. This process lasted around 3 months whereby each transcript was annotated in respect of main and sub-themes, plus, where possible, compared to data in field notes. This continued on an on-going basis as each interview was undertaken and transcribed so annotation took place on the next transcription and compared with the previous one. This continued and became more in-depth each time, i.e. when the 14th transcript was annotated, it was also compared to the previous 13. A large amount of paperwork and time-consuming analysis was undertaken over the 3 months.

This iterative process meant that while the main themes derived from the literature remained constant, sub-themes changed through the iterative process with some issues arising and others being merged as the interviews progressed. At certain stages in the iterative process, sub-themes became what may be termed 'third-level' sub-themes, i.e. the sub-themes branched out into a further layer. It also meant that dated versions of transcripts were destroyed and new ones reprinted since all the changing annotations and notes made it difficult to record what information was important and what was not as each individual transcript was highlighted, re-highlighted and differently in parts. It was also important to destroy old copies of annotated transcripts to avoid them getting mixed up with the current versions (Thorpe, 2014). It was decided that only two layers of analysis would be utilised although coincidentally, each core theme had only 2 sub-themes. By a continual iterative process of refining sub-themes, key issues could be drawn from the data while at the same time an audit trail would be evident to anyone that understood the case study research approach; this was despite the final coding appearing more simple than the actual 3 month process actually reflected. Part of the iterative process involved discussing the findings with a family member since she was familiar with case study research via her own PhD studies in nursing; but at the same time, nursing was seen as far enough removed from this topic that a fresh pair of eyes could view the process followed. The potential bias of seeking the perspective of a family member was understood but considered of limited impact given the whole idea was to offer constructive criticism via a new perspective; this would be appropriate in

any qualitative study of this nature e.g. involving co-researchers offering their own perspective in a larger research team.

The complete analysis was undertaken by the researcher. The process undertaken suggested that if a person unfamiliar with this field of research could follow the thought process via this iterative coding process (a nurse albeit someone familiar with case study research), then in principle, it demonstrated via the final version of the process that an audit trail was evident. Anyone familiar with the proper use of case study research would also be able to follow to approach. An example of a final version of a coded transcript is shown in Appendix 18¹⁶. The robustness of the methodological process could be justified to outside parties unless of course such persons did not fully understand the subtleties of case study analysis given the debate in the literature on how this should be undertaken.

Important data could have been overlooked in the process of the thematic content analysis due to the depth of data from various sources (Bryman, 2012). This was minimised by coding and annotating the transcripts and comparing sources of data, e.g. the field notes for key information (Miles & Huberman, 1994). A further drawback of the thematic content analysis is that interviewers can influence the themes that are brought out of the interview to the extent that the data is skewed towards self-directed topics (Lloyd, 2011). This study opted for the pre-determined themes style of analysis whereby existing themes and sub-themes were searched for as they had been determined by earlier sources i.e. the literature review and the pilot interviews (Buchanan & Bryman, 2007). Whilst this allows a planned approach to maximise the time spent interviewing, it can become counter-productive when interviewers use probing techniques excessively to shift the findings in a direction they wish (Skålén, 2009). To avoid this concern, the methodology built upon previous studies and only used probing techniques if the interviewee misunderstood the question and/or they gave short and non-descriptive answers requiring a need to gain further insight (Zikmund *et al.*, 2013).

¹⁶ All hand-written coded transcripts were shown to the supervisor. The information in Appendix 18 is a typed version of the coded transcript for clarity and neatness in comparison to a hand-written version.

27. Over-Coming the Research's Limitations

The coding and data analysis system employed accounted for academic recognition that qualitative samples are not intended to be representative; they are designed to explore feelings and values across a smaller group of individuals in a far more detailed manner than quantitative studies (Homburg *et al.*, 2012). This was employed by recording in the field notes and asking probing questions in the core interviews about reasoning behind collaboration strategies, i.e. teasing out the 'how and why' issues that qualitative research is built upon. There were several drawbacks and limitations to this investigation; these are outlined as follows. The element of misinterpretation is integral to qualitative research and can arise from poor communication problems depending on the background of the individual who is communicating his/her answers or questions (Denzin & Lincoln, 2005). New methodologies that have favoured the critical approach to strategic management have analysed discourse techniques to consider respondents' language, body language and speech patterns to make wider, holistic inferences about responses (Riad, 2005). This study does not draw on critical theory hence; interpretational issues have not been explored to the extent that critical scholars examine discourse in their findings. The study has appreciated that interpretational issues are important within management research; counter-measures to improve this potential problem are outlined as follows.

The study utilised 'bracketing' via a number of quotes from interviewees to boost the odds of there being less confusion over the meaning of what was stated during the interviews (Gill, 2014). To minimise this issue, interviewees were asked about any critical incidents that could illustrate their answers i.e. if questions were not answered with relevant examples it would be assumed that they did not follow the question (Gremier, 2004). A key example where this was used was with one interviewee whose verbal English skills were of a poor quality as they were new to NZ. The critical incident technique assisted with some answers in teasing out illustrations of collaboration (both coopetition and co-creation) strategies.

Scholars have argued that using the same source to reinforce primary findings through triangulation is pointless as the same-source bias is highly-likely to cause findings to match to a high degree via skewed results (Fleisher, 2008). This chapter has already outlined the use of triangulation to reinforce findings but from multiple sources wherever possible such as newspapers and website data to confirm or reject empirical

findings. This depended on the objectives the triangulation set out to achieve; for example, a website owned and developed by an interviewee was completely valid and indeed necessary when it was needed to investigate information about a winery's collaboration (specifically, co-creation) strategy within the wine tourism business (single source triangulation). The use of secondary data also helped identify the correct (in terms of the participant's knowledge of collaboration within the Wairarapa wine cluster) interviewees to speak to for both the pilot and the core interviews outside of interviewee recommendations; this led to the development of sound interview questions (Miles & Huberman, 1994).

28. Validity and Reliability

Qualitative researchers have debated the use of terms like 'validity' and 'reliability' in a similar way to the word 'sampling' as previously discussed in this chapter; i.e. as being more appropriate to quantitative research. Continuing from the previous section, no piece of research is one hundred percent perfect (Egbert, 2009); there are strategies in place to boost the overall quality of one's data. Validity and reliability are said to be the main components of the trustworthiness of a research project (Bryman, 2008). Validity is questioning: does one's data measure what they intend for it to measure (Diamantopoulos, 2010)? Reliability is questioning: will the study receive similar/same results if their research was conducted again in the same/very close) conditions (Newman *et al.*, 2013)?

Validity was addressed by ensuring that interviewees were sampled appropriately to avoid selecting participants who were unsuitable to answer the research questions. This was achieved through the pilot interviews as well as triangulating the pilot and core interviewees' recommendations with secondary data and participant observation to make sure the correct people were being approached. As interviewees were reminded of the study's objectives, it was made additionally clear what direction the questions/answers were positioned within. As the interviewees were far more familiar with collaboration in the Wairarapa cluster than the interviewer, they would have a wealth of knowledge meaning that requesting them to narrow down their answers to one particular area would concentrate their answers to issues relating to the study's objectives. Validity was also achieved by ensuring that interviewees were answering questions by making sure they were familiar with the study's objectives regarding

whether or not collaboration was a threshold or a dynamic capability. In terms of reliability, in qualitative research, what a respondent tells the interviewer on day one is possibly likely to be somewhat different on day two (Zikmund *et al.*, 2013). The study addressed reliability by asking follow-up questions, where appropriate, to make clear if an answer was not said in the heat of the moment meaning the investigation could easily monitor if discrepancies existed. Triangulation methods reinforced this monitoring process and increased the level of reliability, plus allowed an audit process.

29. Additional Credibility-Enhancing Techniques

This section examines four factors that underpin the necessary steps to having a quality-enhanced qualitative study namely, 'social validity, subjectivity and reflexivity, adequacy of data and adequacy of interpretation' (Morrow, 2005, p. 251). Social validity concerns publishing claims about how a construct operates (Branthwaite & Patterson, 2011). If the study was to make a definite but unsubstantiated claim, future studies may misinterpret the findings in a loose and generic manner and derive studies that are off on extreme tangents and have little relevance to the original piece of work (Harrison & Reilly, 2011). This study has made precise conclusions and recommendations (despite the findings' subjectivity) to reduce the risk of readers misinterpreting this investigation (Mort *et al.*, 2012). If future academic studies were to be published from this investigation, it would be expected that the contribution to knowledge would be different or building upon this study's limitations as this is how many studies are formed. This study aims to minimise the probability of misconstruing information that can lead to the poor exploration of a particular theory through social validity (Shepherd & Challenger, 2013). This study encourages this credibility-enhancing strategy to be continued from this investigation so long as the findings that may be cited are not misinterpreted.

In terms of subjectivity and reflexivity, qualitative researchers have to employ a level of reflexivity to their research designs to control (to their best of their abilities) factors such as researcher bias (Butler & Spoelstra, 2014). To some extent, researchers may want to hear subjective factors; in this study, where possible this was employed by triangulation techniques to cross-reference the empirical findings (interviews and observation) with published secondary sources (Davis *et al.*, 2011). Concerning the adequacy of data and interpretation, these steps have been considered within the points

addressing reliability and validity. This study has been built upon the assumption (based on the theory explored within this chapter) that credibility should drive the methods selected, meaning that if one was to select unreliable or invalid methods, the entire empirical investigation is likely to be flawed. This was not an outcome that the study desired.

30. Ethical Issues

As part of the Massey University Human Ethics Committee's (MUHEC) regulations, to protect the privacy and confidentiality of each interviewee, pseudonyms were assigned to each firm. All interviewees were made aware of this in the recruitment stage. Pseudonyms were understandable codes which hid anything that could identify the interviewee as best as possible - 'Firm 1, 2, 3...' If someone who is very familiar with the Wairarapa region read the project, they may be able to have an idea of who the study is referring to via details in the quotes that might identify a particular communication style that is attributed to very few individuals but the study did everything possible to avoid putting in quotes that link directly back to a single organisation.

The researcher was conscious of any issues that might have been emotionally painful for the interviewees e.g. a participant perhaps did not want to talk about a poor financial year. If these were at all relevant and it was apparent that they were causing discomfort, they would be put across via alternative words based on Epp & Price's (2011) experience in field research. If the participant continued to avoid questions because of these reasons; based on the advice of Poulis & Poulis (2013), the question or topic would be skipped. This was not a scenario that was relevant for the study; yet, it was appropriate to prepare for such events in advance.

A consent form and information sheet was provided to a manager at every firm (Appendix 19). This consent form emphasised the following points. (A) An acknowledgement of the subject's time for contributing to the thesis. (B) A brief summary of what the project entailed (its content and objectives). (C) A checklist of various factors confirming whether or not the reader had understood the form and if they wished to be sent a transcript of the study once it had been finalised. (D) A reminder that they had the right to withdraw at any point from the process with no prejudice. (E) The interviewee would be taped and transcribed yet, they would (to the best of the study's ability) not be identifiable to the reader. Transcripts and tapes were

locked away in the researcher's university office desk draws only accessible by lock and key. The study was 100% honest about the purposes of the investigation. Competitive (specifically collaboration) strategies between organisations were known and had to be kept secret when talking to competing organisations after each interview. The study avoided breaching confidentiality over which participants had been contacted. If any interviewees spoke to one another and it was revealed that they had both been part of the study, that was unavoidable but this would not have occurred as a result of the interviewer's actions.

Any ethnic groups that might have been affected by the study (e.g. European and South-Asian groups) were considered by engaging in their cultural norms where necessary e.g. customary greetings. Participants were also emailed a copy of their transcript to clarify if they were comfortable with information they had provided to the interviewer. If they were at all unhappy with any sentence, it would not be included in the thesis; this was an uncommon issue with most participants being comfortable with what had been shared. For the interviewees that were less comfortable, they were once again reminded that their names or any identifiable information would be kept confidential. This was a satisfactory answer for interviewees within these firms. Permission was given by every interviewee to use their provided data apart from anything that revealed the name of the business.

31. Chapter Summary

This methodology has been built upon existing studies of a practical and theoretical nature and has commented on different perspectives among qualitative researchers including terminology used, views on analysis, and debate about what constitutes a 'case study'. To boost the credibility of the methodology, the study has followed a range of strategies to boost reliability and validity (despite some authors viewing them as 'quantitative' terms) of the adopted case study method; examples include: bracketing, keeping a detailed account of the interview data, pilot interviews and triangulation. Ethical issues have been explored and the most suitable method(s) have been analysed to reduce the risk of harm to a range of stakeholders that may be affected by this research. The chapter has also described the data analysis process and has critiqued the system and the methods involved in this stage; it has recognised that different researchers address

analysis in particular ways and that an audit trail is necessary. Consideration of the themes arising from the study will be outlined within the findings chapter.

CHAPTER IV – FINDINGS

32. Chapter Introduction

The last chapter discussed the methodological approach employed in this study. This chapter analyses the empirical data in respect of the study's research objective. The findings from the 14 Wairarapa vineyards were analysed separately to the pilot interviews due to their respective purpose. The term 'firms' is used in presenting the findings as the data is presented at the firm-level; however, behavioural researchers that follow a critical perspective might suggest this has discourse implications. Data is however spilt between interviewees with key decision-makers and observation with cellar door staff for clarity.

33. Key Themes

To display the audit trail within the data analysis process, this chapter is split into discrete sections. 'Cases' could be used to represent individual firms given the conventional reporting procedure used in earlier studies in the literature review. However, the Wairarapa cluster forms the boundary of the case study and vineyards are utilised as 'actors' within this study's context. The key issues identified from the thematic analysis are presented in Table 1. The sections of this chapter address the key themes within Table 1 with supporting evidence in the form of quotes and the proportion of firms that indicated the nature of such themes. In determining such themes, the field notes were used to combine discussions and observation with the cellar door staff (where appropriate). Following Brannick & Coghlan's (2007) advice, in the firms where observation was used, some key quotes were incorporated into this chapter to supplement the core interview data with decision makers; this demonstrates the usefulness of different data collection approaches.

Table 1 – Key Themes and Sub-Themes Identified from the Data Analysis

Key Theme*		Sub-Themes**	
A:	Relationships with supply chain partners	1:	Relationships within export sales
		2:	Relationships with equity partners
B:	Relationships with competitors	3:	Coopetition at a range of strategic levels
		4:	Resource and knowledge-based collaboration
C:	Relationships with customers at the operational-level	5:	Recommending competing organisations
		6:	Co-creating with a narrow augmented product portfolio
D:	Distinguishing within cluster's boundary	7:	Encouraging the promotion of regional brands
		8:	Disparity within the cluster's boundary
E:	Competition versus collaboration	9:	The interplay between individual and competing brands
		10:	Focus on protecting hidden competitive advantages
F:	Opinions over the Family of Twelve	11:	Cynicism and positive aspects concerning the group
		12:	The group's integration with regular marketing events
G:	Collaboration as a strategic capability	13:	Collaboration as a threshold capability
		14:	Collaboration as a dynamic capability
*The letter (A, B, C... G) - Indicates the key theme. This was marked against the corresponding theme in the coding of the main transcripts with a blue highlighter pen			
**The number (1, 2, 3... 14) – Indicates the sub-themes. This was marked against the corresponding theme in the coding of the main transcripts with a green highlighter pen. A red circle in the coded transcripts indicates a discrepancy identified from the empirical findings with other sub-themes or triangulated material			

34. Pilot Interviews

The 4 pilot interviews were supplemented with triangulation in the forms of secondary data and participant observation; the latter was summarised within field notes on each firm (Appendix 20). Appendix 21 presents the characteristics of the wineries used for the

pilot study including their geographic location; Appendix 22 outlines the measures for the variables used in the vineyards' classifications¹⁷. The initial key finding from all 4 pilot interviews was that collaboration fundamentally is a regional-level strategy as wineries have a much stronger relationship with competitors in their own clusters than wineries outside their region. However, national and international collaboration was evident to a more limited degree. This explains the utility of concentrating data collection within the boundary of one wine cluster. Some of the larger wineries in the country have the resources to access other clusters and build collaborative relationships accordingly. A prime example is the Family of Twelve that collaborates across the various wine regions of NZ. This is also evidenced by some wineries having a headquarters in one cluster but having a number of subsidiaries (vineyards) in other regions. These organisations typically have resource-based competitive advantages over the smaller organisations that compete through other business-level strategies.

With a range of locations surveyed for the pilot firms (Auckland, Marlborough and Central Otago), the distribution of locations was varied as the study was able to draw upon the accounts of decision-makers in different wine clusters. All 4 pilot firms had an augmented product portfolio with a range of tourism services available. One firm had a range of services e.g. wine tours through to expansion into targeting other markets. The other 3 firms had a range of extra products and services such as weddings and non-wine products. All 4 firms were highly competitive as individual brands yet, were also highly involved with coopetition strategies especially in the region where they were based. It appeared that only the larger ones can exploit this strategy into a sustainable competitive advantage. This was due to the larger firms owning and/or having access to more knowledge, equipment and employees that the smaller organisations (as defined by measures in Appendix 22) typically cannot acquire.

All 4 pilot interviewees revealed that regional collaboration (both coopetition and co-creation) is a necessary step to survive within the cluster. Key reasons centred on the premise that collaboration (both coopetition and co-creation) is needed to send customers to a particular winery to maximise their experience. In terms of co-creation, if a customer was looking for a winery that has a restaurant or café, all 4 firms indicated that they

¹⁷ The measures outlined in Appendix 22 have also been employed in the classifications of the Wairarapa firms.

would recommend that customers should visit and name a certain winery that meets their needs. If the customer is looking for something that the original winery offers, all 4 pilot firms would capitalise on this demand. One firm described that collaboration (particularly coopetition) at a regional-level is very important and that every firm has strong connections with one another in the cluster. The same interviewee added that regional-level coopetition is integral but it only goes as far as when it prevents individual success. This was confirmed by the remaining 3 firms who made it clear that coopetition is one matter but factors such as cash flow is another. Firms need to be competitive alongside their current collaboration strategies. Other examples of coopetition confirmed the literature review that coopetition is a business-level collaboration strategy e.g. the sharing of knowledge and equipment. All 4 firms stated similar points that equipment like tractors and grape presses are shared frequently between neighbouring and regional brands.

Only 1 out of the 4 pilot firms had vineyards in multiple clusters; the remaining 3 firms had their vines concentrated in one region with multiple sites across their situated cluster. Each firm did provide examples of firms with multiple sites; a common example (as indicated by all 4 firms) was the Brancott Estate with vineyards in Marlborough, Hawkes Bay and Waipara. In these instances, there is a small amount of collaboration (especially coopetition) with such organisations but most coopetition occurs in the cluster where their main site is located. One firm indicated that some managers sit on committees at a national-level which assists in determining corporate-level regulations and initiatives that affect the entire industry. In these committees, managers have the ability to converse with their competitors at a social-level i.e. factors that have little or nothing to do with the wine sector as well as wine-specific discussions. In these scenarios, managers develop their networks/insights into competitiveness as well as maintaining collaborative networks.

Operation-level collaboration (co-creation) usually involves service delivery and bringing products and services to the market. All 4 cellar door staff members observed were collaborating with their customers to boost the service quality of the winery and adding value. One stated that she visited competing wineries out of her own money to measure how better or worse her service style(s) was in comparison to their cellar door. An example this observant provided was that some cellar door staff at competing wineries would not allow customers into the building if they were wearing attire affiliated to rival

brands. This operational-level strategy assisted in developing new ways to boost customer service. Decision-makers in 3 pilot firms commissioned mystery shoppers to measure cellar door staff members' knowledge of the wine/service encounter(s). These individuals would pretend to be various customers but not connoisseurs as these clients account for a small percentage of their trade and the management team wanted the mystery shoppers to be representative of the customers the winery would serve.

All 4 pilot firms provided some information that simply did not exist in the form of secondary data. A key example was that all the pilot cases identified collaboration not just in terms of knowledge but also in resources. As per the resource-based view (and set out in the literature review), resources and capabilities are two different components of the theory. This can be as basic as a winery not having a particular set of tools, barrels etc. for part of the production process causing them to borrow the equipment from a rival estate. This has been scarcely explored within mainstream strategy literature and is an emerging insight into how wineries are collaborating. It has been explored within agribusiness literature to some degree. Sexton (2013) discussed from a microeconomic perspective that in agricultural sectors (focusing on farming), collaboration can increase efficiency and maximise returns. What Sexton (2013) did not specify is the extent to which to this theory applies to all agricultural sectors including wine. This investigation explores whether this strand of knowledge is applicable from a strategy perspective and relevant to the wine industry.

Another theme that was discussed in the pilot study was the variability of formal versus informal collaborative exercises. All 4 pilot firms indicated that some networks are more social than others as some are structured in a more formal capacity than others. The conceptual findings matched the pilot interviews to a large degree (as indicated by 3 out of the 4 firms) that collaboration is a measure wineries need to take to survive within the sector namely, a threshold capability. This was teased out within the interviews by asking the interviewees explicitly: (1) is collaboration (both coopetition and co-creation) something one needs to do to meet the conditions of the industry (a threshold capability) or does it provide one with a competitive advantage (a dynamic capability)? (2) Follow-up or probing questions using the critical incident technique were asked to ensure participants were answering the question(s) in a manner that suggested (as best as possible) that they understood the question. A key example of a follow-up question was along the lines of: if one was not to engage in collaboration strategies, what would

happen? This allowed the study to conclude that 3 out of the 4 pilot firms saw collaboration as a threshold capability.

The firm that indicated collaboration is a dynamic capability had external support of supply chain partners, capital and knowledge to leverage competitive advantages from collaboration. Larger wineries have the resources to convert collaboration into a dynamic capability with the extra finance and capital they possess. Finance and capital were important factors for such organisations as they could combine these resources with other resources and capabilities to add value to their brands to extract the best attributes from their collaboration strategies (both coopetition and co-creation) and derive competitive advantages. A key example was the one pilot firm that viewed collaboration as a dynamic capability had used networks with competitors, vertical channels and customers to create an all-round strong brand. This would not have been possible without its initial high quality and quantity of resources and capability (e.g. wine-making facilities and employees' knowledge); collaboration brought out the best attributes of this firm.

It was inferred from the remaining firms that despite having a large winery (as defined by the measures in Appendix 22); they could not secure any competitive advantages from collaboration (of any form) and argued that it was simply a survival mechanism: a threshold capability. The conceptual findings and the pilot interviews were in sync, suggesting that the literature review highlighted similar points. The pilot study helped mould and adapt the questions that were considered as a result of the themes identified from the literature review and was developed accordingly. A key example being the informal versus formal levels of collaboration (particularly with coopetition); this issue was brought into the core Wairarapa interviews by asking participants probing questions around the formal versus informal networks involved in such strategies. Whilst this was explored in the literature review, specific wine-related examples are scarce. This helped the study gain an understanding into the 'how and why' questions by developing a deeper understanding of the collaboration strategies within the Wairarapa wine cluster.

35. Core Interviews

35.1. Key Outcomes from the Interviews

The 14 Wairarapa-based firms provided the study with a detailed insight into the cluster with the interviews being effectively shaped by the pilot interviews. The vineyards were

varied (in terms of portfolios, export ratios etc.), boosting insights into the collaboration strategies within the Wairarapa cluster. The measures used in Appendices 23 and 24 were the same as those used in Appendix 21. The data revealed that collaboration occurs at multiple levels in different forms: relationships with consumers (co-creation) through to managers collaborating with their competitors (coopetition). The 11 out of the 14 firms that offered cellar door services (including instances where the wine-maker also ran the tourism ventures) indicated that different forms of collaboration are employed across these different roles. Collaboration (especially coopetition) is a threshold capability as wineries have to interact with their rival firms to collectively promote the region as well as operate their wineries via sharing resources and knowledge. This was evidenced by 10 out of the 14 firms indicating that the two forms collaboration this study had discussed is a threshold capability, these were the smaller firms; the remaining 4 organisations that viewed collaboration (both coopetition and co-creation) as a dynamic capability were of a larger size.

The 4 larger wineries sampled in the Wairarapa (just like the pilot firms elsewhere) have the ability to convert collaboration (especially coopetition) into a dynamic capability with their additional resources and scale-based competitive advantages. The 10 smaller wineries have to engage in coopetition; whereas the larger wineries develop it into a competitive advantage. All 14 interviewees were also asked about any negative aspects of collaboration they might be able to draw upon; in every instance, participants struggled to articulate an answer as they stated that despite the cluster being collaborative in nature, there is still a fairly high degree of individual competitiveness amongst firms. In 8 out of the 14 firms, interviewees indicated that it can be difficult to protect individual (secretive) forms of competitive advantages as collaboration is high as every firm knows one another. Collaboration only goes so far and wineries are still separate entities competing against one another.

35.2. Relationships with Supply Chain Partners

In the 9 export-intensive firms¹⁸, wineries made collaborative decisions based on the quality and reliability of their distributors. This was especially important for the 5 out of

¹⁸ A high export intensity was operationalised by Crick & Crick (2014, p. 430) as having an export ratio of '30% or greater'. A low export ratio would see firms with 29.99% or less of their turnover coming from export markets. One firm had an export

these 9 organisations that had a higher level of export orders (as part of their portfolio) as acquiring the right distributor was a key role to the sales in their export markets. To some degree, these 5 firms relied on the distributor's networks on both an international and domestic-level as they were the ones who had the ability to 'push' the wine to a great extent beyond the capabilities of the winery itself. This was advantageous as these 5 wineries were able to gain sales/revenue from the distributors' capabilities as well as boost the reputation of the region ('brand Wairarapa').

'The region's image is everything. We don't have the cash to fund flash marketing schemes but we see a lot of good publicity in promoting ourselves through our distributors.' **Firm 1**

The 9 export intensive wineries were often dependent on the distributor 'pushing' their brand alongside rival labels. If the cluster's reputation is increasing on the world stage (i.e. more international customers are recognising the Wairarapa cluster) as well as more commonly associated clusters (e.g. Marlborough and Central Otago), individual brands are still fighting for their own sales for survival and growth purposes.

'We have a great distributor whom we've been working with for years... The problem is: we're up against some of the bigger guys in the industry; so he has to decide which companies' wine he's going to flog. Sometimes it's us, sometimes it's not...' **Firm 8**

Another issue indicated by the same 9 firms was that selecting a successful and popular (amongst competing wineries) distributor is hard as the supply of spaces within the distributor's portfolio is often far less than the demand for such spaces. To gain access to customers who are likely to buy the Wairarapa labels (via the popular distributors' selling strategies), requires further networking meaning that the smaller firms who typically have less capabilities to gain such networks cannot do so to the same extent as larger competitors. This gives the 4 larger wineries sampled a competitive edge over their less-resourced rivals as their networks outweigh lesser-equipped brands.

'The biggest challenge I've faced since I came here is trying to get into a good distributor's portfolio... My goal for the next financial year is to push our wine with the

ratio of 15% but normally, this percentage would be a lot higher based on trade during different economic climates.

help of our current distributor into new markets like Portugal and Spain. This isn't something I can do by myself. ' **Firm 8**

35.3. Relationships with Competitors

Equipment-orientated coopetition is the most common form of collaboration within the cluster with all firms describing how they share or borrow resources when needed. 7 out of the 14 firms specified that despite all firms collaborating on the resource front to some degree, others have to do it to survive i.e. borrowing equipment that is necessary for maintaining a business. This included: wine-making tools (e.g. tractors/gardening equipment) through to collaboration exercises such as using facilities to allow competitors to make aspects of their wine at a rival estate (e.g. pressing grapes). In these 7 major instances, wineries are often prepared to lend equipment as being a part of the closely-tied wine-growing community meaning that if one firm is less prepared to lend equipment to fellow competitors, word will get around that they are not a team player. In particular, 2 firms indicated that:

'There's probably some individuals who I'd rather not name who are regarded by others as being a bit bolshie or a bit, you know, more important in what it does for them rather than what it does for the group; that type of thing and then there's nothing in it for me why bother?' **Firm 11**

'There's a lot of egos involved in any industry and particularly this one. And so there's a constant grouping together and then relationships fray a bit...' **Firm 3**

There is certain equipment that wineries share frequently (e.g. tractors and harvesters) meaning that because there is a large amount of goodwill within the cluster (i.e. many producers being prepared to loan resources), wineries have developed collaborative networks alongside their competitive practices. Three firms specified that:

'We have that kind of exchange of information, wines, sharing equipment, brainstorming... It's really nice to think that you can call any of your neighbours and wineries either in Gladstone or in Martinborough or Masterton and get information or borrow something that you've run out of.' **Firm 12**

'Equipment can be quite expensive for start-up or to buy initially... If one person does that and they can lend that out then a lot of people will benefit from it and that happens all the time. Vineyard equipment goes around town many times.' **Firm 8**

'I do lend and borrow equipment a bit... Especially if someone's in trouble like in the middle of harvest and we have no trouble. We had a breakdown in our press last year and we got someone else to press some of our grapes for us and it was just not an issue.'

Firm 14

11 out of the 14 wineries have developed collaborative but competitive relations with rival vineyards who share knowledge and experience to boost the wine-making experience of the region as well as individual labels. Specifically, 8 out of the 14 firms developed new insights into making wine as well as a more social interaction whereby wineries are experimenting with new techniques to add value to their portfolios. This usually occurs within tasting sessions where key decision-makers from each winery come together to comment on each other's wine and offer solutions to overcome any problems concerning taste-related issues.

'We do sort of barrel tastings, we all take a barrel sample in and get a group of wine-makers together and discuss the pros and cons of the wine shown; somebody might have a faulty wine and want to talk about it.' **Firm 5**

'I'm starting to try and work a little bit closer with the other cellar doors because that's really important. We know what the others are doing, support each other and implement similar things.' **Firm 2**

'Most of the wineries here are small and it's just sort of a habit that sort of grew up and so there's a lot of sharing of information goes on in a very informal way. There's a sharing of information in terms of barrel tastings; wines in barrel will be tasted and everybody will comment on everybody else's wines.' **Firm 7**

The 4 larger wineries collaborated through different means as they have the scale-based advantages to overcome some of the difficulties smaller wineries face. In the official NZ Winegrowers Association's events (with wineries from all around the country), these 4 firms are competing to tell the story about the national, regional and individual brands meaning that increasing micro-level brand awareness becomes difficult.

'There is cooperation but for us anyway being small, it doesn't work at the detailed level and most people are far too busy to spend much time in talking. Perhaps larger organisations where they're not hands on or they're the manager and they can go to conferences and other things...' Firm 4

'There's an annual workshop which I haven't been to for quite a number of years but I went to for many pinot noir workshops down in Hamner... The more experienced guys, some of those guys have never missed any in 25 years...' Firm 14

A prominent level of coopetition was within the sub-theme of internationalisation. All the sampled 14 Wairarapa wineries are aware that most foreign consumers (besides from the connoisseurs) have little knowledge of the NZ wine industry let alone the Wairarapa as a distinct cluster. This was less relevant for 5 out of the 14 firms whose turnover from exports was between 0 and 1%. The remaining 9 firms have the additional problem of there being confusion of Martinborough sounding like Marlborough and the Wairarapa sounding like Waipara; thus, distinguishing the brand and regional reputation of the Wairarapa is a difficult task. This requires wineries to promote the NZ brand rather than cluster-specific images.

'People would get confused about Martinborough and Marlborough, it was more lack of education I think about wine so then you would, you know, discuss that with them...'

Firm 2

'Wairarapa is a problem both even in New Zealand but particularly internationally. Even Martinborough to some extent I think a lesser problem, it's got an older name, it's had more work put into that brand, it's an easier to pronounce brand, but even still internationally and even within New Zealand there can still be some confusion.' **Firm 3**

The level of product augmentation varies by winery (which is typically where the firm's point of differentiation lies) as 5 out of the 14 vineyards have a restaurant catering for different kinds of experiences to their competitors with additional services as well as those who have an on-site café rather than a restaurant. A key reason for the 9 firms who did not offer a food service was typically that wine versus catering are two separate trades; whilst food and wine often complement one another, operating the two in tandem can be a recipe for disaster. Key reasons included the time it takes to run a restaurant as well as a vineyard plus, the problems if there are personnel complications.

'If I've got spare time when I'm not actually working in the vineyard... the last thing I want to do is start cooking for people.' **Firm 8**

'Just imagine you have a disagreement with the chef and you have a booking for sixty people but the chef feels like he's had enough and he leaves.' **Firm 4**

The 9 wineries that do not have catering services still have augmented products as seen by 6 of these 9 firms (without a food service) engaging in other forms of wine tourism such as hosting wine tours. These 6 firms are catering for different markets on a broad scale as some clientele want to receive a cultured history of the vineyard e.g. the owner(s)' story, as well as a portfolio of wines to compare and contrast. These are typically the more experienced connoisseurs who account for a small percentage of wine tourism. The bulk of the demand (as indicated by 9 out of the 14 firms) is generally derived from customers who want to try different wines who are not necessarily experts but simply enjoy the taste as well as the augmented experience. These customers often do not make a significant return for the organisation; in fact, a loss is sometimes made – they still cater for these markets to boost their brand equity and overall reputation.

'Usually there's no sales; you entertain them and then they leave it, sometimes they buy something... in a sense they are almost a little bit hindering to us.' **Firm 12**

'That represents a complete loss of money. They paid \$5 a head regardless and so we make and we lose.' **Firm 7**

The 12 out of the 14 wineries that are part of the 'Wines from Martinborough' organisation have joined and remained in this for different reasons. A key theme (named by all 12 firms) was the cost/benefits such as sharing the costs of promotional events amongst a group of firms compared to if a firm hosted an event by itself. Managers believed that if their brand was the only label at an event, then consumers would only be going there to see the one firm and so would not attend the events. All 12 firms stated that wine consumers often prefer being able to compare wines as well as the associated brands' stories as part of their buying experience. Sales are likely to be higher if the brand is positioned around competing products. The study found that 13 out of the 14 firms indicated that there is a degree of internal politics surrounding the classification of the Martinborough region as there is debate into where Martinborough ends and the wider Wairarapa region begins. The firm that did not indicate this theme was a reasonably new

entrant and stated that if they had been in the cluster for more time, they may have been aware of this issue. This theme is relevant due to the established image of Martinborough as opposed to the Wairarapa cluster. There were 3 out of the 14 wineries that collaborate with competitors (who are locally based) but cannot by law refer to themselves as a Martinborough winery due to their geographic proximity. Coopetition is occurring within the cluster including with the closely located competitors who are not officially in the same sub-region.

'As soon as we put the word Martinborough on the label we have to be 85% from that designated district which is defined.' **Firm 4**

'There's a process that they go through. I think it's called the geographic board or something and it's specifically; here is a line that says you can call yourself Martinborough wines if you're inside this line.' **Firm 11**

35.4. Relationships with Customers

Not all vineyards collaborate with their customers in a unanimous way. The 9 out of the 14 firms with cellar doors co-create relationships with their clients to boost the service quality that the winery offers. This is often done (as indicated by 8 of the above 9 firms with cellar door facilities) by accommodating wine tours (despite the potential financial loss) Additionally, employing knowledgeable staff members who can educate less-versed customers plus converse with the wine experts who visit the cellar door. The 1 exception within this group of 9 firms had very limited resources and capabilities and could not host tours due to the time it would take away from the core vineyard operations. The customers who want a thorough wine experience often expect recommendations of different vineyards that offer different products and/or services. For instance, one client may prefer Sauvignon Blanc varieties compared to the Wairarapa's dominant Pinot Noir style meaning that in the spirit of goodwill, wineries will recommend one of their competitors to add value to the region's quality both in terms of capabilities (i.e. the ability to produce and host different varieties of grapes plus tourism) as well as collective factors (i.e. rival firms recommending their competitors).

'We were advised to plant the whole lot in Pinot Noir because it was the most profitable. It was at the time because we were the only cellar door and people come in and say, I don't drink red wine, you actually need varieties of wine.' **Firm 4**

'I mainly deal with sales you know someone leaving, if they don't buy now they've got to leave with a good experience.' **Firm 2**

The issue of operational-level coopetition has reverse effects whereby if one is to recommend a competitor, the same effect occurs i.e. the competitor that is recommended will most likely talk positively about the firm that suggested them in the first place. If they have an opportunity to recommend the original firm, they will do so. This was evidenced by 8 out of the 14 firms, two examples were:

'We're a shoestring style, they are corporate wine tasting cellar, you know, and with a high end restaurant as well for lunch. So yeah so we try and keep the cluster going and I know that they recommend say - have you been here?' **Firm 11**

'I'm reasonably aware of what other people produce and quite often people say to us at the cellar door... you should come here.' **Firm 4**

Co-creation occurs in different forms and as mentioned earlier, the 5 out of the 14 firms that do not have cellar doors (thus, do not have the frequency of day-to-day interactions) co-create via other strategies. A key example was through trade shows and events whereby wineries (including the above-mentioned 5 firms) come together with firms with cellar doors and collaborate with their customers to boost the overall quality of the region (to secure additional demand) as well as promote and sell their own brands.

'On a national-basis, there's a generic marketing programme which for instance, all the main markets there will be trade tastings and maybe media events... Two to three years ago, we went to a reasonably elaborate series of tastings at Lord's Cricket Ground.'

Firm 7

'We do trade shows together and we've been to England as a group to look for... we've been to Australia together and Singapore.' **Firm 7**

For the 9 out of the 14 vineyards that export intensively, developing appeared to derive competitive advantages. Such relationships plus, competitive advantages are difficult to sustain as the cost of travelling from the Wairarapa to England, Australia and Singapore (in the above firm's example) is costly for many wineries and therefore, most sales have to be undertaken through distributors as intermediary bodies. The use of distribution networks also have less efficiency-driven implications such as direct access to customers

through experienced channels using more efficient means and resources than the winery itself could operate. This can be risky depending on the relationship a winery has with its distributors.

'You can end up with very slow sales because even though you're on a list they don't necessarily push you.' **Firm 12**

'We've got a distributor but they can't be everywhere all the time either.' **Firm 5**

Co-creation often is more effective when the winery is more resourceful, the 8 out of the 14 wineries that had stronger links to wine tourism (such as weddings; tours and/or restaurant services) were far more likely to be able to increase the quality of their augmented product. Working with the customer is still possible without these business functions but it strongly decreases the reasons for customers to visit the winery as evidenced from the accounts of all wineries within this group. According to the 9 out of the 14 firms with cellar doors, this business unit appears to drive demand for the wine significantly at a local-level. It also is greatly time-consuming (not least of which expensive to run) as wineries have to cover the fixed costs of the staff members' wages as well as the larger variable costs such as electricity bills and the wastage incurred by the tasting sessions. This last factor has caused 7 out of the above-mentioned 9 wineries to charge a fee to sample the wine at the cellar door to give the 'free-riding' customers an incentive to buy some wine.

'If there's a couple coming in and they buy a bottle then we don't charge the tasting fee at all... if they had no intention of buying we'd hit them.' **Firm 11**

'The use of the service fee is at our discretion. Let's say a hen party comes in who just want some alcohol, we'd charge them. If a smaller group came in, we probably wouldn't.'

Firm 1

'It's not free of charge. Most vineyards do offer a service fee; we have several different layers of tasting fees.' **Firm 1**

This strategy is neither ethical nor legal as 'you're supposed to call it a service fee' (Firm 11). This move has seen a key result in that customers who want to try the wine and may actually buy are put off by the 'service fee'. Customers might prefer instead some general knowledge about the wine cluster, the NZ wine industry as well as the

new products and their associated tastes. This is an incentive to boost the cluster's reputation on the world stage as well as catering for a range of domestic and international consumers who are visiting the Wairarapa region.

35.5. Competition versus Collaboration

Where competition ends and collaboration begins is somewhat vague since whilst wineries appeared to engage in the various forms of collaboration illustrated within this study, they also were highly competitive with their individual brands. Indeed, 11 out of the 14 firms were committed to collaborating for the region's benefits such as working with Wines from Martinborough/Wairarapa Wines, sharing resources and knowledge. These 11 firms also described that collaboration is only important up to a point as firms have to compete in their own right. A key illustration from 8 firms is fighting to get a place in a popular distributor's portfolio; these distributors only have a set number of places and the struggle to win one of these places is highly competitive. In fact, 7 firms argued that if a Wairarapa winery gets such a spot over one in Marlborough (or other clusters), this is a positive step as it promotes the region and therefore, knowledge/awareness of the area but this does not help the cash flow of those that are unsuccessful in not getting a place. If wineries are losing out to rival firms, competition appears to outweigh collaboration meaning that finding a balance between the two is potentially difficult; 13 out of the 14 wineries felt very strong that collaboration is outweighed by competition. Put simply, individual profitability is more important than national or even regional-level collaboration. It appeared that the larger 4 out of the 14 firms were able to be more successful due to their competitive strategies; collaboration (both co-opetition and co-creation) was a competitive strategy that boosted their brand image/equity and became more attractive when approaching distributors due to resource-orientated advantages.

'I'm not going to do it for nothing because again, if you're very generous with everything you own, you're not actually making money you know. That may make you feel good but you will eventually see your demise.' **Firm 10**

'We don't think of it like – oh, it's how nice it is to be part of collaboration. We only do it as a means to an end.' **Firm 10**

35.6. Opinions over the Family of Twelve

There appears to be a large degree of cynicism towards the Family of Twelve and so-called ‘splinter groups’ of the NZ wine industry. The larger organisations within the cluster and to some extent the industry have the ability to sustain competitive advantages through coopetition. The Family of Twelve and such break-away groups have antagonised some of the wineries in the region. Specifically, 9 of the 14 wineries (that were not in this group) stated that this organisation broke away from many of the NZ Winegrowers Association’s official collaboration incentives and marketed their own brand identity as NZ’s 12 best wines. This is consistent with the website data which confirms such assertions (Family of Twelve, 2014). The Family of Twelve have created an organisation that contains supposedly the best wineries from NZ who represent the main varieties of grapes as well as the best firms that produce them. The organisation includes 6 wineries from both the North and South Islands and collectively assists its 12 members in distribution networks in both a domestic and international setting. Whilst it is assumed that members of the group are satisfied with its performance (with the original 12 wineries still remaining with the organisation), there is a perceived degree of negativity about the impact on smaller wineries that are not within the group with 2 firms indicating that:

‘The Twelve have carved out a reputation and a name for themselves and they’re anxious to preserve it. So to that extent if that’s part of their agenda it’s almost like an exclusion.’ Firm 7

‘The Family of Twelve... That’s a pretty closed shop, I mean to say I think that’s just a marketing group set up and I think they would fight their boundaries quite hard on that one.’ Firm 14

Furthermore, 7 other vineyards revealed (as members of Wines from Martinborough) that the Family of Twelve’s Wairarapa wineries do engage in regional events but are also involved in other events due to their ties with their collaborative partners in Auckland through to Central Otago.

‘We don’t work with them as the Family of Twelve but they are members and do participate in a whole range of things.’ Firm 3

'That's an exclusive group of twelve including my friends in Waipara and they do joint marketing... They've got quite a lot of wine and that's sufficient for them...' Firm 4

In total, 9 out of the 14 firms were somewhat sceptical about the role of the organisation and have been somewhat antagonised about its position in the sector as it has claimed to be superior to its competitors. Arguably, this is simply a competitive position that the group has put forward to take on its rival wineries across NZ through what may be termed 'a safety in numbers strategy.'

35.7. Collaboration as a Strategic Capability

The interviews found that 10 out of the 14 firms suggested that collaboration at the various strategic levels is a threshold capability as it is simply a competitive strategy that wineries have to do to survive within the cluster. The remaining 4 larger wineries have the ability to leverage collaboration into a dynamic capability; thus, securing competitive advantages through collaboration (especially cooptation). For the 10 smaller wineries, survival is not necessarily measured by financial means such as profits versus losses. It is more likely to include more subjective variables such as market orientation and brand equity. Working within the confines of a group (e.g. Wines from Martinborough) allows these 10 smaller wineries to reduce their costs and increase their level of market intelligence.

'Well no, it's definitely something we need to do to survive, yeah there's no doubt about that... We wouldn't have the information without talking to a wider community or the resources.' Firm 8

'I'm trying to think of anybody who doesn't collaborate to some extent and I can't. I think you have to be collaborative in the sense of at least not being complete outliers.'

Firm 4

'I think we need to collaborate on a national level to maintain that and I think we also need to have some kind of broad thinking about preserving the quality that is behind that reputation of brand New Zealand...' Firm 12

'It assists with surviving and I guess most people, well I suspect most vineyards in Martinborough, have some association with other ones.' Firm 11

'Without collaboration or help from other people we can't survive...' Firm 9

For the 4 larger wineries, collaboration (especially coopetition) gives them a competitive advantage through different means depending on their internal strengths and weaknesses. They revealed that coopetition especially has allowed them to enter new markets and save costs by competitors representing them in a gesture of mutual goodwill. Whilst this assumes a fairly high level of trust amongst partners, the cluster has developed its growing reputation on goodwill and other related values meaning that collaboration through such strategies (for larger organisations) can be converted into a competitive advantage.

'It gives us a competitive advantage because we have the reputation that no-one else has... we learn from collaboration in ways people down the street can't.' **Firm 10**

'You wouldn't do it [to survive]; it's not a survival tool...' **Firm 14**

One interviewee revealed that having the networks and capital to acquire good distributors was an effective way to leverage collaboration (especially coopetition) into a competitive advantage. The main route appeared to be from developing networks with larger marketing groups within the cluster and further within the NZ wine industry. It was discovered that for 4 out of the 14 firms, becoming involved with groups who are minimally involved with but have friendly relationships towards the NZ Winegrowers Association body, have developed competitive advantages through collaboration. A key strategy was to develop/improve certain aspects of firms' business models collectively but learn from it individually when competing in their own right. Smaller wineries engage in coopetition to a much larger degree and thus, their secretive basis for potential forms of differentiation-orientated competitive advantages becomes diluted.

The 4 larger vineyards were able to secure competitive advantages through collaboration (especially coopetition) by using it before they revealed individual brand strengths (if applicable, as some competitive advantages are known transparently) and then compete on their own using the developed knowledge from the coopetition strategies. Collaboration for Wairarapa wineries appears to concern what may be termed as a 'safety in numbers approach.' A key example is marketing at regional trade events. 13 out of the 14 wineries argued that if they went as individual brands, the public would not be as interested compared to if a variety of brands were presenting their portfolios. Only 4 out of the 14 firms were able to leverage this into a competitive advantage because of their other resources and capabilities due to their scale-based power.

36. Chapter Summary

This chapter has summarised the key aspects of the empirical findings. The pilot study alongside the core data gathering revealed that collaboration is a multi-level construct that applies at the various levels of strategic management. Collaboration is a threshold capability for the smaller organisations within the cluster. It has the potential to be manipulated into a dynamic capability for the larger organisations that have resources, knowledge and/or financial-related competitive advantages. These organisations can control how much information and resources are shared amongst rivals in the sector or industry and gain benefits from this competitive strategy before any points of differentiation are lost. The following chapter provides a discussion of the main issues arising from this study to continue the audit trail from the empirical and triangulated findings.

CHAPTER V – DISCUSSION

37. Chapter Introduction

The previous chapter discussed the findings from the study in the context of the case study boundary of the Wairarapa wine cluster of NZ. This chapter seeks to further analyse the findings identified within the previous chapter by dividing the firms into key groups within a 2 x 2 matrix that compares the differences between the groups. The axes of this matrix were determined by the resource-based theory underpinning this study. This model assists in analysing the instrumental case study of the Wairarapa cluster and helps make a contribution to the capabilities element of the resource-based view.

38. Model from Empirical Findings

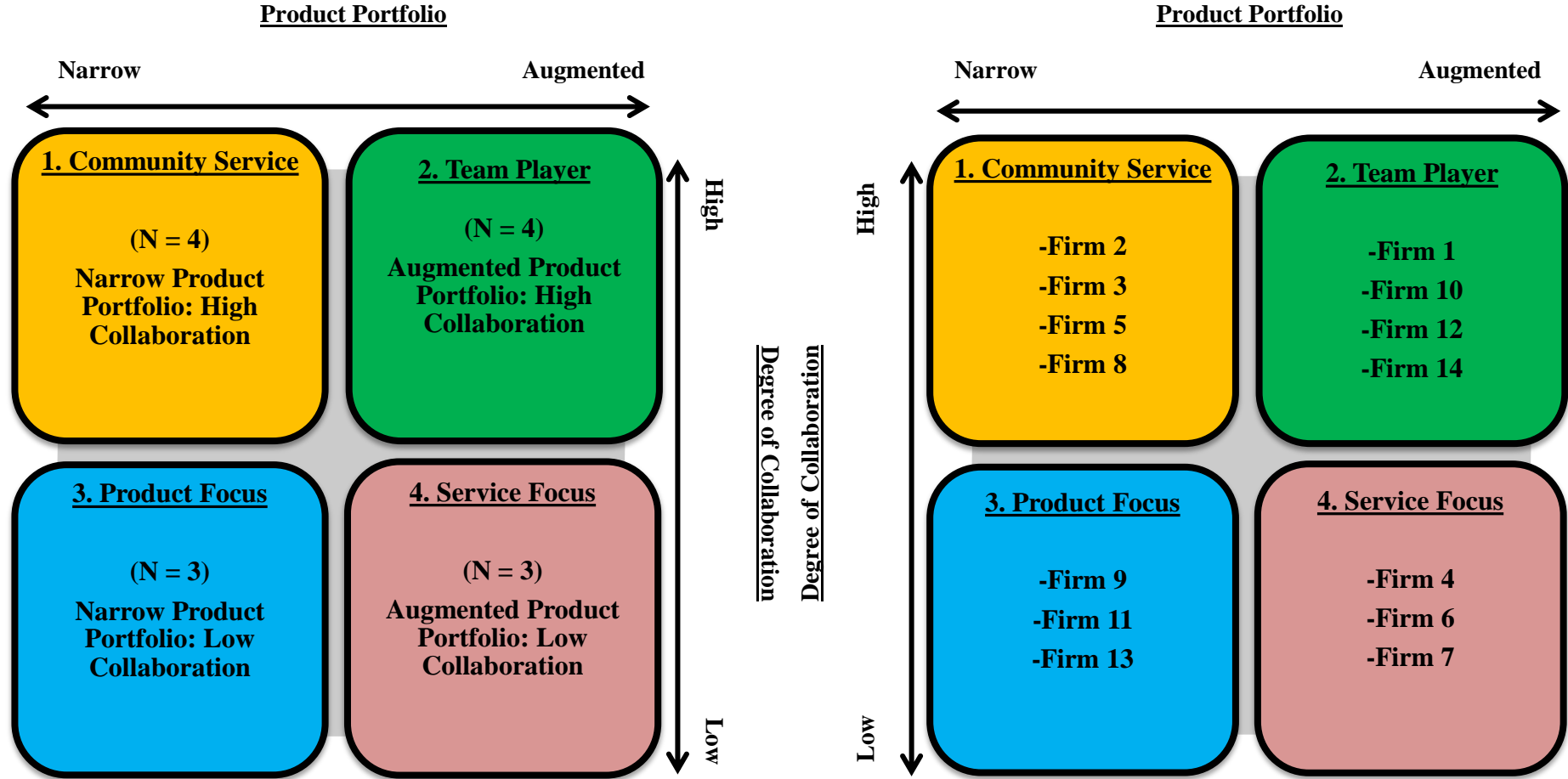
Amongst the key themes retrieved from data, two key areas were derived that were the most significant factors from this study. The main variable was the degree of collaboration across the multiple levels of the firm (i.e. coopetition and co-creation); the second being the product portfolio. Constructs were operationalised by applying as much theory as possible but also developing a new system of measurement from this study. The measurement for both constructs was based upon Cohen's (2009, p. 8) study that employed 'best/worst scales in wine marketing' and accounted for how some constructs can be measured by dichotomous categories in both quantitative and qualitative investigations. Fig. 3 outlines the 2 x 2 matrix derived from this study.

Collaboration was measured by applying and combining the definitions of co-creation and coopetition which resulted in a low versus high result (Bengtsson & Kock, 2000; Gronroos & Voima, 2013). A low level of collaboration was indicated by firms that prioritised their own activities and minimised the level of coopetition and co-creation. A high level of collaboration was indicated by firms with a desire to collaborate with their customers and competitors. The product portfolio was measured by stating that wineries have one of two sorts of portfolios: (1) they have a 'narrow' selection of wine with a cellar door at most or (2) they engage in an 'augmented' variety of wine tourism services. Selecting the product portfolio was a tool to distinguish boutique versus diversified wineries from the sample. Small businesses according to Anderson & Dunkelberg (1993, p. 4) have to meet the following factors to be classed as small: 'be managed by the owner, the business is independent, the business is local and the company is small relative to others in the same industry.' Furthermore, Smallbone & Massey (2012, p. 47) argued that

‘employment change’ is a common measure of the growth of small to medium-sized enterprises. This suggests that factors such as an increase or decline in the number of staff members can affect the classification of a business’ size. This is relevant for this study because as the findings chapter discussed, collaboration (both coopetition and co-creation) is something only the larger vineyards (as defined by the measures used within Appendix 22) can do to develop a competitive advantage. Bordley (2003) found that using the product portfolio as a measure a firm’s size was an effective way to distinguish between small and larger firms. Bordley (2003) made this assertion through an econometric approach using financial data across several industries. To develop this assertion further (into a wine-related context), the investigation used Hall *et al.*’s (2011) measure of using the wine tourism component as an indicator of a winery’s size. This meant that to explore whether collaboration is a threshold or dynamic capability (fulfilling the study’s objectives), one axis needed to be operationalised to develop this issue further. This study continues the discussion from the literature review in the following sections.

Anderson & Dunkelberg’s (1993) definition set out in the previous section would mean that all of the wineries sampled would be small firms by using variables e.g. output and/or the number of employees. The product portfolio was defined by the quantity of wine tourism services; it was an effective approach to differentiate small from large wineries (Wilkins & Hall, 2001). The term product portfolio does not have to concern wine tourism. It outlines an organisation’s product or service lines and measures how they are performing relative to one another (Day, 1977). Developing a matrix based on these constructs was inspired by strategic management research whereby for example, Porter (1980) developed the heavily-cited ‘generic strategies’ to distinguish typologies for competitive advantages.

Fig. 3 – The Product Portfolio-Collaboration Matrix Derived from Empirical Findings



Rugman *et al.*'s (2012) study took the approach that developing a matrix can aid insights and the understanding of differences between select groups and share the specific sub-categories that the findings revealed. The two major disadvantages for this model were based upon its design. Firstly, some authors have devised a 'grid' system as opposed to a matrix whereby constructs are based upon interval or ratio scales causing values (e.g. firms or individuals) to fall under a particular cell rather than within one of four categories: assuming it is a 2 x 2 matrix. A key example where this approach has been successfully launched is the dated leadership-based study of Blake & Mouton (1964). These authors devised a grid that quantified leadership traits so that managers would fall under a particular category; it would measure the extent to which they were in a particular cell. The data retrieved for this single instrumental case study simply does not fit into a 'grid' system as variables were not quantified; the idea was to collect data of a 'how and why' nature. This disadvantage has been overcome by the study basing the axes of the model upon existing literature and therefore, specifying the categories firms fall within.

An example of how this was undertaken involved asking interviewees follow-up questions to derive meanings further; specifically, subjective details that a quantitative study would struggle to uncover due to the quantitative approach involving 'what and how much' questions than the subjective premise of qualitative research. It might be argued that by categorising firms into a 2 x 2 matrix defeats the objective of uncovering the 'how and why' issues as grouping firms together might detract from the subjective focus (Miles & Huberman, 1994). As this investigation seeks to explore the practices of a single instrumental case study (the Wairarapa wine cluster), the 'how and why' issues was important at the firm-level as it helped the study understand 'how and why' is collaboration a threshold or dynamic capability?' It was more important at the cluster-level whereby the 2 x 2 matrix summarised the collaboration strategies of the vineyards within the region and explored the research propositions underpinning the case study. The second disadvantage is that in some matrices, there is a centrally-placed category whereby values are placed into a region in which they are in a state of uncertainty such as Porter's (1985) 'stuck in the middle' zone. This was not an issue for this study as all participants were safely placed within each cell as directed by theory underpinning the model. Had there been some ambiguity between the cells, a centrally-placed zone would have been created. The matrix is presented within Fig. 3 and is described in the following sections.

39. Categories Developed within the Empirical Model

39.1. Community Service

The Community Service category is defined by a firm having a high level of collaboration with a narrow product portfolio. The 4 firms that offered a variety of wine styles with a cellar door (by appointment) at most (fulfilling the product portfolio axis) were actively involved in collaboration. The particular forms of collaboration are discussed as follows. The degree to which collaboration was composed of coopetition versus co-creation depended on the cellar door being in existence as the 3 out of the 4 firms that had a cellar door were viewed as engaging in service-enhancing strategies to a much greater degree than the remaining winery without such assets. Instances of co-creation saw all 4 organisations offering an increased amount of quality to boost demand such as recommending wineries that might suit different customers' tastes. This typically would only occur if wineries did not have the goods that consumers requested i.e. staff members would not send customers to rival companies if they had the wine in the first place.

Instances of coopetition saw all 4 firms' wine-makers sharing equipment and resources to assist one another to survive within the cluster. This appeared to be a collaboration strategy to promote 'brand Wairarapa' on both a domestic and international-level. Each of the 4 firms described different accounts that individual wine brands is one matter but if there is a producer in the cluster that is letting the team down (in terms of being under-resourced), the competitors are likely to help this organisation. The interviews suggested that wineries in the cluster have the equipment they need to operate the vineyard but certain specialised and thus, more expensive equipment are not owned by every company. In the two months per year when every firm needs to harvest their produce or prune their vines, deciding who to lend equipment to (should a winery have this luxury), can be difficult. All 4 firms also oversaw wineries who shared information about the cluster's practices such as optimum strategies to produce high quality wine (coopetition) and to a minor degree, customer service initiatives for the service-dominant wineries with a cellar door (co-creation).

The 4 wineries were not deemed as service-intensive as each avoided launching a range of tourism ventures due to three main factors. Firstly, the cost of launching and operating a restaurant and/or other tourism is high; for most wineries in the cluster,

having this kind of finance is likely to be invested into other ventures such as expanding into new varieties of grapes. Secondly, the competition in the sector is high with various wineries having restaurants, cafés, weddings and tourism offerings; wineries in this group were often concerned about the hyper-competition and the low probability of success by launching another set of wine tourism offerings in the cluster. This would be without any particular point of differentiation. This factor concerned the sample of wineries viewing competition as a more prevalent force than collaboration, meaning that this area was where competition outweighed collaboration strategies.

The third factor (as indicated by all 4 firms) was the wine tourism and augmented product offering is a time-consuming trade to enter as winery managers within this group were split with 1 out of the 4 firms having the ‘dream’ to open a restaurant and other tourism-based ventures but based on the above factors opted not to. The remaining 3 out of the 4 did not want to become involved with wine tourism services as the amount of work that would be involved would be too large for their staff members’ capabilities. These 3 out of the 4 firms leaned towards lifestyle entrepreneurs but were differentiated as they wanted to expand their business beyond the minimum to meet their ‘lifestyle’ requirements but not in the areas of wine tourism.

All 4 interviewees saw collaboration as a threshold capability as they were smaller wineries that did not have the resources or other capabilities to sustain a competitive advantage through collaboration: both coopetition and co-creation. All 4 firms collaborated in terms of resources and knowledge allowing them to access new markets and customers through production techniques and minor service encounters. Although the 4 firms had competitive advantages based upon factors such as heritage and quality, collaboration (mostly at the coopetition-level) could not be leveraged as a dynamic capability as it was an expected strategy for these firms to employ to survive within the cluster. With the exception of one firm, each was positioned at the high-end of the market (determined by their price points). The exception had a medium/high price point; they all collaborated with one another through Wines from Martinborough as well as other regulatory bodies such as the NZ Winegrowers Association and Wairarapa Winegrowers. For 3 out of the 4 members, this was an attempt to boost the socialisation and integration within the cluster through mostly informal collaboration strategies but not in an attempt to gain a competitive advantage; this was determined by their own value-adding dynamic capabilities.

39.2. Team Player

The Team Player category was defined by firms with an augmented product portfolio with a high degree of collaboration. Each of the 4 organisations had a cellar door but engaged in a wide variety of wine tourism ventures with all of the firms having a largely augmented product portfolio. Within all of the 4 firms, collaboration was occurring at the same levels as the 'Community Service' category i.e. sharing resources, information and knowledge. What differentiated this group from the first was the extent to which the 4 firms were resourceful in their own rights with capital such as machinery, the quantity of land as well as their number of employees. Key decision-makers were involved heavily in cooptition to improve the brand of the region as a group. All 4 firms employed cooptition strategies to boost 'brand Wairarapa' both for domestic and international sales. All 4 firms revealed that some international markets had trouble distinguishing between Martinborough and Marlborough and even more so with the Wairarapa and Waipara. Collectively coming together to promote the region (amongst difficulties that every producer has faced) has allowed these 4 firms to gain sales. All 4 wineries within this group have developed a much larger rapport with supply chain partners through collaboration with external parties. These groups have been able (with capital and networks) to secure deals with distributors as well as efficiency in entering new markets with the winery's products. This has been especially important for these 4 larger wineries that are able to access these outcomes as they have attained competitive advantages through horizontal and vertical cooptition.

In terms of co-creation, all 4 wineries are developing and improving their service-intensity by providing consumers with an augmented wine experience to boost the probability of them choosing the winery and in turn, increasing their financial returns. In all 4 firms, enhancing a co-created experience was seen at the consumer-level but also cooptition to improve service styles (such as recommendations of rival vineyards) on the assumption that rivals make recommendations in the same light; this appears to be a fair assumption of the overall cluster. This was evidenced by all 4 firms indicating that rival vineyards (that are involved in informal cooptition partnerships) have sent customers across on the basis of a capability they operate effectively e.g. a different variety of wine or a café. All 4 firms stated that this would only occur if the business cannot provide this good or service itself; if it could, the firms would all capitalise on this demand. An example might be an uncommonly produced variety of wine in the

Wairarapa e.g. Gewürztraminer. All 4 wineries saw collaboration as a dynamic capability within the industry. These firms have used the competitive strategy to learn from rivals as well as sharing equipment at a production-level and using it to boost their own points of differentiation. These have allowed the wineries to focus on the strong areas of their business models in more detail with the collaboration component assisting to improve on weaker areas. These 4 firms were able to leverage collaboration through the influence of wine tourism and augmented services to sustain a competitive advantage.

39.3. Product Focus

The Product Focus category is defined by wineries with a narrow portfolio with a low level of collaboration. This area of the model includes the organisations that are relatively small in terms of the number of staff members they employ, the size of the vineyard and the limited number of additional services that are offered outside of core wine production. All 3 firms were lifestyle entities based upon the owner/managers' experience as professionals in urban environments and who have settled in the Wairarapa region for the rural way of life. The 3 firms had a narrow portfolio based on their business objectives; for example, they simply wanted to grow grapes and produce wine and the additional frills of wine tourism and other augmented business units would have been a drain on their time. The 1 firm that had a cellar door (by appointment) would entertain visitors but service encounters would not go further due to cost-related factors. The remaining 2 firms had a high export ratio which factored into their reasoning for not offering wine tourism services as the main aspect of their business model was supplying wine to export markets. Providing additional services would have been a strain on their time and resources.

All 3 organisations engaged in the minimum amount of cooptation with Wines from Martinborough/Wairarapa Winegrowers as well as a small amount of equipment and knowledge-based collaboration but not as much as the first 2 categories. These 3 firms opted to remain somewhat distant from their competitors (despite the close geographic proximity) for two reasons. The main reason (as indicated by all 3 firms) was that they did not want to dilute their competitive advantages as it is a market where intellectual property and unique selling points can be diluted and potentially lost. Secondly, 1 firm was a new entrant with limited knowledge of the region and its members; rather than

integrating, it chose to remain somewhat isolated so that staff members could focus on their own establishment. This may be an attitude that changes over time as organisations begin to introduce themselves and knowledge of the sector increases. Minimal collaboration for all 3 firms is a threshold capability because of their orientated business model so developing it into a dynamic capability with their small amount of resources and capabilities is very difficult. Competitive advantages are built upon different areas such as knowledge or variety of wines rather than the collective culture of the cluster. All 3 firms indicated that they would not have chosen to engage in collaboration (mostly coopetition) if they did not have to due to the conditions of the cluster. This suggested that for some of the smaller producers (due to having low quantities of resources and capabilities), collaboration (including those outside of the quadrant) is more likely to be a threshold capability.

39.4. Service Focus

The Service Focus was defined as an organisation with an augmented product portfolio with a low-level of collaboration (especially coopetition). These 3 organisations collaborated at the co-creation level by offering a cellar door and a variety of wine tourism services hence, falling under the augmented product portfolio. Despite having relationships with some of the closer-located competitors, coopetition within the group was ranked low due to their prioritisation of co-creation strategies. The study found that 2 out of the 3 firms had developed relationships with competitors located further away (more on a social-level); these were not as strong as the relationships with competitors located within the cluster. These 2 wineries alongside the remaining winery in the group engaged in the smallest amount of coopetition as possible in favour of securing positive networks with their customers. Another dominant reason (as indicated by all 3 wineries) for the low amount of coopetition was due to individual competitiveness; across all the quadrants, there were only 2 out of the 14 firms that were not deemed as being individually competitive (Appendix 22 refers); suggesting how the cluster is populated with aggressive firms each promoting their own brand identities. It was particularly prominent for these 3 firms.

One firm was particularly cynical about the number of firms who are engaging in coopetition; the owner of this firm argued that it is better to focus on one's own brand before assisting others in the sector. This account was classed as an exception since

despite there being a range of firms who engage in a low amount of coopetition, this was the only organisation to be actively doubtful about the effectiveness of the collaboration (especially coopetition) strategy. All 3 firms saw collaboration (both coopetition and co-creation) as a threshold capability because they had to do it as a survival mechanism; it did not give them a competitive advantage compared to other areas due to resource constraints. This was a common factor amongst all of the quadrants as it appeared that there was an association between the size and resources of a winery and its ability to convert collaboration into a dynamic capability. The 1 firm within the group (as previously discussed) that was somewhat sceptical about collaboration's role as a threshold or dynamic capability stated that this can vary as there are different forms of collaboration: some are needed for survival; others can give one a dynamic competitive edge. This firm stated that collaboration (across multiple levels) is something that is needed to survive within the industry.

40. Linkages to Existing Theory: Making a Contribution to Knowledge

The study has identified the connections and iterations between existing knowledge and the data collected from this investigation. It contributes to theory involving the capabilities element of the resource-based view of the firm. It confirms findings in existing studies that smaller enterprises typically have a more difficult time developing competitive advantages via the resource-based view (Ang, 2008). This concerns the fact that due to less capital, cash and resources, competing against larger players in an industry can be difficult as they are able to add less value to their brands as well as tackle the external environment more effectively (Porter, 1991). This study finds that if one categorises small versus large organisations as those with a narrow versus augmented product portfolios, larger wineries fall under this distinct component of the resource-based view of the firm.

This was evidenced by the 4 out of the 14 firms (large businesses) that were the only firms to be able to develop collaboration (especially coopetition) as a dynamic capability. Where the study's contribution to knowledge was most prevalent was the role of collaboration (both coopetition and co-creation) as a threshold versus dynamic capability. The contribution this study makes to theory is that coopetition and co-creation for smaller organisations in the sector is typically a threshold capability and larger organisations have the ability to adapt it into a dynamic capability. This requires a

range of factors that are discussed in the following sections; this was a phenomenon that was previously under-researched.

41. Chapter Summary

This chapter developed a 2 x 2 matrix (Fig. 3) in which the firms have been plotted into the appropriate cell depending on their level of collaboration against their product portfolio. The model categorises the firms into 4 groups for which the key traits of each quadrant are analysed. The model shows that only the firms with an augmented product portfolio that collaborate to a high degree can develop a competitive advantage. All other firms within the remaining cells of the matrix view collaboration as a threshold capability as it possesses no form of a competitive advantage and is merely a survival mechanism. The following chapter of this study develops conclusions from the data analysis for both researchers and practitioners and develops scholarly and managerial recommendations as well identifying areas for future research from this investigation.

CHAPTER VI – CONCLUSIONS AND RECOMMENDATIONS

42. Chapter Introduction

The previous chapter continued the analysis of the empirical findings by dividing the data into 4 groups within a 2 x 2 matrix and discussed the key facets of each cell; also it provided the link with the study's contribution to knowledge that will be summarised in this chapter. Specifically, this chapter first discusses conclusions arising from the examination of the research propositions. The chapter subsequently provides recommendations to scholars and practitioners plus after reflecting on limitations, considers avenues for future research to take the study further.

43. Conclusions

Three research questions were formulated in this study and were subsequently developed into research propositions to guide the investigation; these will be discussed in this section. A body of knowledge exists on the topics of the resource based view and dynamic capabilities (Barney, 1991; Teece *et al.*, 1997; Teece, 2012; 2014); this was the underpinning literature that this study built on. What was not previously known about this issue was whether collaboration is a competitive strategy that has to be employed to meet the conditions of the industry or alternatively, if it is something that gives organisations a competitive advantage. This thesis therefore contributes to capabilities theory (as part of the resource-based view) by exploring if collaboration is a threshold or a dynamic capability; conclusions will now be discussed in respect of each research proposition.

- P₁: Collaboration strategies act as a dynamic capability by giving wineries an ability to gain a competitive advantage

It was concluded that collaboration (both coopetition and co-creation) can be converted into a dynamic capability under certain conditions (hence, offering partial support for proposition 1). Firstly, the size of the firm impacts on the resources needed to secure competitive advantages. This supports the literature that suggests smaller firms have less chance in securing competitive advantages than larger firms due to resource and capability constraints (Westhead *et al.*, 2001; Mol & Birkinshaw, 2014). In this study, firstly, 4 out of the 14 vineyards had the land and the equipment to engage in large-scale production which smaller firms could not compete against. These 4 organisations were

able to leverage collaboration to improve on the areas they were not particularly strong at operating and focusing more time on their internal strengths. Secondly, these 4 larger organisations were more likely to be able to secure networks through vertical coopetition due to their resources and capabilities; these firms could secure competitive advantages through collaboration due to the links and relationships with external parties including supply chain partners (e.g. distributors).

This supports the literature surrounding larger organisation typically having access to a wide array of networks due to their resource and knowledge capabilities than smaller organisations (Hunt & Morgan, 1996; Coviello & Joseph, 2012). This study focused on the collaboration strategies of smaller wineries due to their dominance in the cluster under investigation. This meant that for the majority (10 out of the 14 firms) of participants, collaboration (especially coopetition) is a threshold capability as seen through the sharing of equipment, knowledge and participation in regional events but also a scarcity of competitive advantages due to the survival-dependent nature of threshold capabilities. It can be concluded that collaboration has the ability to be a dynamic capability; it requires resources e.g. capital, knowledge and cash investments for this to be correct. Whilst it is known that investments need to be made into sustaining capabilities (Helfat & Peteraf, 2003), this study has contributed to the gap in the literature concerning collaboration's role as a strategic capability, namely that collaboration requires investments in order to develop it into a dynamic capability.

- P₂: Collaboration strategies occur at multiple levels from the owner/manager(s) through to operational-level staff members

As indicated by all 14 wineries, it was concluded that collaboration is a multi-level construct (supporting proposition 2). Whilst this phenomenon has been known for some time (Bengtsson & Kock, 2000; Raza-Ullah *et al.*, 2014), what is less known is the extent to which the different levels of strategy formulation are involved in collaboration? The study revealed that at the business-level, collaboration occurs mostly in the form of coopetition whilst operational-level collaboration is in sync with co-creation. This supports the literature as Luo (2007) found that collaboration does stretch to formal and informal methods; however, this study has added more scope into the details of such collaboration strategies.

The study found that 9 out of the 14 wineries had more formal arrangements than the other 5 regarding the extent to which collaboration is employed. Moreover, 11 out of the 14 organisations collaborated more at an informal-level by lending equipment and socially consulting with rivals for production knowledge. The study also found that for 5 firms, the operational-level strategies (co-creation) were more integrated within Wines from Martinborough or other established trade groups. At an operational-level, cellar door staff members and wine-makers have developed relationships with their counterparts at rival firms to boost their knowledge of the cluster, industry and service improvements that might add value to individual brands and collectively as a region. Prior to this study, co-creation theory typically dictated that creating an experience for the customer (through service-dominant logic) was the main method to creating sales (Vargo & Lusch, 2004; Peters *et al.*, 2014). It is concluded that co-creation overlaps with coopetition as it extends to recommending rival organisations to improve the customer's experience – thus, linking with the characteristics of coopetition i.e. integrating competition with cooperation (Bengtsson & Kock, 2000; 2014).

- P₃: Collaboration strategies improve the overall strength of a winery's business-level strategy to secure a competitive advantage

This proposition measured if collaboration is developed at the business-level to help secure competitive advantages and supporting proposition 3 under certain conditions. It was concluded that to a great extent, collaboration (mostly coopetition) is developed at the business-level; it is a step winery managers took to stay competitive against rivals in the industry and for larger organisations, around the world. It was previously argued that certain forms of collaboration could be used to secure competitive advantages e.g. joint ventures (Buckley & Casson, 1996; Fang & Zou, 2009). However, this investigation has found that coopetition can be used to secure competitive advantages – something that was under-researched in the literature as well as its role as a survival mechanism (Bengtsson & Kock, 2000; 2014). As argued within the literature review (and confirmed within the empirical findings), NZ wineries are unlikely to be able to compete with France, Italy and the US in terms of production; developing business-level competitive advantages against such larger wine-producing countries is not feasible at present (Beverland, 2000; Flint & Golobic, 2009; Marshall *et al.*, 2010).

It is concluded that it is more realistic to develop competitive advantages against rival clusters and smaller countries via brand strengths (such as quality, sustainability and wine tourism) through a means of domestic and international strategies (not least of which collaboration). The dynamics of the strategies that firms employ will vary by organisation; firms have the ability to use collaboration to remain competitive by gaining new insights from their competitors to shape and mould their own points of differentiation to secure competitive advantages. This has been known for some time with Porter (1991); Slater (1997); Helfat & Winter (2011) arguing that competitive advantages are often dependent on an organisation's individual strengths. The ways in which collaboration can be used as a means to secure competitive advantages has now been added to the existing pool of knowledge. This is especially important within a sector where supply significantly outweighs demand and therefore, collaboration is a key strategy to distinguish one firm from another, attracting new customers as well as retaining existing markets.

- P₄: Collaboration strategies developed at the business-level act as dynamic capabilities

This proposition was a variation of (but development on) proposition 1 and equally, partial support was found for proposition 4. It was concluded that typically, collaboration (across the forms of co-competition and co-creation) is a threshold capability as firms have to engage in the sharing of resources and knowledge as part of the parameters of the industry. The larger firms within the cluster (including the 4 sampled in this study) have the resources to shape their individual points of differentiation (see proposition 3) from collaboration but go one step further to convert this strategy into a dynamic capability: and inevitably, a competitive advantage. Whilst Benson-Rea & Wilson (2003) and Kor & Mesko (2013) found that first-mover advantages are typically the drivers of competitive advantages in a given industry, this study has found that it is the resource and capabilities that larger firms possess that secures competitive advantages. This allows some firms to be seen as the key contributors of the cluster and account for a large proportion of the region's reputation (due to scale-based advantages) as well as manipulating collaboration via first-mover advantages. A key example from 4 larger firms involved using relationships with supply chain partners to enter new markets and attain more consumers due to the additional capital, cash and knowledge they own relative to smaller rivals within the cluster. Barney (2012) found that

collaboration with a range of stakeholders (with a particular focus on supply chain partners) can boost competitiveness for larger firms. This study adds to existing knowledge by stating that the range of possible collaboration partners can add value to firms' brands but there is more chance of it advantaging the larger firms.

44. Practical Implications

This thesis makes two sets of recommendations as the conceptual and empirical findings suggest that firms of a large versus small nature may have different objectives and therefore, a particular set of recommendations are applied to each group. For the larger organisations, this group has the ability to leverage collaboration (both coopetition and co-creation levels) into a dynamic capability. The following recommendations for larger firms are proposed:

- Integrate within vertical channels e.g. with investment and supply chain partners to enter new markets with networks that may not be achievable without such ties
- Develop horizontal connections at a micro-level with competitors by trading resources and information
- Participate in regional events with cluster-based bodies to develop networks locally, nationally as well as to secure new markets
- Continue (or begin) developing sales relationships with customers to add value to the reputation of the region

This study finds that smaller organisations have far less of a chance to leverage collaboration as a dynamic capability. A key reason being that they do not have the resources to deliver the level of scale-based value the larger players in the industry possess. Based on this assertion, the following recommendations for smaller firms are proposed:

- Develop connections with regional bodies that can assist in establishing the cluster and individual brands
- Strive to create links with distributors (for those exporting) to promote **wine** to international markets
- Begin or continue developing relationships with competitors at a local level by sharing equipment and information to add value to individual brands as well as the region

- Develop relationships with customers by recommending wineries that offer a certain product/service – only if it is something that one does not offer a competitive threat

45. Contribution to Context and Limitations

In addition to the theoretical contribution, this study makes an additional contribution to the context of an industry cluster i.e. the boundary of the case study. However, the context specific nature of the study also provides limitations that can lead to future research. At a fundamental level, the focus on NZ provides a country-level potential first limitation in respect of the generalisability to other countries; not least old world wine countries like France and Italy as opposed to other new world wine countries like Australia and the US.

NZ's wine production only accounts for a small percentage of the world's wine sales (plus, Marlborough, Hawkes Bay and Auckland make up a large fraction of this amount). It is therefore important to investigate the smaller regions to be able to make an industry-wide conclusion from the combination of research studying regional-level data. This study finds that the Wairarapa is not a totally unique cluster and is similar to certain existing research involving other regions. The second limitation is, however, that it does not have some much larger firms such as the equivalents to the Yealands or Villa Maria Estates in other clusters (with their respective resources and reputation – issues that were important in the context of this study). Nevertheless, focusing on a single cluster has made a much stronger contribution to knowledge as opposed to a country-level study that would have had far less rigorous findings as a very small number of firms per cluster (assuming a similar sample size) would have only scratched the surface of the competitive strategies of the particular clusters involved. Even so, a third limitation is the sample size in this study despite a point of theoretical saturation being reaching.

This study has produced a 2 x 2 model that summarises the key characteristics of the firms under investigation. The variables chosen were (1) the product portfolio as this acts as a classification of the size of a vineyard as well as providing some detail into the competitiveness (i.e. those engaging in core wine sales with no wine tourism may be smaller and fit under different characteristics than a larger winery with a more augmented product portfolio). (2) The degree of collaboration was chosen on the basis

of it being the key area of this study's focus. This allowed the investigation of the research propositions and focused on the determination of whether the research's aims/objectives and questions were answered.

The model was critiqued to account for some flaws in its design and it was argued why they were not deemed as serious, despite offering a fourth potential limitation to this study. The model contributes to knowledge by outlining a different set of qualitative variables that have not been studied in tandem as well as the overall contribution to assisting in explaining if collaboration is a threshold or dynamic capability. However, the characteristics of the cluster may influence the wider generalisability of the model. For example, the likelihood of tourists visiting competing clusters; thus affecting among other things, the level of augmented products offered in competing and typically larger firms in those other clusters.

46. Areas of Future Research

Despite this study offering a contribution to knowledge, several limitations were acknowledged on which other researchers can build. The aim of this research was to address the identified gap in the existing body of knowledge; it never intended to completely fill this gap as this would extend beyond the parameters of this study as the amount of work would have exceeded the scope for this investigation. Researchers should now apply the theory underpinning this thesis to the overall NZ wine sector by measuring if the findings are applicable to the likes of Hawkes Bay, Marlborough, Central Otago and other wine clusters. It may also be interesting to repeat this investigation at a future time to investigate if the findings are something that may alter over time and if so 'how and why?' This also calls for a longitudinal study to address changes in strategy over time. Opportunities also exist in cross-national studies e.g. wine clusters elsewhere.

These studies may be led by researchers who may prefer to test constructs using different methods and may create different, yet still intellectually significant results. The wine sector (albeit one industry) was chosen on the basis that existing data has established that a great deal of collaboration exists. This is unlikely to be exactly the same in different industries. Future research could be directed in applying the same theory to a multitude of sectors to measure the reasons 'how and why' collaboration occurs. A much larger sample size would need to be collected. This was not the

objective of this investigation i.e. to launch a large and multi-industry study, but rather to focus research within the case study boundary.

47. Chapter Summary

This chapter has focused on the examination of the research propositions set out at the end of the literature review. Conclusions were summarised with the major one being that collaboration was found to be something that Wairarapa wineries have to do to survive within the cluster as it is a threshold capability. For the larger organisations, it can be converted into a dynamic capability by integrating collaboration into vertical and horizontal forms of coopetition and co-creation. A set of recommendations were proposed for each of the groups identified within the study (small versus larger firms) as the steps they may wish to adopt as a learning episode from this study are different depending on the size of the firm. Given the recognised limitations, the chapter has also recommended future areas of research that scholars may wish to pursue. In the meantime, it has offered a contribution to theory and practice on which others can build to develop the topic area further.

48. References

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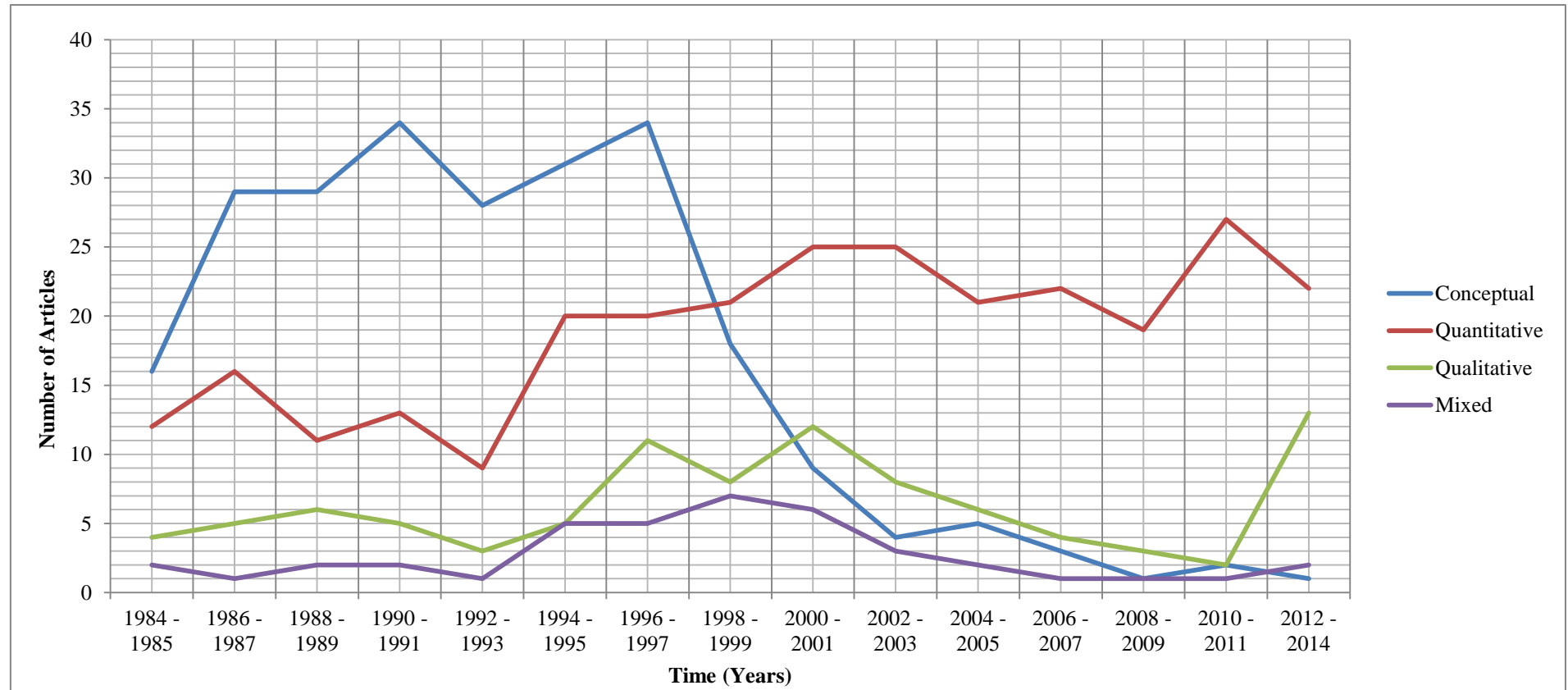
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49. Appendices

Appendix 1 - Articles under the Capabilities Strand of Literature 1984 - 2014



The sampling frame for sourcing the articles plotted on the above graph is from journals of an ‘A*’ rating or higher as per the ABDC List. Sourcing ‘A-rated’ papers and below would have been far more difficult to track. Stopping the timeframe of the graph at 2014 was on the basis of there being a small amount of papers having been published during 2015; including the latter year would have potentially skewed the results.

Appendix 2 – Members and Locations of the Family of Twelve

Index*	Company Name	Region	Sub-Region	Established
1	Kumeu River	Auckland	Albany	1986
2	Villa Maria Winery	Auckland	Albany	1961
3	The Millton Vineyard	Gisborne	Manutuke	1984
4	Craggy Range	Hawkes Bay	Havelock North	1993
5	Ata Rangi	Wairarapa	Martinborough	1980
6	Palliser Estate	Wairarapa	Martinborough	1989
7	Neudorf Vineyards	Nelson	Nelson	1978
8	Nautilus Estate	Marlborough	Renwick	1985
9	Lawson's Dry Hills	Marlborough	Blenheim	1992
10	Fromm Winery	Marlborough	Fairhall	1992
11	Pegasus Bay	Waipara	Amberly	1975
12	Felton Road	Central Otago	Cromwell	1997
*Ranked from North to South - Source: Family of Twelve (2014)				

Appendix 3 - A Longitudinal Summary of the NZ Wine Industry 2004 - 2013

Index*	Time-Series Statistics									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Output (Million Litres)	119.2	102	133.2	147.6	205.2	205.2	190	235	194	248
Number of Wineries	463	516	530	543	585	643	672	697	703	698
Output per Winery (Million Litres)	0.257	0.198	0.251	0.272	0.351	0.319	0.283	0.338	0.276	0.355
Total Sales (Million Litres)	79.7	81.7	86	91.8	87.4	92.7	92.1	93.9	91.9	93.3
Domestic Sales (Million Litres)	35.5	45	50	51	46.5	59.3	56.7	66.3	64.6	52.4
International Sales (Million Litres)	44.2	36.7	36	40.8	30.9	33.1	35.4	27.6	27.3	40.9
Total Exports (\$NZ Million)	302.559	434.856	512.362	698.303	797.791	991.721	1040.529	1093.973	1176.847	1210.525
Number of Growers	589	818	866	1003	1060	1117	No Data	791	824	833
Tonnes Crushed (000)	165	142	185	205	285	285	266	328	269	345
Export Volume (Million Litres)	31.1	51.4	57.8	76	88.6	112.6	142	154.7	178.9	169.6
Average Grape Price per Tonne	1,876	1792	2022	1981	2161	1629	1293	1239	1359	No Data
Consumption per Capita (Litres)	8.8	11.2	12.1	12.2	11.1	13.9	12	15.2	14.7	11.8
Category 1 Membership**	425	466	482	483	523	577	605	615	622	613
Category 2 Membership***	34	44	42	51	56	60	61	73	71	75
Category 3 Membership****	4	6	6	9	6	6	6	10	10	10
<p>* Source: NZ Wine (2013 a) **Category 1 — ‘Annual sales not exceeding 200,000 litres’ ***Category 2 — ‘Annual sales between 200,000 and 4,000,000 litres’ ****Category 3 — ‘Annual sales exceeding 4,000,000 litres’</p>										

Appendix 4 - A Comparison of World Wine Industry Statistics 2008 – 2011

Country*	Consumption**					Production***					Acreage****				
	Δ% Indicates a Difference between the 2008 and 2011 Harvests														
	2008	2009	2010	2011	Δ%	2008	2009	2010	2011	Δ%	2008	2009	2010	2011	Δ%
Argentina	25.31	24.52	23.12	23.05	(8.9)	1.47	1.21	1.62	1.54	5.26	0.559	0.56	0.52	0.538	(3.7)
Australia	21.87	23.62	23.12	23.91	9.3	1.24	1.17	1.12	1.101	4.13	0.410	0.421	0.404	0.429	4.7
Brazil	1.46	1.7	1.71	1.8	23.1	0.24	0.27	0.25	0.35	43.75	0.197	0.201	0.197	0.227	15.1
Canada	10.91	11.12	11.78	11.7	7.2	0.05	0.052	0.056	0.056	12	0.023	0.027	0.025	0.027	14.9
Chile	13.7	15.26	15.99	18.97	38.4	0.87	1.09	0.99	1.05	20.37	0.467	0.496	0.465	0.499	4.7
Croatia	31.12	30.96	31.58	32.12	3.2	0.13	0.13	0.13	0.125	(2.19)	0.083	0.084	0.083	0.084	0.6
France	45.3	44.65	44.06	45.61	0.7	4.56	4.27	4.57	4.96	8.67	2.013	1.96	1.95	1.994	(0.9)
Georgia	19.69	18.6	17.5	19.69	0	0.09	0.085	0.08	0.09	0	0.114	0.118	0.112	0.113	(0.6)
Germany	24.76	24.91	24.23	24.48	(1.2)	1.04	1.01	0.69	0.96	(7.27)	0.246	0.247	0.246	0.252	2.3
Greece	31.6	28.13	27.44	26	(17.7)	0.34	0.386	0.295	0.259	0	0.214	0.222	0.245	0.274	27.9
Italy	42.71	40.16	40.2	37.63	(11.9)	4.25	4.62	4.85	4.96	0.16	1.947	1.98	1.92	1.942	(0.3)
NZ	20.19	21.42	21.28	21.65	7.2	0.205	0.205	0.19	0.235	14.52	0.075	0.082	0.079	0.091	21.3
Portugal	42.39	41.88	43.5	42.2	(0.4)	0.61	0.56	0.71	0.59	(2.44)	0.55	0.55	0.44	0.59	7.8
SA*****	7.3	6.97	7.11	7.23	(0.9)	0.76	0.99	0.93	0.99	29.7	0.297	0.284	0.271	0.297	0
Spain	25.87	23.96	22	21.58	(16.6)	3.64	3.59	3.52	3.51	(3.91)	2.74	2.72	2.48	2.55	(6.9)
US	9.16	9.07	9.55	10.46	14.2	2.43	2.79	2.65	2.68	10.28	0.936	0.94	0.95	0.956	2.2
Average	23.33	22.933	22.76	23.005	2.8562	1.3703	1.401	1.415	1.466	8.3143	0.6794	0.680	0.649	0.6789	5.568
*Sources: The Wine Institute (2011 a; b; c)															
**Consumption measured by annual litres drunk per capita															
***Production measured by million litres per year															
****Acreage measured by million acres per year															
*****SA stands for South Africa															

Appendix 5 – A Selection of Internationally-Owned Wairarapa Wineries

Index	Company Name	Sub-Region	Heritage	Source
1	Kusuda Wines	Martinborough	Japanese	Kusuda Wines (2011)
2	Murdoch James Estate	Martinborough	Chinese*	Johnstone (2012)
3	The Elder Pinot	Martinborough	American*	The Elder Pinot (2014)
4	Julicher	Martinborough	Dutch	Julicher (2014)
5	Schubert Wines	Gladstone	German	Schubert Wines (2014)
6	Escarpment	Martinborough	Australian*	Escarpment (2014)
7	Alana Estate	Martinborough	Chinese*	Harris (2014)
8	Vynfields	Martinborough	Chinese	Harris (2014)
9	Urlar Wines	Gladstone	Scottish	Urlar Wines (2015)
10	Lynfer Estate	Gladstone	Northern Irish	Lynfer Estate (2015)
11	Martinborough Vineyard	Martinborough	American	New Zealand Herald (2014)
12	Dry River Wines	Martinborough	American	Barton (2011)
13	Tirohana Estate	Martinborough	English	Tirohana Estate (2014)
14	Te Kairanga	Martinborough	American	Harris (2014)
15	Alexander Vineyard	Martinborough	English	Crombie (2007)
16	Gladstone Vineyard	Gladstone	Scottish	Ross (2014)
*Organisations have shared ownership with NZ nationals				

Appendix 6 - List of Peer-Reviewed Journals Used for the Thesis

Journal Name (Ranked Alphabetically)	Discipline¹	IF¹	Rank²	Citations
Academy of Management Annals	Management	7.333	A*	1
Academy of Management Journal	Management	5.25	A*	12
Academy of Management Learning and Education	Management	2.121	A*	1
Academy of Management Perspectives	Management	2.826	A	1
Academy of Management Review	Management	7.817	A*	4
Academy of Marketing Science Review	Marketing	No Data	B	1
American Journal of Agricultural Economics	Economics	1.363	A*	1
American Journal of Economics and Sociology	Economics	0.33	B	1
American Journal of Evaluation	Sociology	0.965	C	1
Annals of Tourism Research	Tourism	2.795	A*	2
Asia-Pacific Journal of Business Administration	Management	No Data	C	1
Australian Geographer	Geography	1.12	Un-Rated	1
British Food Journal	Environments	0.649	Un-Rated	1
British Journal of Management	Management	1.909	A	8
Cross-Cultural Management: An International Journal	IB	0.855	Un-Rated	1
Current Issues in Tourism	Tourism	0.958	A	1
Economic Papers	Economics	No Data	B	1
Entrepreneurship & Regional Development: An International Journal	Entrepreneurship	1	A	1
European Business Review	IB	No Data	B	2
European Journal of Marketing	Marketing	1.569	A*	7
European Management Journal	Management	0.817	B	3
Global Management Journal	Management	No Data	Un-Rated	1
Global Strategy Journal	Strategy	No Data	A	2
Harvard Business Review	Management	2.18	A	2
Industrial Marketing Management	Marketing	1.486	A*	15
International Business Review	IB	1.418	A	2
International Journal of Business and Globalisation	IB	No Data	C	1
International Journal of Contemporary Hospitality Management	Management	1.623	A	1

International Journal of Culture, Tourism and Hospitality Research	Entrepreneurship	No Data	B	1
International Journal of Entrepreneurship and Innovation	Entrepreneurship	No Data	C	1
International Journal of Food Science & Technology	Environments	1.354	Un-Rated	1
International Journal of Management Reviews	Management	2.673	A	3
International Journal of Physical Distribution and Logistics Management	Management	2.322	A*	1
International Journal of Tourism Research	Tourism	1.024	Un-Rated	2
International Journal of Wine Business (Formerly Marketing) Research	Marketing	No Data	B	29
International Marketing Review	Marketing	1.819	A	1
International Small Business Journal	Entrepreneurship	1.397	A	1
Journal of Applied Business Research	Management	No Data	C	1
Journal of Business & Industrial Marketing	Marketing	1.146	A	3
Journal of Business Research	Management	1.306	A	10
Journal of Business Venturing	Entrepreneurship	3.744	A*	2
Journal of Cleaner Production	Sustainability	2.516	Un-Rated	1
Journal of Consumer Marketing	Marketing	No Data	B	1
Journal of Counselling Psychology	Psychology	2.955	Un-Rated	1
Journal of Economic Geography	Geography	2.821	A	1
Journal of Interactive Marketing	Marketing	1.728	A	1
Journal of International Business Studies	IB	4.184	A*	11
Journal of International Management	IB	1.251	A	2
Journal of International Marketing	IB	2.975	A	1
Journal of Management	Management	3.747	A*	4
Journal of Management History	Management	No Data	A	1
Journal of Management Inquiry	Management	1.594	A	1
Journal of Management Studies	Management	3.817	A*	10
Journal of Marketing	Marketing	3.8	A*	10
Journal of Marketing Management	Marketing	No Data	A	4
Journal of Marketing Research	Marketing	2.7	A*	6
Journal of Mixed Methods Research	Sociology	1.675	Un-Rated	1
Journal of Research in Marketing	Marketing	1.951	A*	1
Journal of Research in Social Sciences	Sociology	0.783	Un-Rated	1

Journal of Service Research	Marketing	2.143	A*	1
Journal of Sociology	Sociology	1.455	Un-Rated	1
Journal of Strategic Marketing	Marketing	No Data	A	4
Journal of Supply Chain Management	Marketing	3.717	A	1
Journal of the Academy of Marketing Science	Management	3.269	A*	14
Journal of Tourism Research	Tourism	1.024	A	2
Journal of Travel Research	Tourism	1.884	A*	2
Journal of Wine Research	Management	No Data	Un-Rated	7
Journal of World Business	IB	2.27	A	3
Long Range Planning	Strategy	4.663	A	3
Management Decision	Management	No Data	B	3
Management International Review	IB	0.929	A	3
Marketing Intelligence & Planning	Marketing	No Data	A	1
Marketing Science	Marketing	2.208	A*	2
Marketing Theory	Marketing	2.267	A	3
Organisational Research Methods	Psychology	3.525	A*	6
Organisation Science	Management	3.807	A*	2
Organisation Studies	Management	2.504	A*	3
Qualitative Market Research: An International Journal	Marketing	No Data	B	10
Qualitative Research in Organisations and Management	Management	No Data	B	1
Small Business Economics	Entrepreneurship	1.641	A	2
Strategic Management Journal	Strategy	3.583	A*	30
Supply Chain Forum: An International Journal	Management	No Data	Un-Rated	1
Technology Analysis & Strategic Management	Strategy	0.841	B	1
The Geographic Journal	Geography	1.552	Un-Rated	1
Thunderbird International Business Review	IB	No Data	B	1
Tourism Management	Tourism	2.701	A*	5
Wine Economics and Policy	Economics	No Data	Un-Rated	1

¹ Retrieved from the journal publisher's homepage (IF – Impact Factor; IB – International Business)

² Retrieved from the ABDC List (2013); journal articles were obtained from: Scopus, Web of Science and Google Scholar. 75% of the journals were of an A/A* quality; the average impact factor was 2.31 - a high quality level of theory underpinning this thesis

Appendix 7 - Theory-Building Approach to the Data Retrieval Process

According to Lee (2011), referring to the top journals is where the highest quality of work is located within (in terms of a theoretical basis of understanding). It was decided that the best academic journals would be cited over and above lesser quality publications¹⁹. The study also made note of other academic sources (e.g. book chapters) as well as practitioner material such as newspaper articles and websites as this is often where the applied research foundations are based (Suddaby & Trank, 2013). Utilisation was made of the ABDC List of the ranked journals in the Australia/NZ region and focused on the publications that were of a higher standard (Appendix 6) (ABDC, 2013). Although the top-rated journals were preferred sources of knowledge; these were only useful for the theoretical arguments made within this study. Lesser but still high-ranked journals such as the *International Journal of Wine Business Research* (B-rated) were cited for applied and theoretical knowledge on the wine sector. Recent sources (as well as influential articles) were cited wherever possible to show evidence of currency within the literature (Lichtenthaler, 2011). Due to the word restrictions in this thesis, there was a need to reduce references. After advice from the supervision team, it was decided to focus on references most applicable to the nature of this study.

Based on the work of Ryals & Payne (2001), the study used a range of strategy books that were published between 1960 and 2013 to establish the key names of scholars and publications within the discipline. After following this strict procedure for identifying high quality references, the literature identified for this thesis was collected from the Massey University Library's postgraduate links: Scopus, Web of Science and Google Scholar (the less preferred option). These were searched extensively using key terms depending on the section of the review. For example, when examining dynamic capabilities, key terms included: 'dynamic capabilities', 'management journal', 'strategic management' and the names of key authors identified from strategic management books and the reference list of influential articles such as Teece *et al.* (1997). Databases were used based on the advice sought from the university's

¹⁹ This decision was made after consultation with the supervisory team. It was advised that the high-ranked journal articles are the best sources of theoretical knowledge. A range of lesser-ranked papers were cited to gain an understanding of the wine sector (these are not commonly seen in the top journals).

librarians, self-informed evidence about the usefulness of Scopus and Web of Science as well as from trial-and-error. It was concluded that Google Scholar was far less reliable for accessing the quantity of material in the existing pool of knowledge as well as the quality of the sources it put forward. Google Scholar would show fewer high-ranked journals as per the ABDC List than Scopus or Web of Science. Finally, in sync with Singh *et al.*'s (2003) advice, using databases where valid and reliable peer-reviewed articles and other publications are stored is an effective method to boost the quality of one's secondary research.

Recent sources were seen as preferable as they showed evidence of keeping up-to-date with the current debate in the knowledge (Hopkinson & Blois, 2014). The study also examined references with a large citation list to ensure that key writers and/or articles were being recognised as one did not want crucial developments in the study's theoretical history to be missed out of the literature review. An example of this was Barney (1991) who has been cited 35,904 times compared to Mintzberg (1990) who despite being an established name in strategic management (and having written an article at a similar time) has been cited only 1,373 times. In addition, the study for example, followed Piekkari *et al.*'s (2010); Welch *et al.*'s (2011) advice that citing the best journals is an effective strategy to forming research of the highest standard. The authors formed this conclusion by measuring the quality of the methodologies employed within:

- *Industrial Marketing Management*
- *Journal of Business and Industrial Marketing*
- *Academy of Management Journal*
- *Journal of Management Studies*
- *Journal of International Business Studies*

Each of these is ranked an A/A* on the ABDC List for which this approach has been followed as far as possible in this investigation. This appears to be an appropriate strategy to only use the best journals when investigating a construct that has been studied across publications of that calibre (Judge *et al.*, 2007); this study requires context-specific information namely, from wine-related studies that have appeared in mid-range or lower-ranked journals that still can be harnessed to make a contribution to theory. Specific journals were targeted depending on their subject and particularly, their

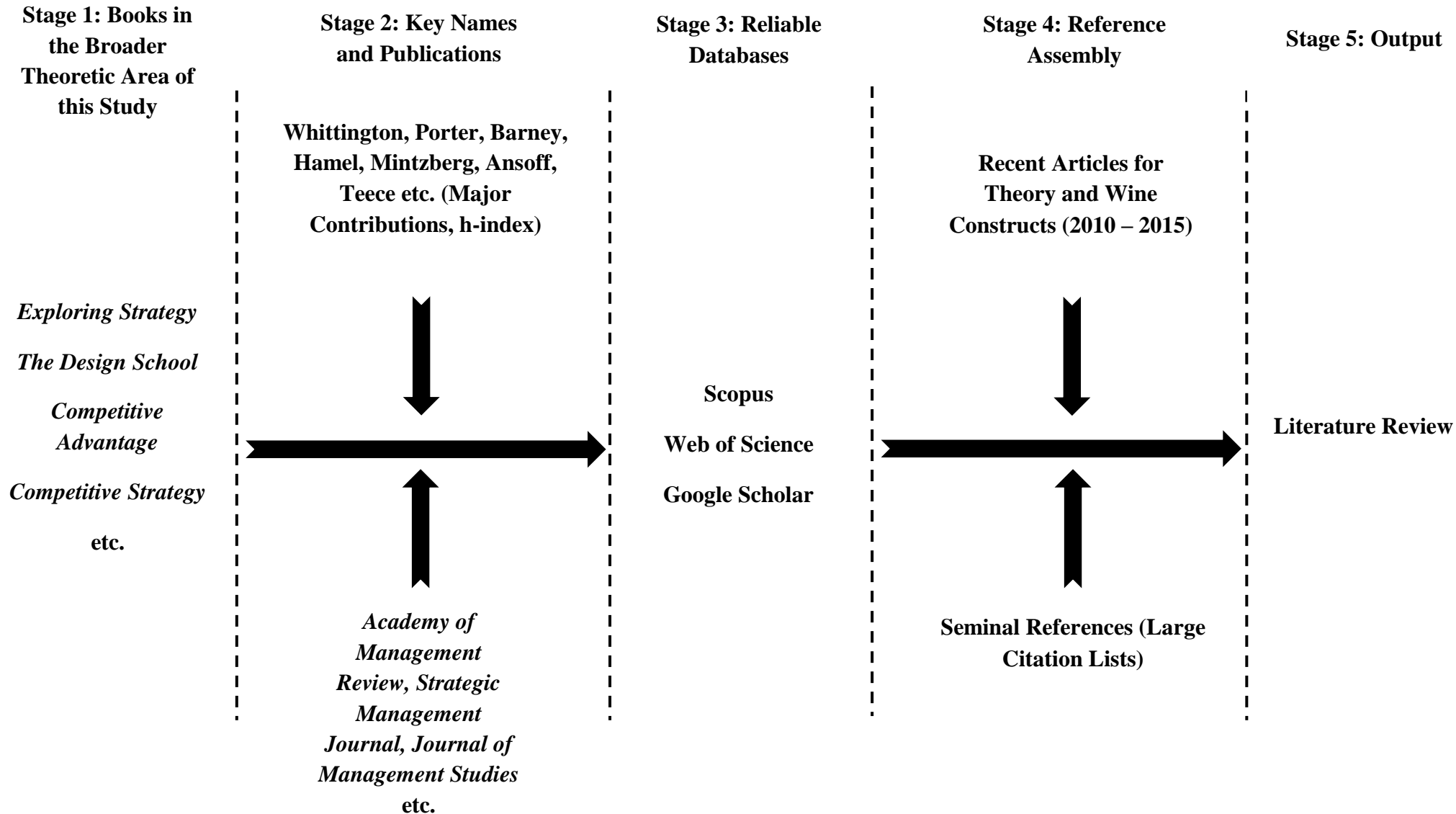
focus within the area. The most frequently cited publication was the *Strategic Management Journal* because it publishes high quality papers in the field of strategy (Bettis *et al.*, 2015). This was an approach used to ensure that the study was accessing the best journals that were available to help critique the theory underpinning this thesis. It is disclaimed that if the likes of the *Strategic Management Journal* or the *Academy of Management* family had not published anything substantial on a particular area of the wine sector; the investigation would examine the A-rated journals, then the B-rated publications and so on to boost the odds of reading and citing higher-ranked pieces of knowledge.

A disadvantage with this data retrieval process was the ABDC List is not unanimously rated with other journal lists. For example, the Association of Business Schools (ABS) List uses a numerical system rather than letters to order the quality of the publications (Saunders *et al.*, 2011). Whilst the numbers versus letters argument is peripheral, what is crucial is that on the ABDC List, journals such as *Marketing Intelligence & Planning* is ranked at the same level as the *Harvard Business Review* with a rating of an 'A.' On the ABS List, these two journals are significantly different with scores of '1' for *Marketing Intelligence & Planning* and '4' for the *Harvard Business Review* with the higher number indicating a better publication (ABDC, 2013; ABS, 2014). There is some disparity between the rating systems. This study uses the ABDC List because it is the list adopted by NZ universities (including Massey University) but uses with some caution and bias the data retrieval process using complementary variables as indicated in previous sections.

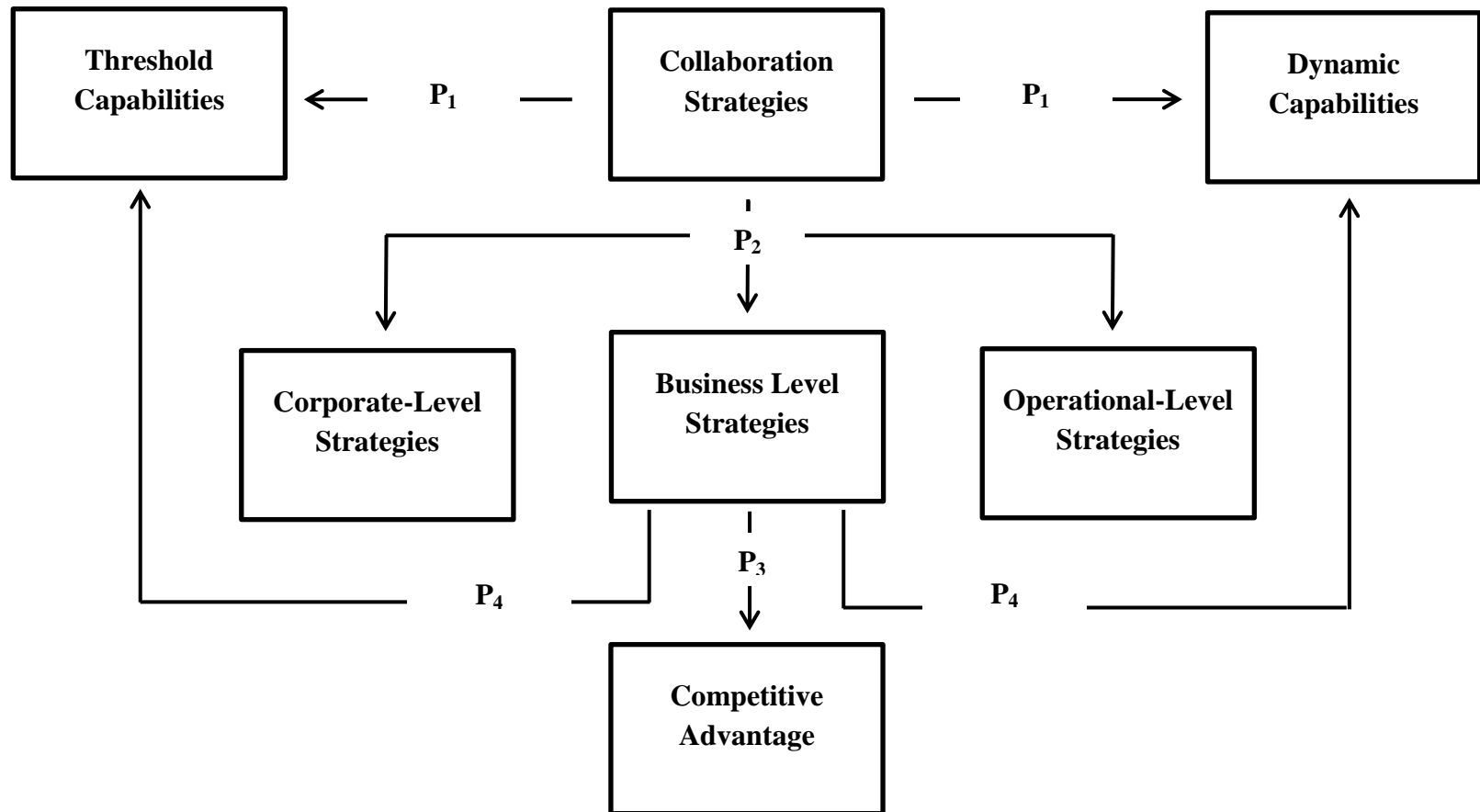
Strategy research has by and large been quantitative with a recent emergence in qualitative studies. Narrowing down sources was not undertaken via the methodologies employed within the studies as this would involve skewing the secondary data in-sync with a certain methodological thought processes. This involved looking at conceptual papers within the likes of the *Academy of Management Review* and the *International Journal of Management Reviews* to view how theories have been created from existing knowledge without empirical tests. Sources were viewed and cited only if they were relevant based on whether they contributed to the point being raised within the component of the literature review. These came from qualitative, quantitative and mixed methodologies as well as practitioner-targeted material.

As mentioned earlier, seminal references (those that have been cited on a large number of occasions) were selected to show evidence of the study understanding the key names in the context this study is positioned in (Colquitt, 2013). It was deemed critical that the citations incorporated into this study were from trustworthy peer-reviewed journals regardless of epistemologies. Cummings & Bridgman (2011) outline that in the case of behavioural management, the work of Max Weber has been cited incorrectly from various management scholars. The authors highlight that in different editions of a same textbook, the work of Max Weber was altered to the stage where different editions contrasted between one another. To counteract this, the study visited the original source (if possible) to ensure that subsequent sources conveyed the message properly.

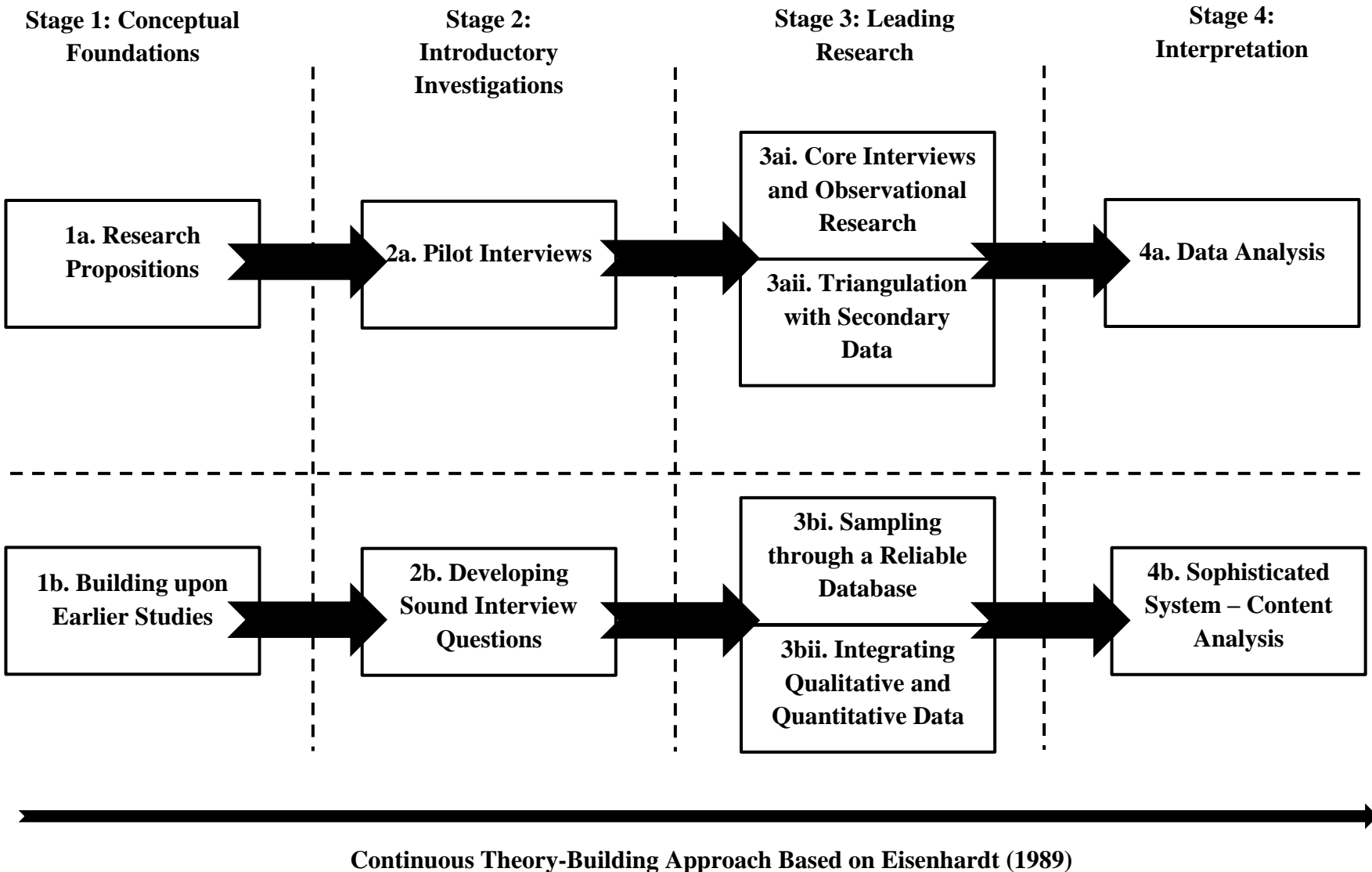
Appendix 8 - System Employed for Identifying the Most Suitable References for the Literature Review



Appendix 9 - Conceptual Model Examining the Investigation of the Research Propositions



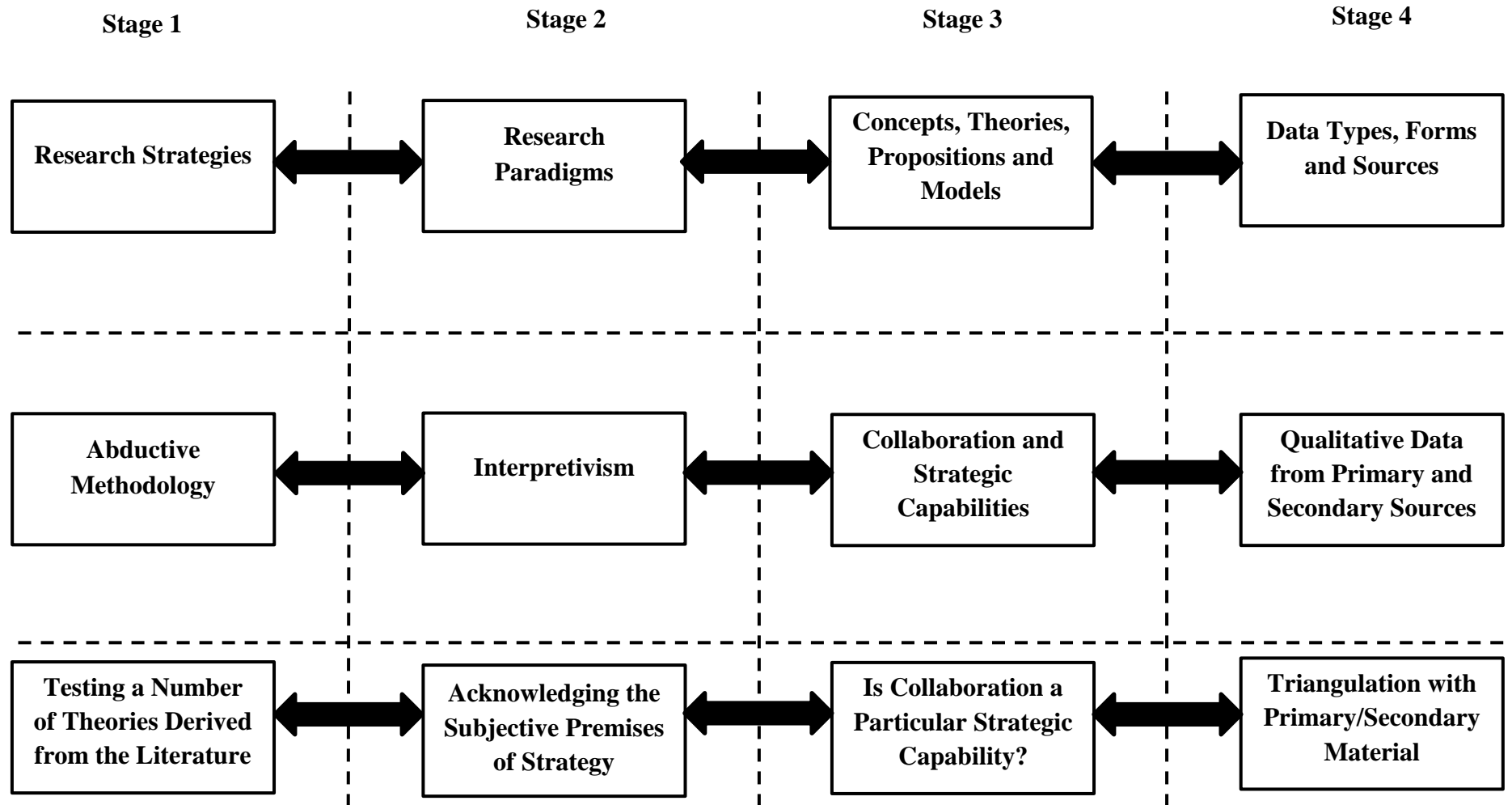
Appendix 10 - Methodological Model Outlining Credibility-Enhancing Strategies



Appendix 11 - Summary and Description of the Key Methodological Phases

PHASE	KEY ACTIVITY	THIS STUDY
Research Design Phase		
Step 1a: Review of technical literature	Definition of research questions.	Development of an academic underpinning based on a literature review.
Step 1b: Selecting firms	Specified population.	Small vineyards from selected the Martinborough cluster who engage in collaboration strategies.
	Non-probability sampling - snowballing.	14 based on the ability to identify firms willing to participate that meet key criteria.
Data Collection Phase		
Step 2a: Crafting instruments and protocols.	Create knowledge database.	Interviews with key decision-makers plus, other documentation.
	Multiple data collection methods.	In-depth interviews, company documents, web sites and participant observation.
	Qualitative and quantitative data combined.	Mainly qualitative data but also numerical data in respect of certain background characteristics e.g. size of firm for triangulation purposes.
Step 2b: Entering the field.	Overlap data collection and analysis, including field notes.	Ongoing analysis and investigator consultations.
Data Ordering Phase		
Step 2c: Data ordering	Organise events chronologically.	Firm histories constructed prior to analysis.
Data Analysis Phase		
Step 3a: Analysing data.	Initial measures.	Develop a 'start list' of themes from issues identified in the literature review and pilot interviews. This focused on the literature concerning collaboration strategies and strategic capabilities.
	Within-firm analysis.	Each firm analysed separately.
	Cross-firm pattern search.	Compare with other firms exhibiting similar characteristics.
Step 3b: Theoretical sampling.	Search evidence for 'how and why' behind relationships.	Associate different patterns with respect to key issues identified.
Step 3c: Reaching closure.	Theoretical saturation when possible.	Data collection stopped after 14 cases – based on a diseconomies-of-scale in establishing new information.
Literature Comparison Phase		
Step 3d: Compare emergent data with existing theory.	Comparisons with conflicting literature.	Comparisons with previous literature to the extent it is possible.
Adapted from Styles & Hersch (2005, pp. 117 – 118)		

Appendix 12 - Theory-Building Approach to the Methodology



NB: Arrows indicate iteration between stages based on Stake (1995). Model adapted from Blaikie (2011, p. 112). Row 1 indicates the conceptual stage; row 2 indicates the description stage and row 3 indicates the justification stage

Appendix 13 - Characteristics of Case Study Research

Index	Seminal Case Study Scholars			
	Yin	Eisenhardt	Stake	This Study
Intensity and Focus	✓		✓	✓
Context Spatially Defined	✓	✓		✓
Time Bound	✓	✓		✓
Complexity and Rich Information		✓	✓	✓
Progressive Theories/Philosophical Position	✓		✓	✓
Special and Important Information			✓	
Multiple Perspectives (Values and Beliefs)	✓	✓	✓	✓
Subjective Interpretation		✓	✓	✓
Process for Learning			✓	✓
Contradictory Values to Question Meanings	✓	✓		
Phenomena not well Defined	✓			
Engaging Report Writing Level	✓			
Positivist	✓			
Interpretivist		✓	✓	✓
Critical Theory			✓	
Systematic Design			✓	✓
Multiple Sources of Evidence	✓	✓	✓	✓
Theory-Building Mentality		✓		✓
Experimental in Design	✓			
Deductive or Inductive Design	✓	✓	✓	✓
Abductive Design		✓	✓	✓

Appendix 14 - Example Demographic Factors used in the Data Analysis

Index	Demographic Variable*	Reasoning
1	Number of employees	Measures the size of the winery
2	Export ratio	Measures global focus of the winery
3	Winery size	Measures the size of the winery
4	Price point	Measures the market focus of the winery
5	Ownership of multiple sites	Measures the size of the winery
6	Second label (✓)	Measures the market focus of the winery
7	Family business status	Measures the background of the winery
*The variables were developed from the literature and the pilot interviews. The reference to the (✓) indicates that this variable was developed from the pilot study. The reference to the second label has been discussed by Beverland (2004) but only in passing		

Appendix 15 - Interview Agenda



Part 1 – Background Demographics

- Export ratio
- Key export markets
- Number of employees
- Family business status
- Winery size
- Price points and secondary labels

Part 2 – Abstract Collaboration Strategies

- Basis for collaboration
- The importance of collaboration
- Reasons for collaboration
- The advantages of collaboration
- The disadvantages of collaboration

Part 3 – Business-Level Collaboration (Management Interview)

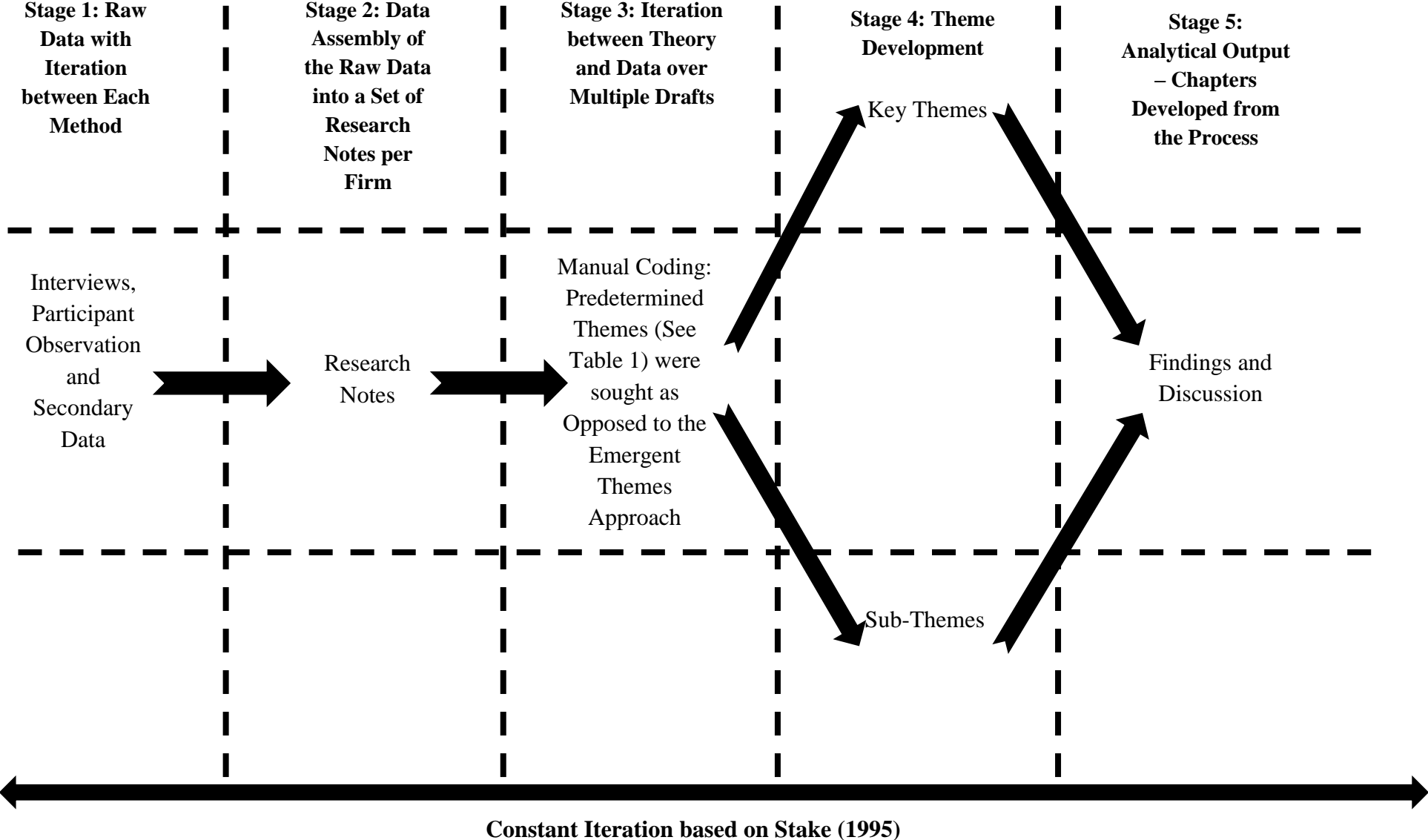
- Stakeholders involved in collaboration
- Level of collaboration in the cluster
- Level of collaboration within the industry
- Distinguishing between boundaries of clusters
- Competitive advantages through collaboration (national/overseas)
- Collaboration as a threshold capability

Part 4 – Operational-Level Collaboration (Cellar Door Observation)

- Knowledge of the cluster
- Knowledge of the industry
- Co-creation with clients
- Knowledge of competitors
- Service improvement strategies

NB: Use prompts when necessary and asks for critical incidents to illustrate answers.

Appendix 16 - An Overview of the Data Analysis Process



Appendix 17 - The Types of Information Collected for Each Firm

Firm*	Observation	Newspapers	Websites	Videos	Other
1	✓	✓	✓	✓	✓
2	✓	✓	✓	✓	✓
3	✓	✓	✓		✓
4	✓	✓	✓		✓
5		✓	✓		
6		✓	✓		
7	✓	✓	✓		✓
8		✓	✓		
9		✓	✓		
10	✓	✓	✓	✓	✓
11		✓	✓		
12	✓	✓	✓	✓	✓
13		✓	✓		
14	✓	✓	✓		✓
*In firms 3, 7 and 8, a wine-maker was present i.e. 2 interviewees in total. This was counted as one interview despite it being useful to learn accounts from multiple participants					

Appendix 18 - An Example of the Coding Style Employed within the Data Analysis Stage

One of the other ideas I've come across is the role of the Family of Twelve within the organisation. [REDACTED]

Yes.

[REDACTED]

Yes.

The Family of Twelve get involved in regional events to promote and add value to the region. This supports 2 existing sub-themes (1) they are strong and do not have to collaborate to survive and (2) the intersection with regional events for the good of the cluster.

And of course all the others throughout the country. So to what extent do they get involved with non-Family of Twelve collaboration?

F

I think they get involved in regional mainly yeah quite often regional things. They are both two quite strong companies that do a lot on their own anyway. They're big on branding both of them, yep and very you know work very hard at both of their different agendas and that kind of stuff. The Family of Twelve I don't, well I think it's a great marketing entity, maybe there should be more of those around New Zealand with other wineries because you know Family of Twelve you can't really grow it can you. So it's never going to change and morph into anything else. It's always just going to be those twelve wineries and they've done a really good job because they're all from different regions. And they've been around a while now it's probably ten, it would be about ten years. So maybe there needs to be a way where other wineries make themselves known, yeah in a collaborative way. But I don't know quite how you'd do that.

11

So it's not particularly, it's exclusive to those twelve but they're not, they don't push away outsiders [REDACTED]

11

No I don't think so. No. But they all work quite closely I don't know how much the public know about them I think sort of mainly the you know the domestic wine bars might do but I think the general public and the international public don't, yes they wouldn't know.

Supports the sub-theme that there is a degree of subjectivity around the Family of Twelve

NB: Refer to Table 1 for the index of the colour-coding system. The spaces marked with a black rectangle conceal information that identifies participants.



MASSEY UNIVERSITY
TE KUNENGA KI PŪREHUROA

UNIVERSITY OF NEW ZEALAND

**Bridging the Gap between Threshold and Dynamic Capabilities:
A Qualitative Study of the Collaboration Strategies of New
Zealand Wineries**

PARTICIPANT CONSENT FORM

I have read the Information Sheet and have had the details of the study explained to me.

I agree to participate in this study under the conditions set out in the Information Sheet.

I understand that the results may be used for academic or educational purposes.

My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree to the interview being sound recorded.

I wish to have the transcripts returned to me.

I understand that I may withdraw from this study at any time.

I would like a written summary of the results at the end of the project and my contact details are provided below. ☐

This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University's Human Ethics Committees. The researcher named above is responsible for the ethical conduct of this research. If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher, please contact Professor John O'Neill, Director, Research Ethics, telephone 06 350 5249, email: humanethics@massey.ac.nz

Signature:

Date:

Full Name - printed

Appendix 20 – An Example of the Fields Notes Used as Part of the Data Analysis

Cellar Door staff x 3 (1 manager, 2 x assistants)

- charge "service fee" for a group of young adults but not previous group of wine tourists. Wine tourists bought 6 bottles - roughly \$250 in total
- effort in terms of the wine experience goes into the more interested customers
- Catering for international + domestic consumers - most intl' visitors are Asian by heritage or UK, US or Australian. Similar to the firm's key export markets
- suggests a match i.e. they are drinking the wine in their home countries and bringing in the trade to the actual vineyard
- Recommending rival vineyards:
 - example₁ - Merlot, sherry etc. (uncommon Martinborough wines) go to XYZ firms
 - example₂ - wine tourism, - wedding venues go to ABC firms.
 - catering for firms' customers - if possible i.e. will provide a good/service if they can, if not, always recommends a rival firm. - similar to other vineyards
 - collaboration - occurring at a variety of levels - at the cellar door, mostly customer-based - attempts to drive sales up, creating an ambience etc.
 - Not so much relationships with competitors or distributors - more a management-level strategy.
 - Major part of most vineyards' (with a cellar door and/or wine tourism) business models

Appendix 21 - Characteristics of Pilot Data Collection

Index	Pilot Study			
	1	2	3	4
Location	Auckland	Central Otago	Central Otago	Marlborough
Interview with a Manager	✓	✓	✓	✓
Observation at the Cellar Door	✓	✓	✓	✓
Number of Employees*	35	30	30	25
Export Ratio (%)	30	25	35	20
Winery Size	Large	Large	Small	Large
Second Label	✓	✓	✓	✓
Degree of Regional Collaboration	High	High	High	High
Price Point	High	High	High	High
Individual Competitiveness	High	High	High	High
Degree of National Collaboration	Low	Low	Low	Low
Degree of Coopetition	Low	High	Low	High
Degree of Co-Creation	High	High	Low	High
Degree of Collaboration with External Parties	Low	High	Low	Low
Family Business Status	✓			✓
Restaurant Offering	✓	✓	✓	✓
Wine Tourism Offerings**	✓	✓	✓	✓
Relationships with Supply Chain Partners	Low	High	Low	Low
Point of Differentiation	Experience	Experience	Quality	Heritage
Product Portfolio***	Augmented	Augmented	Augmented	Augmented
Collaboration as a Capability****	Threshold	Dynamic	Threshold	Threshold
<p>*Includes seasonal workers</p> <p>**Wine tourism including all the features identified within the literature review</p> <p>***Augmented has to include a range of white, red and rosé varieties including still and sparkling styles as well as a range of wine tourism ventures</p> <p>****Based on the overall evidence provided by the interviewees – including the accounts provided from the manager and the cellar door staff member</p>				

Appendix 22 - Measures or Theory Underpinning the Case Studies' Characteristics

Index	Variable Classification			
	Group	Adapted Measurement Source	Adapted Measure	Purpose or Measurement Reasoning
Interview with a Manager	Demographic	Beverland (2006)	Yes/No	Interview with relevant stakeholder
Observation at the Cellar Door	Demographic	Beverland (2006)	Yes/No	Interview with relevant stakeholder
Number of Employees*	Demographic	Voronov <i>et al.</i> (2013)	1 - ∞	Measures the size of the winery
Export Ratio (%)	Demographic	Maurel (2009)	0 - 100	Measures the global focus of the winery
Winery Size	Demographic	Sparks (2007)	Small/Large	Measures the size of the winery
Price Point	Demographic	Thomas (2000)	Low/High	Measures the market focus of the winery
Ownership of Multiple Sites	Demographic	Swaminathan (2001)	Yes/No	Measures the size of the winery
Second Label	Demographic	Beverland (2004)	Yes/No	Measures the market focus of the winery
Degree of Regional Collaboration	Collaboration	Cholette (2004)	Low/High	Measures the regional focus of the winery
Individual Competitiveness	Competition	Bretherton (2004)	Low/High	Measures the individual competitiveness
Degree of National Collaboration	Collaboration	Jordan <i>et al.</i> (2007)	Low/High	Measures the national focus of the winery
Degree of Coopetition	Coopetition	Baum & Korn (1996)	Low/High	Measures industrial-level collaboration
Degree of Co-Creation	Co-Creation	Lindgreen & Wynstra (2005)	Low/High	Measures the market-led collaboration
Degree of Collaboration with External Parties	Collaboration	Gracia <i>et al.</i> (2007)	Low/High	Measures the growth strategies of the winery
Family Business Status	Demographic	Gallucci & D'Amato (2013)	Yes/No	Measures the background of the winery
Restaurant Offering	Tourism	Telfer (2001)	Yes/No	Measures the market-led service offerings
Wine Tourism Offerings**	Tourism	Bruwer (2003)	Yes/No	Measures the market-led tourism offerings
Relationships with Supply Chain Partners	Collaboration	Lindgreen (2001 b)	Low/High	Measures the vertical collaboration strategies
Point of Differentiation	Competitiveness	Swaminathan & Delacroix (1991)	To be Specified	Measures individual competitive advantages
Product Portfolio***	Tourism	Hall <i>et al.</i> (2011)	Narrow/Augmented	Measures the market-led tourism offerings
Collaboration with Equipment/Resources	Collaboration	Telfer (2001)	Low/High	Measures industrial-level collaboration
Collaboration with Knowledge	Collaboration	Telfer (2001)	Low/High	Measures industrial-level collaboration
Acquisition of Consultants	Competitiveness	Gracia <i>et al.</i> (2007)	Yes/No	Measures the growth strategies of the winery
Internationalisation as a Capability	Competitiveness	Lamb <i>et al.</i> (2007)	Threshold/Dynamic	Measures the growth strategies of the winery
Wine Tourism as a Capability	Competitiveness	Harrington & Ottenbacher (2008)	Threshold/Dynamic	Measures the growth strategies of the winery
Collaboration as a Capability****	Competitiveness	Alonso (2011)	Threshold/Dynamic	Measures the growth strategies of the winery
Includes seasonal workers				
**Wine tourism including all the features identified within the literature review				
***Augmented has to include a range of white, red and rosé varieties including still and sparkling styles as well as a range of wine tourism ventures				
****Based on the overall evidence provided by the interviewees – including the accounts provided from the manager and the cellar door staff member				

Appendix 23 - Characteristics of Core Data Collection: Part 1

Index	Core Study						
	1	2	3	4	5	6	7
Interview with a Manager	✓	✓	✓	✓	✓	✓	✓
Observation at the Cellar Door	✓	✓					✓
Number of Employees*	12	7	4	3	3	10	7
Export Ratio (%)	70	95	60	0.5	30	50	15
Winery Size	Large	Small	Small	Small	Small	Small	Small
Price Point	High	Low	High	High	High	Low	Low
Ownership of Multiple Sites	✓	✓					
Second Label		✓					
Degree of Regional Collaboration	High	High	High	Low	High	Low	Low
Individual Competitiveness	High	High	High	High	High	High	High
Degree of National Collaboration	Low	Low	Low	Low	Low	Low	Low
Degree of Coopetition	High	High	High	Low	High	Low	Low
Degree of Co-Creation	High	High	Low	High	Low	High	High
Degree of Collaboration with External Parties	High	Low	Low	Low	Low	High	Low
Family Business Status	✓	✓	✓	✓	✓	✓	✓
Restaurant Offering	✓					✓	✓
Wine Tourism Offerings**	✓			✓		✓	✓
Relationships with Supply Chain Partners	High	Low	Low	Low	Low	High	Low
Point of Differentiation	Location	Quality	Specialisation	Boutique	Presentation	Networks	Service
Product Portfolio***	Augmented	Narrow	Narrow	Augmented	Narrow	Augmented	Augmented
Collaboration with Equipment/Resources	Low	High	High	Low	Low	Low	Low
Collaboration with Knowledge	High	High	High	Low	High	Low	Low
Acquisition of Consultants		✓		✓	✓		
Internationalisation as a Capability	Dynamic	Threshold	Threshold	Dynamic	Threshold	Dynamic	Threshold
Wine Tourism as a Capability	Dynamic	Threshold	Dynamic	Threshold	Threshold	Threshold	Dynamic
Collaboration as a Capability****	Dynamic	Threshold	Threshold	Threshold	Threshold	Threshold	Threshold
<p>*Includes seasonal workers **Wine tourism including all the features identified within the literature review ***Augmented has to include a range of white, red and rosé varieties including still and sparkling styles as well as a range of wine tourism ventures ****Based on the overall evidence provided by the interviewees – including the accounts provided from the manager and the cellar door staff member</p>							

Appendix 24 - Characteristics of Core Data Collection: Part 2

Index	Core Study						
	8	9	10	11	12	13	14
Interview with a Manager	✓	✓	✓	✓	✓	✓	✓
Observation at the Cellar Door			✓		✓		✓
Number of Employees*	7	1	18	1	21	2	8
Export Ratio (%)	35	90	70	0	80	1	5
Winery Size	Small	Small	Large	Small	Large	Small	Large
Price Point	High	High	High	Low	Low	Low	High
Ownership of Multiple Sites			✓		✓	✓	✓
Second Label			✓		✓	✓	
Degree of Regional Collaboration	High	Low	High	Low	High	Low	High
Individual Competitiveness	High	High	High	Low	High	Low	High
Degree of National Collaboration	High	Low	High	Low	Low	Low	Low
Degree of Coopetition	High	Low	High	Low	High	Low	High
Degree of Co-Creation	Low	Low	High	Low	High	Low	High
Degree of Collaboration with External Parties	Low	High	High	Low	Low	Low	Low
Family Business Status		✓		✓	✓	✓	
Restaurant Offering					✓		✓
Wine Tourism Offerings**			✓		✓		✓
Relationships with Supply Chain Partners	Low	High	High	Low	Low	Low	Low
Point of Differentiation	Investments	Heritage	Knowledge	Boutique	Service	Experience	Location
Product Portfolio***	Narrow	Narrow	Augmented	Narrow	Augmented	Narrow	Augmented
Collaboration with Equipment/Resources	High	Low	High	Low	High	Low	High
Collaboration with Knowledge	High	Low	High	Low	High	Low	High
Acquisition of Consultants	✓		✓	✓		✓	
Internationalisation as a Capability	Threshold	Dynamic	Dynamic	Dynamic	Threshold	Dynamic	Dynamic
Wine Tourism as a Capability	Dynamic	Threshold	Threshold	Threshold	Dynamic	Dynamic	Dynamic
Collaboration as a Capability****	Threshold	Threshold	Dynamic	Threshold	Dynamic	Threshold	Dynamic
<p>*Includes seasonal workers **Wine tourism including all the features identified within the literature review ***Augmented has to include a range of white, red and rosé varieties including still and sparkling styles as well as a range of wine tourism ventures ****Based on the overall evidence provided by the interviewees – including the accounts provided from the manager and the cellar door staff member</p>							

