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Business Cluster Branding and the Interplay of Cooperation and Competition

A Cross Case Analysis

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ABSTRACT:

The number of business cluster is sharply increasing over the last years and consequently they gained massive attention in research. One central question raised, how to improve the competitiveness of business cluster. An approach was to focus on branding. However, cluster work has always in common the appearance of cooperation. The research on cooperation has increased significantly over the last two decades. Nevertheless, the combination of branding and cooperation research on business cluster remain unexplored. Thus, it is relevant to analyze the branding of business clusters and the influence of cooperation. In this research a qualitative research design is used. The primary data set consists of three semi-structured interviews with two managing directors of business cluster in Finland and Germany with different funding structure and with a cluster consultant with broad experiences in both countries. That allowed to investigate similarities and differences among the management structure, branding and its cooperation. The findings show that a corporate branding strategy is suitable to brand a cluster organization to give guidance and structure to the process. The complexity of business cluster demands a separation of the branding focus. The inside focus named cluster identity must be shaped and the outside focus named cluster image has the goal to increase visibility. Those two focuses cause cooperation. The cooperation towards a common branding but also the competition about resources from the cluster management side. The positions within the cluster management are a further area of cooperation, as well as the process to create the cluster identity. The cluster management must be aware of those areas to efficiently manage those tensions. The study provides practical insights on managing cluster branding and helps to anticipate common areas of cooperation.

KEYWORDS: Business cluster, Corporate Branding, Business Cluster Branding, Cooperation

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Abbreviations

MNEs – Multinational enterprises

B2B – Business to business

B2C – Business to customer

OEM – Original equipment manufacturer

ACOD – Automotive Cluster Ostdeutschland (Automotive Cluster East Germany)

1 Introduction

Global competition is getting more intensive and complex, it no longer takes place just between companies and therefore, stimulates the formation of business clusters. Especially, regional clusters seem to be a successful solution to face the hard global competition. This spatial concentration of actors of complementary sectors makes it possible for regional economies to stand up to global competition by supporting industrial productivity and innovativeness on a regional level (Porter 1990, 2000). The number of business clusters is sharply increasing in the world and consequently the attention is growing for those clusters which is benefitting their members through maximizing efficiency. One major goal is to attract more and better resources like specialists, internal and external investments, in order to be an outstanding 'specialist' as a business cluster in their field (Ivan, Maria & Alessandra 2012).

Recently, the improvement of the competitiveness of business clusters has become a central question in the development of business clusters. Many of the theories consider this topic from marketing perspectives. However, the confusion between branding and marketing has misled many research and practices (Zhu 2017). The goal of branding is exploring ways to add value to the basic product or service and as a result create brand preference and loyalty (Knox & Bickerton 2003). In the cluster development is the branding process an important part but rarely researched. Therefore, the value of business cluster branding must be recognized. To clarify, business clusters are different from other branding target groups. Cluster branding is complex because multiple stakeholders inside as well as outside must be considered by the cluster management (Mauroner & Zorn 2017). Regional clusters are brands that are perceived by the public, market actors, and politics. These regional cluster brands give the participating actors a chance to increase their competitive advantage by creating loyalty, trust, name recognition, and perceived quality (Morgan & Hunt 1994). However, business clusters are arenas of cooperation, which is the simultaneous presence of cooperation and competition. This leads to tensions which must be managed.

1.1 Study background

As already mentioned, global competition no longer takes place between companies but increasingly between regions. To stay successful and innovative a reasonable solution is the building of business cluster. These cluster initiatives are believed to be important ways of increasing competitiveness of companies. A good example for such a successful cluster is the Tampere Automotive Cluster. It promotes investments, attracts talents, and creates the best environment for businesses. The Tampere automotive cluster counts more than 60 members, companies from the industry, education and research institutes. Major business cluster members with R&D Centers in Tampere are Axon, BHTC, Rightware and AAC Technologies. However, such a big cluster must be managed and need a consistent branding. (Business Tampere, 2020).

In terms of business cluster branding, it is important to distinguish between marketing and branding, which plays a crucial role for the long-term development. Currently, there are many theories promoting business cluster from the perspective of marketing. However, marketing is focusing on the creation of awareness, but branding is about the identity and much more essential for the future development. The awareness of a successful brand and the importance of branding must be enhanced.

One crucial problem is that the cluster brands often seem artificial and there is a lack of participants' identification with the brand. These kinds of cluster brands are not capable to transport a certain image in order to create a competitive advantage (Mauroner & Zorn 2017).

However, cluster members are not just cooperating, they are competing as well. The relationship between rivals with cooperation and competition as two separate yet interrelated continua, is called cooptation (Luo 2007). The process of cluster branding is complex themselves and not easy to realize under the influence of cooptation. There is

almost no research found in the literature about business cluster branding under the influence of coopetition.

1.2 Purpose of the study and research questions

Over the last years *Business Clusters* gained enormous popularity to the extent of policymakers, practitioners and academics paying more attention referring to this concept, which is reflected in a growing number of policies and initiatives supporting clusters (Europe INNOVA 2008). Working within business clusters become more and more popular. Now the branding initiative must cover the interests of several business cluster members. However, the branding process plays a crucial role for the long-term development of the cluster.

Especially the branding of the business cluster can create a major advantage for the industry and the region themselves. The establishment of a strong business cluster brand is considered as a prerequisite for success of a cluster initiative with the main goal to create visibility and trust. Well known cluster brands generate attention and therefore improve their visibility and awareness by political decisions makers as well, which is emphasized as an important function of a cluster brand. (Mauroner & Zorn 2017).

Coopetition is a relatively new field in the literature of economic research. It is the most complex and advantageous relationship between competitors. The complexity is based on the two contradictory logics of interaction that competition and cooperation are built on (Bengtsson & Kock 2000). Global coopetition is on the rise and not sufficient researched yet. There is a need to investigate more in detail about coopetition in different situation and fields.

Business clusters made it into the mainstream of business development. However, further investigation is needed to make these clusters effective, visible, and successful. The goal is to develop the cluster by its branding, to increase the success by an increasing

visibility and a good reputation. To reach this goal the branding could be treated as a tool to communicate with the target group, to create appropriate images and gain more loyalty. The successful branding of a business cluster has a positive impact on the cluster's development (Felzensztein, Deans & Dana 2019). The primary purpose of the master thesis is to improve the business cluster competitiveness with the help of a sufficient branding. It will be essential to evaluate the brand building efforts of existing business clusters and provide guidelines to practitioners on how to brand a whole business cluster. Especially, under the influence of cooperation. How do practitioners deal with the influence of competition and cooperation while building an overall cluster brand?

From the points mentioned above, the building of business clusters is examined thoroughly, as well as corporate branding. There is a need for the branding of business clusters, because in today's competitive environment, clusters making a great effort to stand out in their specialized field. The cluster is mostly guided by a cluster management or project team (Mauroner & Zorn 2017). After defining the concept of business cluster and concept for business cluster branding, the focus will be set on cooperation. Cooperation does not deal with competition and at another point of time competition. Companies cooperate in some areas while competing in others simultaneously. This contradictory concept has an influence on the relationship of the cluster members and project team members, who are connected to the interests of their parent company and consequently on the process of brand building as well. This leads to the following research question:

“What are the key elements of business cluster branding and where cooperation takes place?”

In order to specify the research question and provide a detailed direction for the research, research objectives must be set. Step by step these objectives will assist to answer the research question understandable and clearly. It should help the reader to understand the underlying theme of the master thesis. Therefore, the following objectives, divided into theoretical and empirical objectives, have been set for this thesis:

Theoretical:

1. *Review of existing literature related to business clusters.*
2. *Examine existing literature on corporate branding, B2B branding and Cluster Branding.*
3. *Review literature about cooperation to understand the interplay between cooperation and competition.*

Empirical:

1. *Analyze two Business Cluster operating in the same industry.*
2. *Identify main elements of business cluster branding.*
3. *Understand where cooperation takes place while branding.*

Cluster initiatives are believed to be an important contribution to increase the competitiveness of companies within in a region. Nevertheless, regional cluster brands have remained relatively unexplored (Mauroner & Zorn 2017). Furthermore, the branding of business cluster is different from marketing, which misleads many research and practices (Zhu 2017). Branding plays a crucial role for the long-term development. Currently, there are many theories promoting business cluster from the perspective of marketing (Zhu 2017). Therefore, it is important to distinguish marketing and branding. People have to be conscious about the potential of a brand and the importance of branding.

Furthermore, the field of cooperation remains unexplored in various occasions. But has a constantly growing body of literature. However, the field of branding under the influence of cooperation is almost unexplored. Hence, conducting research in the field of cluster branding under the influence of cooperation is new and hits a research gap. Consequently, this means it will be just a first step into the field in order to get first insights but with a limited generalizability.

1.3 Delimitations of the Study

To find an answer to the above-mentioned research question, the master thesis will examine the potential of establishing a strong cluster brand under the influence of coopetition.

A main part of the thesis will focus on branding. A short explanation of differences between product and corporate branding is given. However, corporate branding can be used for the business cluster background. The focus is not on branding of a single product, much more on a construct of different companies. Therefore, the concept of corporate branding is suitable because it is more complex and includes the branding of a whole organization, which requires the management of various interactions with multiple stakeholders (Knox & Bickerton 2003). The management of multiple stakeholders is a crucial part of coocompetitive branding. However, the most studies focus on dyadic relationships when coocompetitive branding is examined (e.g. Chiambaretto, Gurău & Le Roy 2016, Fernandez & Le Roy 2019), but a business cluster must deal with several stakeholders. The branding approach will focus on an B2B perspective because business clusters operating in B2B markets and sell their services and products to other industrial buyers. Consequently, B2C branding is left out.

A second concept of interest are business cluster. An overview of the main characteristic of business cluster will be provided. The diamond model of Porter (1990) will be introduced since it is the base of cluster research. Different definitions of clusters will be presented. It is not the aim of the thesis to find a final definition for business cluster but provide a broad understanding of the complex concept of business cluster. Based on this knowledge the branding strategy will be discussed.

The third part will introduce coopetition, a concept that interacts with the two contradictory relationship types of competition and cooperation. Existing literature and theories on relationships among competitors focus either on cooperation or on competition and just little research has considered that two firms can be involved in and benefit fit

from both types of relationship at the same time (Bengtsson & Kock 2000). Since coopetition is a part of business cluster it will be interesting to have a closer look on the influence on cluster branding. Obviously, there is a great potential for conflicts, and it can be difficult to sustain and balance (Bengtsson & Johansson 2014). Therefore, potential tensions and the management of it will be considered, which is based on conflict management styles of Thomas and Kilmann (1974) which is still the most popular research in terms of tension management and is suitable to the research problem. The most studies on coopetition focus on a dyadic relationship. However, this is not suitable for the research problem of this thesis because many stakeholders are involved in business cluster. However, it is not the aim of the study to analyze coopetition in business cluster in general, it is rather identifying areas of intensified coopetition which causes tensions regarding the cluster branding.

1.4 Key Concepts

As discussed previously in the delimitations section, the literature review of the master thesis will consist of the following three parts, which are to the research question: corporate branding, business cluster and coopetition. These parts will be further elaborated to provide a clear overview on what will be examined in the thesis.

Corporate brand and branding are well-known and examined concepts, which are thoroughly discussed at the corresponding literature. Basically, branding is all about endowing products and services with the power of brand equity (Kevin 2013). Branding has the power to increase customers satisfaction, while a known brand has the emotional benefit of reducing perceived risk and uncertainty (Mudambi 2001). However, the main focus lies on corporate branding, which basically operates at the level of organization and requires the management of interactions with multiple stakeholder audiences, therefore it is more complex (Knox & Bickerton 2003).

Michael Porter developed the concept of *clusters* in 1990 and opened up an instrumental perspective on regional concentrations of companies and institutions. Porter (2003: 254) defined a cluster as “a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities.” The “diamond model” of Porter, regarding the location-related competitive advantage tries to explain why it is essential for corporate efficiency and innovation to be a part of a cluster (Martin & Sunley 2003).

Coopetition is a relationship between two rivals which contains two separate yet inter-related continua. These continua are cooperation and competition. Coopetition implies the coexistence of cooperation and competition between the same global rivals. The coopetition behavior combines the positive and efficiency-enhancing effects of both competition and cooperation. Competitive collaboration has the power to reduce costs, risks and uncertainties associated with innovation or new product development during global expansion, additionally developing or penetrating a new market alone is very costly for a single firm.

The concept of coopetition inherent the potential of *tensions*. Tensions represent a negative side of business relationships, conflicts, competition, crisis, and problems. There has been calls for research on the actions a company should take to balance tensions in coopetition and furthermore, whether those actions maintain or destroy the dynamics of cooperative relationships (Bengtsson, Eriksson & Wincent 2010).

1.5 Structure of the thesis

The first part of the master thesis will contain the introduction, which describes the motivation for the research, the research gap and the need to analyze this problem, as well as the delimitations of the study in order to understand the purpose of the study.

The literature review will give the reader an overview of the basic knowledge of the three main concepts presented in the theoretical part. After the detailed description of the concepts of business cluster, brand and branding and cooptation, they will be combined to understand the branding of business clusters and the influence of cooptation on the cluster brand building process.

The third part consist of the methodological part of the thesis. Data collection, sample size and sample composition will be presented. Additionally, the classical quality criteria of validity and reliability will be defined and how compliance with these concepts will be achieved.

The fourth part will start, first with the presentation of the case cluster, second the single case study analysis and followed by the cross-case analysis. This chapter is the most important one because the theoretical framework will be presented with the actual findings and input of practitioners.

The last and the final chapter is engaged with the summary of the findings and the final conclusion. Furthermore, managerial implications, limitations, and suggestions for future research within the field of studies will be mentioned.

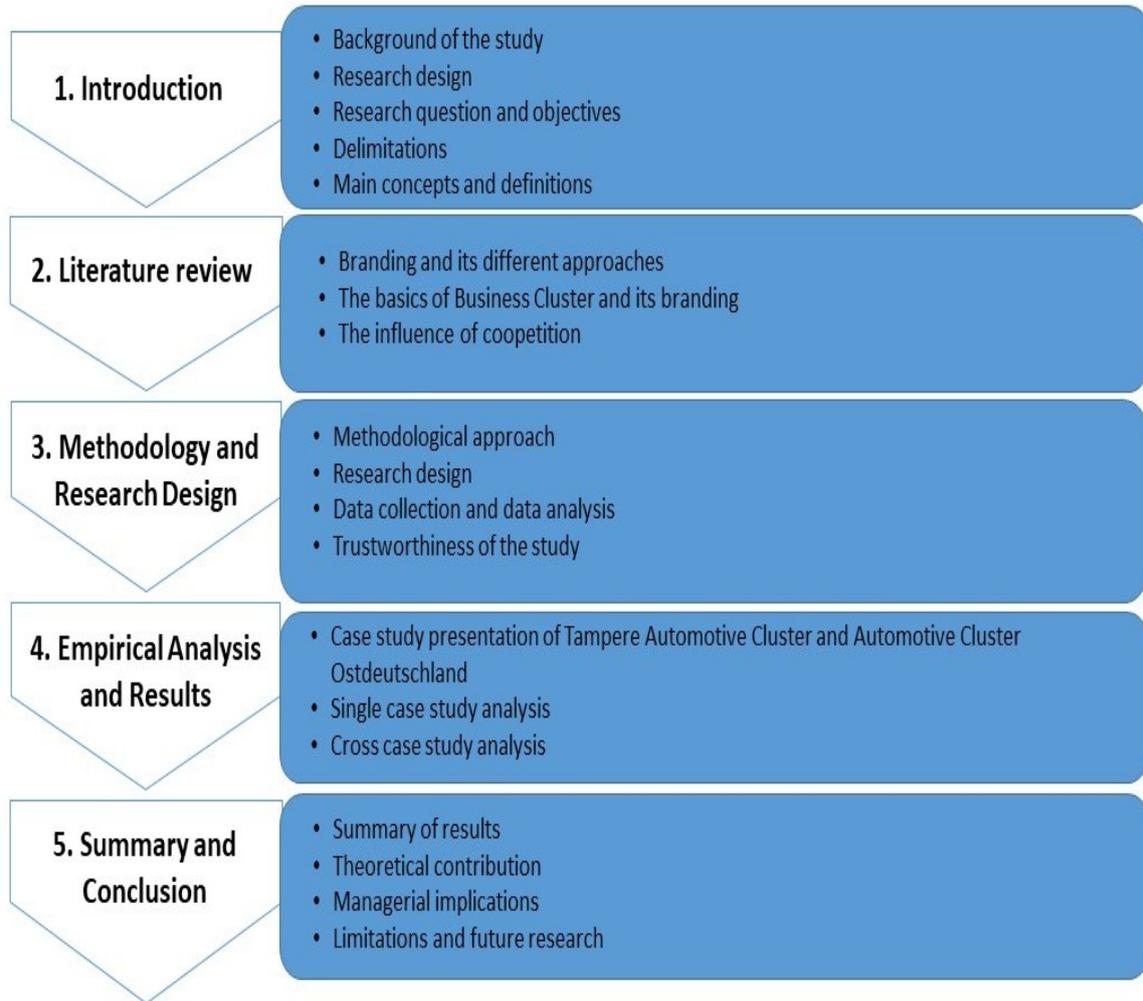


Figure 1. Structure of the thesis

2 Branding and its Different Approaches

This chapter is focusing on branding and will explore this topic more in detail. In the first part a short overview above the development of branding research is given. The second subchapter addresses the concept of product branding and corporate branding to clarify the differences and to make clear why the focus for the research is on corporate branding. After the clarification of these concept the focus will be set on business-to-business branding, since business cluster working mainly in an environment where buyers are organizations. Therefore, the branding strategy must be adopted. In the last part of this chapter the “Six conventions of corporate branding” of Knox and Bickerton (2003) will be introduced. This concept is used as tool for corporate brand management and could be used as blueprint for the branding of business cluster.

2.1 A review of different branding approaches

Early attempts of brand management focused on the creation of a positive brand image (Boulding 1956). This was a very simplistic view on the topic therefore the development has been transformed into the direction of brand positioning (Ries & Trout 1982). The concentration on the creation of a unique positioning of the brand in the mind of potential and current customers is based on the fact that consumer choices are made on the basis of comparison (Lane Keller 1999).

The goal of branding is exploring ways to add value to the basic product or service and as a result create brand preference and loyalty. According to Knox and Bickerton (2003: 25):

‘A corporate brand is the visual, verbal and behavioral expression of an organization’s unique business model’.

The concept of positioning and the 4 P's of marketing have been the main building blocks of product brand marketing practices in the early 1960s (Knox & Bickerton 2003). However, in the following years the body of literature grew, which came to the result that these positioning tools are inappropriate to cope with the substantially changed economic environment (Christopher 1995; Mitchell 1999). This causes the change to shift focus from the integrity of the product brand to the organization and the need to deepen the marketing view of the brand to encompass organizational attributes (King 1991). Kapferer (1997) claims that these views are step stones into a new age of brand identity, defined by six variables, which also delineate the boundaries. These six variables are physique, personality, culture, relationship, reflection and self-image. This highlights that all organizational assets and competencies in the development of a brand are needed to create unique products and services (Tilley 1999).

The evolution of descriptive terms and ideas within the field has been mirrored by the development of the models that describe the process of corporate brand management and reflects the inherent complexity of the phenomenon (Knox & Bickerton 2003; Muzellec & Lambkin 2009; Iglesias & Ind 2020). Several excellent reviews of these models already exist in the literature, which identify two distinct types of corporate branding models. One of those types are the macro model of the 1980s and early 1990s and the other is a contemporary micro model from organization and marketing fields. These micro models seem to capture more accurately the challenges of corporate brand management. Organizations are challenged by managing and aligning multiple identities and images across different stakeholder groups. (Knox & Bickerton 2003). However, these models are still rather conceptual, and research should focus more on empirical studies of this management phenomenon.

2.2 The Concept of Product and Corporate Brand

The task of branding and brand management within product marketing is primarily to create differentiation and preference for a product or service in the mind of the customer.

Differentiation is the base of brand development. (Knox & Bickerton 2003). Knox (2000) refers to the brand as “a product or service, which a customer perceives to have distinctive benefits beyond price and functional performance”. Kapferer (1997) defines it as “a symbol serving to distinguish the products and services of one company from another”. The development of product branding over the past 30 years is built around the added value to the functionality of the product or service to emphasize the distinction of the product in a certain market. A further development in the field of traditional product brand management has been the increasing influence of the organization behind the brand and its important role in value creation.

Corporate branding shares the same objectives of creating differentiation and preference like product branding. However, as the name already tells, corporate branding practices at the level of organization and requires the management of interactions with multiple stakeholder audiences, therefore it is more complex. (Knox & Bickerton 2003). Balmer (2001) highlights five key elements of a corporate brand. These five key elements are cultural, which reflects the organization’s subcultures, intricate, because it is multi-dimensional and multidisciplinary, tangible, as they encompass elements such as business scope and architecture. Furthermore, important are ethereal characteristics as they evince emotional responses from stakeholder groups and finally, the need for total commitment of the whole organization. These key elements are vital to manage a corporate brand successfully and corporate branding is increasingly recognized as a strategic tool that has the possibility to generate and support value creation (Urde 1999, Macrae 1999). According to the topic of the thesis, the branding of a business cluster, the focus will lie on corporate branding and how aspects of corporate branding could be used for the cluster context.

2.3 Business to Business Branding

After a closer look on the development of branding and corporate brand management, this chapter will provide a closer view on business to business (B2B) branding since

business clusters working in B2B context mainly. Branding was not considered to be important in B2B and industrial marketing in the past (Saunders & Watt 1979; Sinclair & Sward 1988). However, upcoming studies reveals its importance and influence on decision making processes in highly formalized B2B markets (Lynch & de Chernatony 2004, 2007). Thus, organization in B2B markets started to implement strategies and policies in order to create a sustaining and strong brand. A strong brand in turn provides value to industrial buyers by enhancing their confidence during the decision-making process (Low & Blois 2002) and lower risk (Ohnemus 2009). Wise & Zednickova (2009) state that B2b brands can reduce uncertainty of the buyers and can assist the decision-making units to reach consensus. Therefore, building and maintaining a strong brand is one of the integral objectives of the marketing strategy of organizations in industrial markets (Leek & Christodoulides 2011).

However, many concepts apply a B2C point of view when examining branding from an organizational perspective. The authors discuss brand architecture, brand personality and brand positioning which are relevant topics in consumer branding. This perspective is not wrong but has the disadvantage that the specialized nature of business purchasing, and marketing is sometimes ignored. Especially business marketing and purchasing differs from end-consumer buying in many ways. First the value of the transaction is significant higher and could involve raw materials, capital items, operating supplies or maintenance items (Kotler & Pfoertsch 2006). Second the buying process is more complex and includes groups of individuals, like buying committees and not just a purchasing manager. Third the buyer is usually not the end user, but the buyer firm can use the product to process further products and could incorporate suppliers' brand such as OEMs or the suppliers' brands may be resold by a distributor. That means the purchasing manager must focus on the total value of the brand, rather than simply scrutinize the price of the goods and services purchased. In a B2B market are fewer customer and the relationships emphasis a long-term cooperation. However, the trans-actions are also motivated by derived demand. The brand purchase of B2B organization can be pivotal in terms of its

financial importance for the selling firm and has a significant impact on the B2B customer's business. (Glynn 2012).

The benefits from the side of the selling firm includes a better information efficiency with complex products or services as branded products, which makes information gathering easier. A strong brand reduces the chances of a poor purchase decision and reduce business risk from the perspective of the buying company. Additionally, brands have the opportunity to enhance the experience for the purchaser which is an image benefit (Kotler & Pfoertsch 2006). Such benefits are underestimated by the need of the firm to create value for the business customer (Anderson & Narus 2004). These mentioned values are supposed to create selling opportunities, increase likelihood of purchase, reducing time to close the sale, receive a larger share of the purchase requirement, become less resistant to price increases and willing to trial competitive offerings (Anderson & Narus 2004). Furthermore, B2B brands provide functional benefits to the selling organization like internal identification for inventory purpose or legal protection through trademarks. A stable and successful brand enhance the volatility and vulnerability of cashflow within the company and is an important resource. Consequently, B2B brand benefits lead to more profitable business relationships. (Glynn 2012).

After the clarification why corporate branding is appropriate for business cluster and the demonstration of the need of branding in B2B markets, the next chapter will focus on a concept of distinct steps for corporate branding, because business cluster are acting as one organization a corporate brand strategy is suitable.

2.4 Crucial steps of corporate branding

Knox and Bickerton (2003) identified a number of distinct practices while studying the process of corporate brand management across several organizations. These practices are explained in the following part. They steps are defined as the "prevalence of certain accepted practices, which offer constraining influence". The six steps link aspects of

existing models and frameworks with practical guidelines for managing the corporate brand.

First step: Setting the co-ordinates.

Corporate branding practice must be multidisciplinary, combining elements of strategy, corporate communications and culture (King 1991; Balmer 1995). Hatch and Schultz (1997, 2001) going more into detail and mention three variables – vision, culture and image – which form a part of the strategic setting. This setting is used to review the strengths and weaknesses of the corporate brand. However, Knox and Bickerton (2003) suggest a fourth variable, in name the competitive landscape of the organization, which should be added to supplement the model. The studies identified the need to consider the future competitive landscape on the base of the competitive context for the corporate brand. The understanding is developed by evaluating two temporal dimensions:

- the image of the organization and its future competition.
- the culture of the organization and its vision for the future.

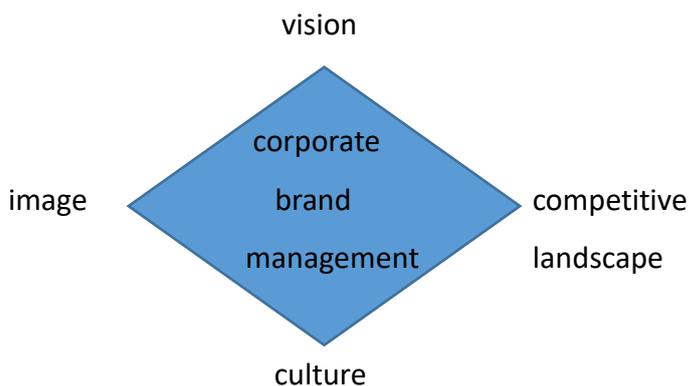


Figure 2. The context of corporate brand management. (Hatch & Schultz 1997)

This model (Figure 1) should help managers within a company to be aware of their current situation by reference to these contextual factors. Additionally, it could help to guide

the thinking on future scenarios of the company according to their vision and competitive strategy.

Second step: Creating the branding framework.

Knox and Bickerton (2003) stresses the need to create a brand framework that combines “inside out” and “outside in” elements from common starting points. Van Riel (1995) states that the concept of common starting points (CSPs) is a central value of an organization which form the foundation of all corporate communication. Ries and Trout (1982) see these values in the sense of brand positioning. Consequently, there is a need for management to address a basic question, how can CSPs be used to position the brand? To answer the question, the positioning approach of Knox and Maklan (1998) from the marketing domain is used. Their “unique organization value proposition” applies at a corporate level. To position the product through advertising the “unique selling proposition” has been used (Kapferer 2001). The positioning process consists of four stages that comprises organizational attributes and its performance, portfolio and network benefits. These definitions are presented in Figure 2.



Figure 3. Positioning framework of corporate branding: definitions. (Knox & Bickerton 2003: 17)

The use of customer value as common starting point seems to provide a better basis for achieving consensus than the subjective and intangible starting point of corporate values (Van Riel 1995). The advantage of consumer value as CSP is the possibility to construct a corporate brand positioning working from an understanding of the organization's current brand strength and desired future position.

Third step: Articulating the corporate brand position.

What does brand confirmation mean? Basically, the result of brand construction phase, the developed corporate brand positioning must be consolidated and articulated to the rest of the enterprise as well as external audiences. This requires a series of agreed statements that describe the corporate brand proposition. A crucial part of this phase is that the senior management team is involved in the process. Especially, the engagement and reflection of those is vital in securing the commitment and ownership, which is necessary to enable brand change and renewal. As mentioned before, the adoption of an agreed corporate brand management and a common starting point is needed, based upon customer value, gives the management team the opportunity of the development of these corporate brand statements and, ultimately, the brand proposition. Furthermore, the development of a series of brand statements enables the management team to develop a comprehensive and fuller definition of the corporate brand which is helpful to cope with the complexity of the topic (Balmer 2001).

Fourth step: Developing consistent corporate communications.

According to Olins (1995) consistency is a crucial element during the process of a successful brand development. Creating this consistent communication is central and therefore, an important part of corporate brand management (Van Riel 1995). This communication must be managed as well and the organization's channels of stakeholder communication should be divided according to their levels of formality, which could be a formal

communication channel or informal mechanisms. The management team need to adopt measurement tools to reach a significant benefit. These tools should be adopted to all corporate brand communications in order to control and measure the consistency of formal communications.

Fifth step: Driving the brand deeper into the organization.

The alignment of relevant business processes with the corporate brand has been highlighted by the authors. This needs an examination of the business processes to generate a picture of how these processes must be adopted and modified to ensure continuity with the corporate brand proposition (Knox & Maklan 1998; Knox, Maklan & Thompson 2000). The examination involves a series of workshop sessions including the senior management, in order to identify the business processes which, influence the corporate brand and in which way these processes contribute to the delivery of customer value as the CSP. These key processes like communication, operations, knowledge management and strategic development get checked on their current level of alignment with the corporate brand in order to find areas for improvement and adjustment. In Figure 3 is shown the visualization of a possible result of such an examination.

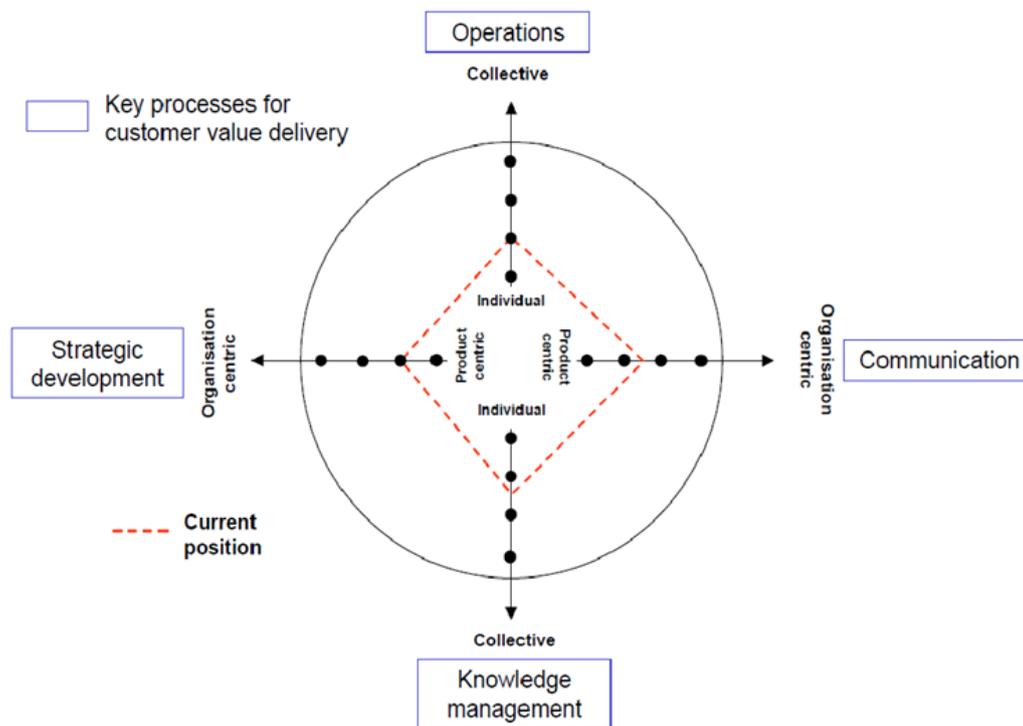


Figure 4. Corporate Brand Continuity: Examination result. (Knox & Bickerton 2003, 20)

In this specific example communication and knowledge management are slightly better than operations and strategic development. However, all four should be further developed in order to achieve organization-wide consistency and continuity.

Knox and Bickerton (2003) conclude from their studies that managers need to adopt a more holistic approach to corporate branding which also includes the processes around the value delivery. The authors came to the result that brand confirmation is strengthened by broadening the corporate brand managers' remit to include changes in communications and the business processes engaged in value delivery.

Sixth step: Monitoring for relevance and distinctiveness.

Corporate brand management is a continuous process rather than a series of single events (Abratt & Mofokeng 2001). Therefore, the final stage of corporate brand management, so called brand conditioning is meant for the reason of monitoring. The sixth

convention centers the ability to review the corporate brand on a continuous basis. This monitoring process contains regular auditing through its cycle of development and renewal. Additionally, the check on brand's condition is required for relevance and distinctiveness at regular intervals. Brand conditioning involves the process of creating a hierarchy of customer value and ensuring that the corporate brand model works continuously towards these needs. The main benefits of the corporate brand are managed in the opposite or as the inverse of the customer value hierarchy to ensure relevance and distinctiveness. In order to make this clearer, Figure 4 is provided.

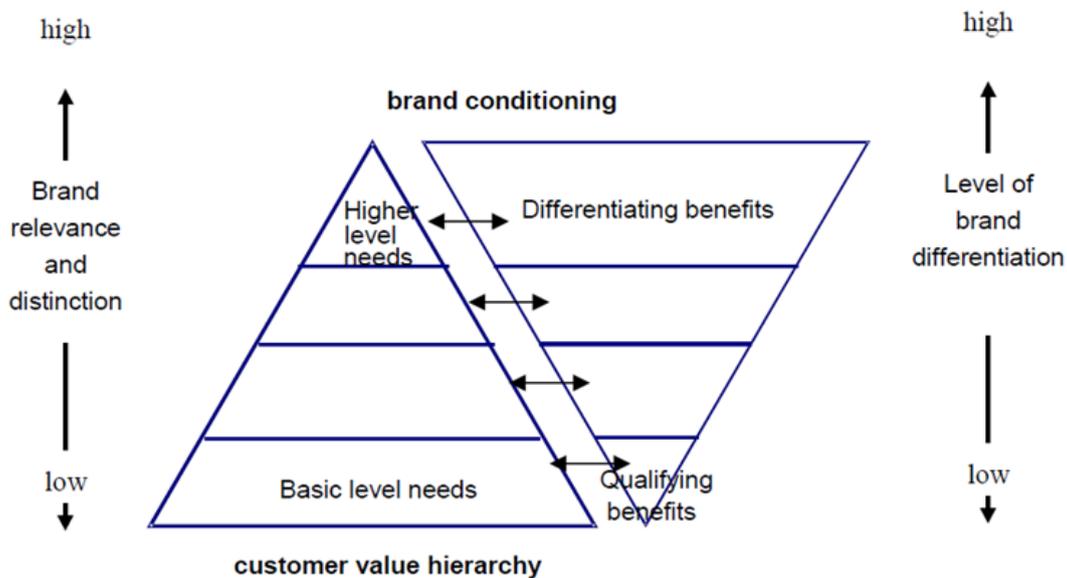


Figure 5. Aligning brand benefits against customer needs – brand conditioning. (Knox & Bickerton 2003, 23)

What could be learned from this concept is that managers can ensure that the brand retains relevance and distinctiveness by constructing, articulating and communicating the corporate brand proposition with respect to the hierarchy of customer value. This creates a dynamic situation which requires an active management to align the corporate brand benefits with the customer value hierarchy (Figure 5). However, the main implication for managers here is first, that they need to communicate the key aspects of the

corporate brand proposition clear and second, to ensure that these communicated aspects are reinforced by organization behaviors and supported by the processes which deliver customer value.

2.5 Conclusion

This chapter provided an overview about branding. There is a difference between product branding and corporate branding which is crucial for the further research to know the difference. Furthermore, the research question focusses on a B2B branding strategy. The six steps could be understood as a set of guiding principles and practices which offer a diagnostic approach to manage and develop corporate brand. However, this is just one example and must be adopted to different settings. Nevertheless, it is important to first clarify the goals and vision, be clear why do you need a brand and which values should be added. Subsequently, a plan for implementation is needed, as well as a good communication of the plan to get everyone committed and finally adopt and control the branding according to competitive environment. Based upon the results of the research, Knox and Bickerton (2003) finally suggest the following steps to senior management in order to successfully building their corporate brand. First, they should allocate responsibility and authority to one director or partner. Second, a senior corporate brand management team must be established. Third and last point, the six steps should be used in order to audit the corporate brand, as a “checks and balance” mechanism to ensure relevance and distinctiveness to stakeholder over time, which is crucial for a successful corporate brand. These crucial steps of branding could be adapted for the branding of business cluster. The following chapter will focus on the basic of the business cluster concept and set a focus on its branding.

3 The Basics of Business Cluster and its Branding

Since the thesis investigates cooperation in branding of business clusters it is important to understand the main concepts. After chapter two provided an overview of the branding concept, chapter three will focus on the concept of business clusters. This concept has become a subject of high interest in research and practice. Therefore, different studies and definitions exist. For some authors, a cluster is a strictly defined network with exact characteristics, while others use the word cluster in a more general sense for any network of companies. In the following chapter an overview over the current literature and definitions is given, followed up by the introduction of the “Diamond Model” of Porter (1990) which is the basis of cluster research. This chapter aims to determine the definition used in this thesis. Subsequently, the advantages of being a business cluster member and the organization of a business cluster will be explained. In section 3.5 chapter two and three will be combined and the branding of a business cluster will be analyzed.

3.1 Business Cluster Research and Definitions

The today known cluster concept is based on studies that were conducted by Marshall (2009), Krugman (1991) and Malmberg, Solvell and Zander (1996) with a focus on firm agglomerations. There were four basic empirical observations: First, the concentration of the world or national economic or industrial areas in a few regions, second, companies operating in certain domains which tend to locate in common areas, third, the placing of firms in economic agglomerations to have a longer life and fourth, the cluster innovation process is more effective. Positive effects of these phenomena are the reduction of financial, time and transport costs, a large labor pool of specialized workforce and an easier flow of information (Krugman 1991). Marshall (2009) called the concept of locating businesses in the same geographical area “industrial districts”. It is different from the concept of “Urban agglomerations” because this includes companies from various fields in the same area which perform similar or interconnected activities (Malmberg, Solvell & Zander 1996). The studies by Porter (1990) and Krugman (1991) mentioned further

dimensions additional to the observations of Marshall. Those dimensions were not free of criticism, especially because of the generality of the approach. The widely accepted definition of clusters is:

"Geographic concentrations of interconnected companies and Institutions in the particular field" (Porter 1998)

which Porter redefined two years later to:

"a geographically proximate group of inter-connected companies and associated institutions in a particular field, linked by commonalities and complementarities" (Porter 2000)

In 2003 he added the interplay between competition and cooperation:

"a geographic concentration of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions in a particular field that compete but also cooperate". (Porter 2003)

However, he defined the boundaries quite general as well. He stated that boundaries could range from a city, state, or even a country to even a group of neighboring countries.

The definition of Krugman has a slightly different approach:

"Clusters are not seen as fixed flows of goods and services, but rather as dynamic arrangements based on knowledge creation, increasing returns and innovation in a broad sense" (Krugman 1991)

Krugman and Porter focus on economic relationships and flows of good and add to their analyses the process of innovation through the transfer of information, know-how and

experiences, while Morosini (2004) came up with a definition from the socioeconomic perspective:

“socioeconomic entity characterized by a social community of people and a population of economic agents localized in close proximity in a specific geographic region” (Morosini 2004)

However, one of the most influential and cited cluster definitions is the Diamond model of Porter. Therefore, it will be presented in an extra sub-chapter to provide more details.

3.2 The Diamond Model of Porter

Michael E. Porter (1990) conducted the first study regarding the competitive advantage of nations which is one of the landmark texts in the field of business cluster. Porter established the concept of cluster, which is called “diamond model”. It is based on the following four sets of conditions related to a region’s competitiveness: firm structure and rivalry, local demand, related and supported industries and factor conditions. The factor conditions are defined as skills, R&D, infrastructure and so forth. (Rosenfeld 1997). He describes the clustering of a nation’s competitive industries. One major characteristic of clusters is the geographic concentration of national industries in a particular field which are interconnected.

“A 'cluster' is very simply used to represent concentrations of firms that are able to produce synergy because of their geographic proximity and interdependence, even though their scale of employment may not be pronounced or prominent.” (Rosenfeld 1997)

An enormous advantage of the geographical concentration is being close to other companies and potential customers to reduce searching costs and to profit from knowledge spillovers. Knowledge spillovers are the result of everyday contact, networking, as well

from formal arrangements like joint-ventures and joint research work with universities. (Kuah, 2002).

Nevertheless, the geographical proximity in a special location is just reasonable if that agglomeration brings benefits, which are greater than the costs locating in the area (Wolter, 2003). Clusters are not unique; however, every single cluster has their own highly typical characteristics and configuration which lies in local conditions such as knowledge, relationships and motivation. These conditions cannot be matched by distant rivals, which results in enduring competitive advantage in a global economy. (Porter 1998).

However, Porter's diamond model is not free from criticism. The model is narrowly focused on domestic indicators and is missing the international perspective while analyzing national competitiveness (Chung 2016). The model is too simplistic to provide solid information to develop effective and focused cluster policies (Martin & Sunley 2003). According to Porter the industrial sector is not important for cluster performance, however there is a large volume of studies that link good performance to specific industries (Backlund & Sandberg 2002; Cooke 2003; Swann, Prevezer & Stout 1998). Many studies focus on significance of international networks which promote information and learning instead of favoring the importance of established and deep local networks that enhance exports (Cooke 2003; Hendry, Brown & Defillippi 2000; Simmie 2003). The critique of Porter-type views acknowledges the fact that deep and established clusters are necessary, but not sufficient to the importance for a good performance (McDonald, Huang, Tsagdis & Tüselmann 2007).

To sum up, according to these definitions of the concept Boja (2011) postulated the following characteristics:

- regional economic activities are located in a geographical proximate area
- it is limited to a specific industry

- includes vertical and horizontal links
- companies have identical or interrelated business areas
- companies involved in competition, nevertheless through specialization they contribute to the cluster development
- short distances between firms foster social and trust relationships
- common infrastructure is shared, supported by universities and research centers to transfer knowledge

After the examination of the mentioned characteristics and concepts, these characteristics are the base for the definition of business cluster in this thesis. These are the most important characteristics which should be included to move on to business cluster branding later.

Another feature of clusters is that it is a formed network to serve a common purpose. This refers to the fact that the cluster has been founded by some actors, who have agreed on a certain goal or function. New members are able to join the cluster to fulfill or add value to the function but also expect to gain benefits from being a part of the cluster.

3.3 Advantages of being a business cluster member

Business clusters are efficient ways for small and medium sized enterprises (SME) to overcome the size limitations in order to face global competition, to improve productivity, innovativeness and overall competitiveness (Karaev, Koh & Szamosi 2007).

The birth of a business cluster can often be traced to historical circumstances. They arise from unusual, sophisticated, or stringent local demand, or one or two innovative companies stimulate the growth of many others. Once a cluster begins to form supported by local institutions and vigorous local competition, a self-reinforcing cycle promotes the growth. In order, the bigger the cluster the bigger the influence on government, public and institutions, which could be a huge advantage to have an influence on forming the

rules. A growing cluster attracts the best talents, entrepreneurs, individuals with ideas or relevant skills by signaling promising opportunities. Moreover, specialized suppliers emerge, information accumulates, local institutions develop infrastructure, specialized training, and research. As a result, the strength and visibility of the cluster grows. (Porter 1998).

Companies who are part of a cluster can operate more productive in sourcing inputs, accessing information, technology, and needed institutions, coordinating with related companies, and measuring and motivating improvement. Furthermore, they have a better access to employees and suppliers, lowering their search and transaction costs in recruiting. A cluster signals attractive working opportunities which attract talented people from other locations and reduce the risk of relocation for employees.

Innovation is a driver of competitive advantages and clusters play a vital role in a company's ability to innovate. Some of the characteristics that enhance productivity have a positive influence on innovation as well. The ongoing relationships between the companies and institutions within the cluster help to learn early about evolving technology, component and machinery availability, service, and marketing concepts and so forth. Furthermore, cluster provide the capacity and flexibility to act rapidly.

If it comes to new business formations it is not surprising that new companies are not emerge in isolated locations but within a vivid existing cluster. The concentrated customer base lowers the risks for new businesses and makes it easier to identify new market opportunities. Needed assets, skills, inputs, and talented employees are often easy and fast available at the cluster location. (Porter 1998).

3.4 Organization of business clusters

Before the launch of a business cluster the strategy must be considered. First, a location must be chosen. Companies tend to move their operations to locations with low wages,

taxes, and utility costs but some of those cost advantages could turn out to be illusory. These locations often lack efficient infrastructure, sophisticated suppliers, and other benefits. Accordingly, the decision about the location should be based on total system cost and innovation potential, not only on input costs. Second, local engagement should be considered as a strategic tool. Personal relationships, face-to-face contact, a sense of common interest and “insider” status are required to access competitively valuable assets, to important resources and information. This social engagement is important to connect and strengthen the network but also facilitates the access to key information. The third building block of the strategy is upgrading the cluster, which should be part of the management’s agenda. Obviously, the health of the local environment has an influence on the company’s health. All cluster members benefit from a solid and strong base of supporting functions and institutions. Forth, working collectively contributes to the cluster success as well as the previous three strategical issues. Trade associations can provide place for the exchange of ideas and can contribute to the collective action in overcoming obstacles in order to increase innovation, productivity and growth. (Porter 1998)

“The enduring competitive advantages in a global economy are often heavily local, arising from concentrations of highly specialized skills and knowledge, institutions, rivals, related businesses, and sophisticated customers. Geographic, cultural, and institutional proximity leads to special access, closer relationships, better information, powerful incentives, and other advantages in productivity and innovation that are difficult to tap from a distance.” (Porter 1998)

Another important factor of a business cluster is a good reputation which will further draw customers to the location for their custom (Kuah 2002). For example, Silicon Valley has a good reputation for high quality, which attracts not only customers but also workforce and many more.

“Governments – both national and local – have considerable roles to play in the promotion of a clustering approach. Besides, creating the framework conditions, setting the rules for competition and promoting entrepreneurial spirit, they should actively engage in, and promote, such an approach.” (Porter 1998)

One important element regarding the dynamics of business clusters is the coexistence of competition and cooperation (Porter 1998). Companies, which are competing against each other in the same industry, act as business partners with compatible competencies. These roles can change based on the market requirements. However, the competitive pressure foster innovation, while cooperation along the supply chain or export promotion has a positive outcome. (Karaev et al. 2007).

3.5 Branding of Business Clusters

After the fields of branding and business clusters are introduced, the focus is set on the branding practices of business clusters. Sölvell, Lindquist and Ketels (2013) describe cluster initiatives as “organized efforts to increase the growth and competitiveness of cluster within a region, involving cluster firms, government and/or the research community”. Those cluster initiatives could be understood as a term of institutionalized cluster promotion (Fromhold-Eisebith & Eisebith 2005). The cluster initiatives act as formal institutions and get support by political measures (Mauroner & Zorn 2017). This promotion is based on cooperation between cluster actors and the outside world within a set of arrangements (Schretlen, Dervojeda, Jansen & Schaffmeister 2011). A professional cluster management is crucial besides a common vision and mutual trust for the success of a business cluster (Mauroner & Zorn 2017). Cluster management includes classic tasks of planning, steering, and controlling. It is characterized by a high level of complexity, which is a result of heterogenous actors with different motives. These actors compete and cooperate at the same time and play the game between the two poles of autonomy and dependence.

3.5.1 Identity-based Brand Understanding

Regional business clusters are complex systems with several economic and social connections and multiple stakeholders. Cluster brands and especially the process of cluster branding provide direction, identification, and visibility in this complex environment inside of the cluster (cluster identity) and to the outside (cluster image) (Mauroner & Zorn 2017). A strong, identity-building cluster brand is important for innovation, start-up activities, and cluster growth (Crombie 2011; Tu 2011). Another factor of success is the active inclusion, participation, and sensitization of the actors (Kaminski 2009). Kaminski (2009) conceptualizes cluster brands as formal, multilateral, and diagonal types of cooperation of the cluster actors. Cluster brands support and supplement the individual brand concept of the cluster members in the sense of a collective marketing strategy (Kaminski 2009).

Applying an identity-based brand awareness for managing cluster brands is suggested by Kirchgeorg (2005) and Müller (2012). A cluster brand is defined by the core attributes and value proposition of the cluster as well as communicative relationships within the cluster and to external actors. Differentiation is reached when the cluster is able to develop a holistic bundle of benefits with specific characteristics (Burmans, Jost-Benz & Riley 2009). Due to the specific characteristics created by a mixture of tangible and intangible attributes the cluster is able to reach a sustainable differentiation from other brands in the eyes of internal and external target groups (Karaosmanoglu & Melewar 2006). The internal target groups based on their participation, consist of all cluster members who are involved into the brand. An actor has the opportunity as a representative to carry out the brand management tasks, for example in the cluster management. The cluster image is defined by external target groups of the cluster brand, which is the external image from the perspective of actors outside of the cluster (Figure 2) (Mauroner & Zorn 2017). The conformity of the internal identity with the perceived cluster image from outside actors is a predictor of success for strong cluster brands (Blinda 2007).

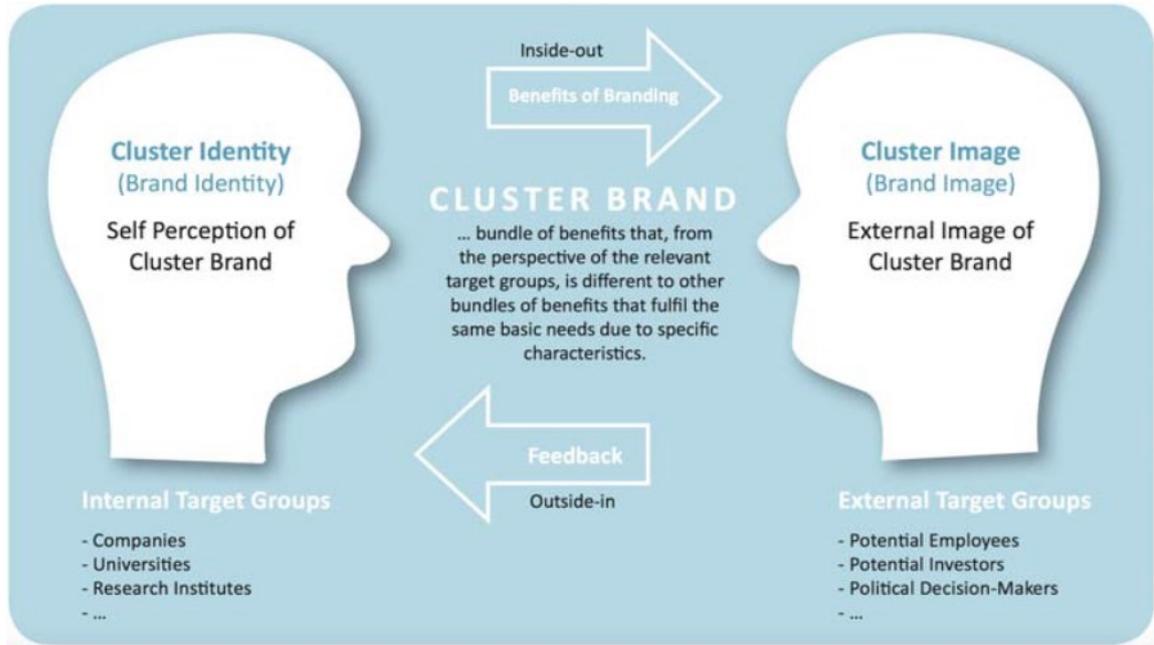


Figure 6. Basic idea of identity-based brand understanding of clusters. (Mauroner & Zorn 2017, based on Burmann, Halszovich & Hemmann 2012: 29)

For the establishment of a strong cluster identity functional relationships and the origin of the brand are important. Functional relationships are based on activities within the same sector or complementary sectors. Similar or complementary competencies and resources comprise the potential to distinguish inside actors from outsiders in order to build an identity. This potential is realized by economic and social interactions among the actors as well as by common systems of values and norms. (Mauroner & Zorn 2017).

Practitioners state that the main objective of a cluster brand is visibility to promote the brand and the industry in the region. Well-known clusters help their actors in pursuing their own interests and to generate attention. This attention and the increased visibility of the clusters also help to attract potential employees. Furthermore, the improvement of visibility and awareness of cluster brands by political decision makers are a substantial advantage because this could be helpful to secure funding and to influence politicians in establishing favorable conditions. A regional cluster brand is also an expression of social

and economic relationships between cluster members, which express exchange, cooperation, as well as competition of the included actors. It also increases the accessibility to other cluster members and to outside actors. (Mauroner & Zorn 2017).

3.5.2 Functions of a cluster brand

A strong cluster brand is characterized as a door opener because it became easier for the cluster itself and the companies within the cluster to enter into cooperative relationships outside of the cluster's boundaries. Building relationships is always linked to certain degree of insecurity, however a well-known cluster brand can increase the level of trust significant for external partners, in order to make cooperation more probable. Thus, cluster brands are helpful for setting global pipelines to transfer knowledge between regions (Bathelt et al. 2004). The door-opening function is especially important in an advanced stage of cluster development. Trans-local and trans-disciplinary partnerships are important to increase the cluster's heterogeneity, in order to avoid a too strong inside perspective and consequently a negative lock-in (Bathelt et al. 2004).

Table 1. Functions of the cluster brand from the perspective of the cluster members.
(Mauroner & Zorn 2017: 302)

Visibility and attention	Exchange and cooperation	Idea and promise
<ul style="list-style-type: none"> • Increase the visibility among external stakeholders • Increase the attractiveness and visibility among (potential) employees • Awareness of parts of political decisions 	<ul style="list-style-type: none"> • Formal framework for building and cultivating relationships • Mediating function for diverging interests • Stimulation of communication in cluster and local buzz • Door-opener for companies to establish cooperation outside of cluster boundaries (further-developed cluster initiatives) • Risk reduction and pledge of trust for external partners • Helpful for setting up “global knowledge pipelines” 	<ul style="list-style-type: none"> • Expectation of potential competitive advantages • Even in less developed clusters, the brand embodies a vision of the future as a part of the cluster

The study of Mauroner and Zorn (2017) reveals that from the perspective of cluster members, the success in building a regional cluster brand is higher if the initiative’s manager acts out of self-motivation. Additionally, they are convinced that cluster manager influences the external and internal image with their creative actions, commitment and inventiveness. The cluster management should work together with all parties involved on a vision for the future strategic direction of the cluster based on the actor’s desires.

Therefore, the main job of the cluster management is the building of consensus because the cluster members have different opinions and the ongoing competition influence the process as well. Hence an independent instance to moderate the process is needed. The support of the management could involve tasks like preparing and moderating meetings for strategy-building, promoting communicative relationships among the actors and creating trust. The goal is to create and strengthen a common identity among the actors in the sense of a brand identity. They must identify with the initiative's goals and direction. Finding a consensus to support brand vision contributes to the actor's identification and motivation. (Mauroner & Zorn 2017).

Regional clusters could be seen as communication systems, which build institutionalized starting points and as results of social processes among cluster actors. The cluster identity is an ongoing process and constantly reproduced. Communication relationships arise spontaneously fostered by the geographical proximity. However, these relationships could be consciously developed and professionalized by a cluster management and cluster branding used as a managerial tool. Activities to develop such communication relationships could be arrangements of meetings for cluster members and spontaneous encounters. These member meetings are important for the development of personal and business relationships with various content goals (e.g. get-to-know meetings, expert meetings or others). The goal is the exchange of knowledge and the building of networks.

However, this creates tension between competition and trust within the cluster. On one side, there is the risk to give your competitor relevant information but on the other side exchange of knowledge and performance comparison could be a great value for the company. However, this conflicting scenario will be the topic of the next chapter. Furthermore, media-based communication, marketing and public relations work could be used to develop relationships, as well as to initiate programs and projects and brand cooperation. Externally directed marketing and public relations work lead to the constitution of an internal cluster identity. For example, international fair presences are extremely relevant for establishing global pipelines and allow insights into international developments

within the specific sector. This positively influences the ability to connect to global pools of knowledge. The cluster brand is working as a door opener that makes it easier for the actors to penetrate markets that would be hard to access when operating alone. (Mauroner & Zorn 2017).

Geographic concentration and social proximity are seen as a factor for success. Geographical proximity fosters the probability of spontaneous encounters e.g. coincidental meetings around the university to develop the relationship. Nevertheless, international cooperative relations are a key tool to get involved into global pipelines to facilitate the flow of external knowledge into the cluster. Participation in international cluster alliances improve the awareness of the regional cluster brand for external target groups such as investors, experts, and decision makers. The inclusion of external partners contributes to achieve the cluster's goals, expands the room to maneuver for new business opportunities and strengthens the regional cluster brand. (Mauroner & Zorn 2017).

3.6 The Management and Branding of Business Clusters

A business cluster is a geographical concentration of interconnected companies or institutions which operate in a specific field (Porter 1998). The branding of a business cluster needs special attention because it is very complex. There are three different parties involved. These are the cluster companies, cluster management and the government as well as research institutions (Mauroner & Zorn 2017). Fromhold-Eisebith and Eisebith (2005) state that cluster initiatives could be understood as a term of institutionalized cluster promotion. The cluster management includes classical tasks like planning, steering, and controlling.

Furthermore, Kaminski (2009) states that the cluster brand support and supplement the individual brand concepts of the individual cluster firms in the sense of a collective strategy. A cluster brand is defined by its core attributes, value proposition and communicative relationships within the cluster as well as to external actors. The goal is to develop

specific characteristics by a mixture of tangible and intangible attributes in order to reach a sustainable differentiation from other clusters in the eyes of internal and external target groups (Burmann et al. 2009; Karaosmanoglu & Melewar 2006). Based on the literature, representatives of the government, research institutions and of all cluster members should be a part of the cluster management (Porter 1998; Boja 2011). The model suggests the use of the six conventions of corporate branding from Knox and Bickerton (2003) as managerial tool of choice to ensure a structured branding process. Every cluster firm has its own brand concept, however this brand concept is supplemented and supported by the overall cluster brand concept. (Figure 7)

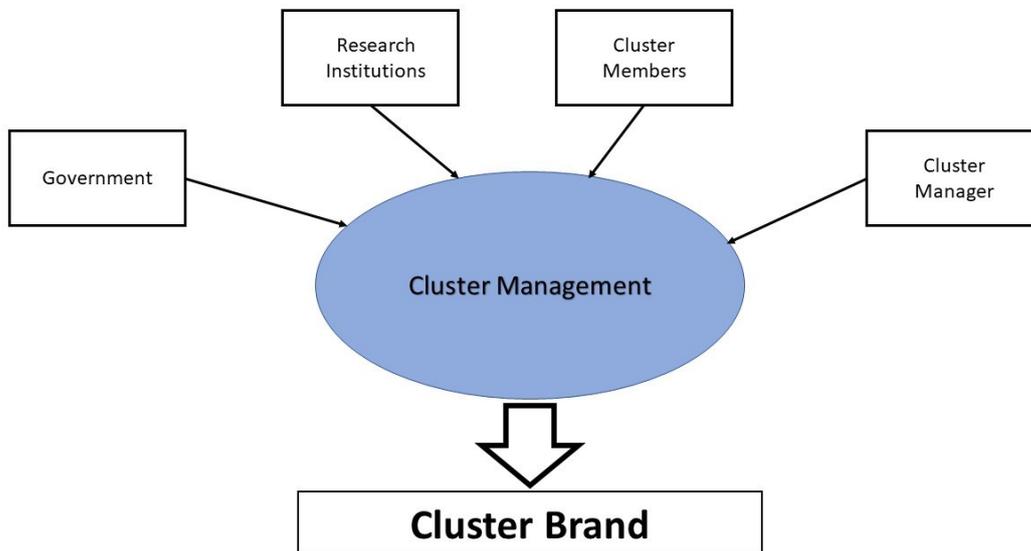


Figure 7. Organizational Structure of Business Cluster Branding

However, cluster management is highly complex, it includes different and heterogeneous actors with different motives. These actors are moving between autonomy and dependence as well as compete and cooperate at the same time. Consequently, this movement between opposing poles leads to tensions which should be managed by the cluster management (Sydow & Duschek 2013).

4 The of Appearance of Coopetition

After the conceptualization of business cluster branding in the previous chapters, chapter four will focus on coopetition. First, the term coopetition will be introduced and defined. Second, the interplay of coopetition between the two poles cooperation and competition will be analyzed. Part three is dealing with tensions in coopetition, what are possible triggers for tensions and how to manage those tensions. For this reason, the model of Thomas and Kilmann (1974) concerning conflict management styles will be presented.

4.1 Defining Coopetition

Coopetition is a relationship between two rivals which contains two separate yet inter-related continua. These continua are cooperation and competition. Coopetition implies the coexistence of cooperation and competition between the same global rivals. Furthermore, it does not deal with the case that cooperation occurs during one period and competition occurs during another period, both occur simultaneously. Under the scheme of coopetition opponents cooperate in some areas while competing in others. Competition between two multinational enterprises (MNEs) occur at various point and units, for example companies compete for inputs like technology, information, human resource, or natural resources as well as outputs like orders, contracts, and market share. In contrast, cooperation is a joint effort between competitors for mutual gain. This cooperation is not limited to alliances, such as international joint ventures, outsourcing agreements, licensing, or franchising. It extends to all types of collective efforts, such as improving the host country's industry infrastructure, pushing local authorities for market access, fair competition, or sharing common supplies or global distribution channels. However, the higher the relatedness in product and market domains between the rivals, the more the scope of coopetition is likely to widen. (Luo 2007).

Coopetition can be found at intra-organizational (Tsai 2002), inter-organizational (Bengtsson & Kock 2000) or individual level. Additionally, a further distinction is possible between vertical and horizontal coopetition. Vertical coopetition refers to a cooperative relationship between buyers and sellers, whereas horizontal coopetition occurs between competitors (Rusko 2014).

International competition and cooperation have increased over the last years at the interorganizational level which has significantly heightened economic, technological, and transactional inter connections between opponents. MNEs are starting to realize that collaboration is important at the global competition. The cooperative behavior contains the positive-sum, efficiency-enhancing effects of competition and cooperation. This competitive collaboration has the power to enhance the internal skills and technologies of a pair of rivals while guarding against the transfer of competitive advantage to ambitious partners (Hamel & Prahalad 1989). Furthermore, competitive collaboration reduces costs, risks, and uncertainties associated with innovation or product development during global expansion. Sometimes it is too expensive for a single firm to develop or penetrate new markets alone, then a global competitor is maybe the best partner to share such costs, risks, and uncertainties if this partner has a strong expertise in the area and shares a common interest in the target market. Since cooperation with competitors is an effective method, time is a critical factor for quickly improving production efficiency, quality control, and product innovation in domestic and foreign markets. In contrast, competition promotes technological advancement, product innovation and national adaption, which are beneficial to society (Porter 1985), while cooperation increase the collective bargaining power of MNEs with independent institutions like home and host country government authorities. MNEs who are involved into coopetition have a higher strategic flexibility due to the wider variety of strategic options than those available through pure competition or cooperation in isolation.

Pure competition has the result that global player tries to establish a dominant market power by imposing entry barriers against followers, lobbying host governments not to

ratify investment projects to other players or raising prices and controlling supplies. Such rivalrous behavior may undermine the long-term viability of the firm. In comparison, pure cooperation can also be disadvantageous. For example, opportunism is pervasive and difficult to obviate, especially when cooperative arrangements are loosely governed and structured. (Luo 2007).

4.2 Interplay between Cooperation and Competition

The dynamics of coopetition is described by the element mix of cooperation and competition, which does not necessarily remain constant over time. It is a constantly changing and volatile process because these elements react to changing parameters in the external and internal environment like changes in the industry or industrial environment (Dahl 2014). This happens because of three reasons. First, whenever market conditions and internal needs associated with coopetition change, the desired element mix of cooperation and competition will change accordingly. Second, the concept of coopetition in which companies does not lose their separateness and maintain certain interdependence. It could be described as a loosely coupled relationship. This includes competition which proceeds without any formal governance and cooperation which need some formal governance like contract terms or jointly formalized policies or informal governance as norms in socially embedded exchanges. Third, coopetition captures the duality of cooperation and competition between a pair or among a group of rivals (Gnyawali & Charleton 2018).

However, there are dynamics outside of the relationship which affects the coopetition between global players. Other players in the global market, like followers or later movers join global competition and create new competitive threats to existing coopetitive players. In order to respond to these threats, the dynamics between cooperation and competition are changing. (Luo 2007.) Moreover, the product lifecycles may predict changes as well, e.g. in technology-intensive industries. The level of cooperation increases during the product-development stage, while competition is at its maximum during the

maturity stage (Ritala, Hurmelinna-Laukaanen & Blomqvist 2009). In industries with complex project-based services the firms compete at the beginning to secure the deal and cooperate at a later stage in delivering the service (Herzog 2010). So, it is the opposite to the technology-intensive industries. The dynamics of competition are complex and context specific. Nevertheless, Luo (2007) found some general indicators for the increase of cooperation respectively competition, which is described in the next section.

4.2.1 Reasons for increasing cooperation

Cooperation will increase when competing firms face increasingly competitive threats from other players who challenge their joint position. Collaboration become closer and more intense in order to strengthen collective bargaining power, impose new entry barriers (e.g. using predatory pricing, manipulating technological standards, lobbying governments to use tougher policies) and improve their own competitive advantages (Hoffmann, Lavie, Reuer & Shipilov 2018).

Furthermore, competition increases due to an increasingly sophisticated global consumer which demand new technologies, online services, and innovative designs. To satisfy the emerging demands, rivals on a global level start to cooperate and share complementary resources to develop new products (Gnyawali & Charleton 2018). The benefits of increased cooperation are cost- and risk sharing considerations associated with the product and process innovations needed to cope with essential changes in global demand.

Another factor for increasing cooperation is that MNEs faces the increasing pressure for global value chain integration. This pressure may derive from the increasing importance of economics of scale and internalizing worldwide operations or the reduction of profit margins as a result of global competition or decreasing demand. A third factor could be the intensifying need for improving productivity and efficiency (Luo 2007).

Global rivals confront increasing hazards from institutional environment, like regulatory limitations, whether originating at home or in foreign markets, these are situations where cooperation increase (Hoffmann et al. 2018). Since coping with these institutional hazards is very challenging for individual global players, it fosters cooperation of rivals. Collective bargaining power and a harmonious group voice improve the contending position for all group members when dealing with regulatory agencies or institutions in powerful positions.

A further changing parameter which fosters cooperation is a greater interorganizational attachment over time. Global cooperating rivals are committed to continuously investing in their relational-specific routines, in order to strength the attachment. This attachment creates deeper interdependence characterized by trust, reciprocal learning and mutual adaptations. (Luo 2007). Akpinar and Vincze (2016) stated that changes in common stakes have a positive influence on the level of cooperation. If the power differences are still slight and the common stakes increase to a strong level, cooperation should be dominant.

4.2.2 Reason for increasing competition

As already discussed, cooperation is fostered by certain parameters likewise competition. Competition increase and change under the following internal and external factors. First, competition increases, if the competitive goals of global rivals converge or overlap (Hoffmann et al. 2018). This could happen, if competitors use same competitive strategies or same markets on the identic competitive advantage building blocks. Furthermore, if market fields for competing firms expand both players chose competition as strategically paramount to their global operations. A third example is, if product and business portfolio similarity increase, causing two rivals to globally compete in the same line of businesses and in the same domain of products. (Luo 2007).

Second, competition will increase when industry competition solidifies. Especially, the industry-level competition between participating players intensifies over time as the industry's life cycle moves into maturity (Baum & Korn 1999). In this specific situation

global players compete heavily to maximize cash inflows from their respective market positions. In the case of a shrinking industry, the interests of cooperative network members become more conflicting.

Third, competition increase, if resource interdependence between global rivals decreases. Obviously, weakened interdependence leads to increasing competition and decreasing cooperation (Henderson & Mitchell 1997). Furthermore, competition increase, if common stakes are weak and the power differences between the companies increase. The relationship will be competition dominated (Apinar & Vincze 2016). In contrast, competition will decrease if competitive asymmetry increase. The competitive relationship between a pair of firms is asymmetric, depending on which competitor is the focal firm under consideration (Chen 2008). For example, if A is B's primary competitor, it does not necessarily mean that B is A's primary competitor.

4.3 Tensions in Coopetition

In an environment of a simultaneous existence of cooperation and competition it is natural to find tensions. However, the major challenge in coopetition is to maintain a sustainable and balanced relationship (Bengtsson & Johansson 2012). In order to reach this goal, it is crucial to manage these tensions. The goal of tensions management is to reach an outcome that satisfies all members in the network (Tidström 2014). The management of tensions is based on research of conflict management. One of the most acknowledged models is from Thomas and Kilmann (1974) with its five conflict handling styles: competition, collaboration, compromise, avoidance, and accommodation. This model is still used in several studies across all fields e.g., socio-demographic, information system, or global business (Patre 2017; Hignite, Margavio & Chin 2002; Gunkel, Schlaegel & Taras 2016) and has still a big impact on studies on conflict management. Therefore, it will be used in this thesis. However, it is not free from criticism, Van de Vliert and Kabanoff (1990) state that the model misses a clear distinction between theoretically and practically important styles of competing and collaboration. Furthermore, the model fails to

distinguish between different levels and strengths of the conflict management styles and it seems likely that several methods could be used simultaneously. Mele (2011) accuses that conflicts cannot be effectively managed without considering all members within the network.

The types of tension can be distinguished into relationship conflicts, task conflicts, and process conflicts (Jehn & Mannix 2001). Relationship conflicts contain affective components and personal issues. Task conflicts are more about cognitive components like incompatible ideas or opinions, and process conflicts are related to different opinions about how tasks should be carried out. Mele (2011) adds role-conflicts, affective conflicts, and value-related conflicts. Role-conflicts are related to different opinions about the degree and type of responsibilities, while affective conflicts include emotional differences. Value-related conflicts involve incompatible value systems. However, value-related conflicts could be one of the most challenging once regarding the branding on business cluster level. (Tidström 2014).

One common type of tension in cooperative business relationships is role tension (Bengtsson & Kock 2000, 2003). This kind of tension has its base from the tension between cooperative and competitive orientation and is anchored at the company or individual level. Next to roles, knowledge plays a big role in business relationships and creates tensions. Knowledge constitutes a source of competitive advantage and knowledge sharing is an important part of value creation and could have synergy effects to both organization (Chin, Chan & Lam 2008). Rules could be a possible solution to manage tensions related to knowledge sharing (Morris, Kocak & Özer 2007). These rules should guide and help to find the balance between what to share and what to keep secret. Considering the balance between these contradictory poles is very important in cooperative business relationships. (Tidström 2014).

Another type of tension in cooperative business relationships is power and dependence. In practice it is usual that one party in a relationship has a bigger power like financial,

technical, or emotional to force another party to act in their interest. Power and dependence are also influenced by the size of the firms, as a smaller firm may become dependent on a larger and more powerful firm, which has usually more resources (Osarenkhoe 2010).

In cooperative business relationships occur opportunistic situations, caused by sharing resources and activities. For example, if one of the companies exploits a weaker party's interest (Osarenkhoe 2010). However, strategic cooperation does not mean that private interests of the firm become irrelevant or that companies shift from a self-interest to an exclusively collective interest-oriented behavior (Padula & Dagnino 2005).

4.4 Summary of Cooperation and Related Tensions

The above-mentioned tensions are distinguished into relationship conflicts, task conflicts, and process conflicts (Jehn & Mannix 2001). Mele (2011) adds role-conflicts, affective conflicts, and value-related conflicts. Within the scope of a preliminary framework, the model suggests dividing these conflicts into interpersonal tensions and structural tensions. Interpersonal tensions or conflicts are relationship conflicts, affective conflicts, and value-related conflicts. Those are based on trust and occurs mainly between individuals. Structural tensions are task conflicts, process conflicts and role-conflicts. It refers to cluster management tasks and concerns management structures and processes mainly. These possible conflicts should be considered from the very beginning. Value related issues are very central because the different parties of the business cluster must find consensus about the core values of the cluster in the beginning of the branding process. The most efficient way to manage those tension is the combination of integration and separation principle. The integration principle is working at the individual level and the separation principle on the organizational level.

To sum up, similarity, personal relationships, trust, commitment, and institutional factors are those underlying issues which have an influence on tensions in cooperative

business relationships. These tensions are transported from the different cluster members, by their representatives to the cluster management. The cluster management is a working committee, that create a common cluster branding. During this process, tensions occur and must be managed in order to satisfy all participating parties. The overarching goal is to establish a joint cluster brand in which every company feel appropriately represented.

5 Methodology and Research Design

This chapter is meant to give a systematic overview of the research procedures. The methodological approach, the research design and the sample data collection will be presented. In the following the research philosophy will be discussed, as well as the approach to theory development, methodological choice, research strategies, time horizon and techniques and procedures. These are important choices which should be considered before the actual data collection and analysis take place. To illustrate the choices the research 'onion' of Saunders, Lewis and Thornhill (2016, p.124) will be used. Each layer represents one choice and will be discussed in more detail in the following section.

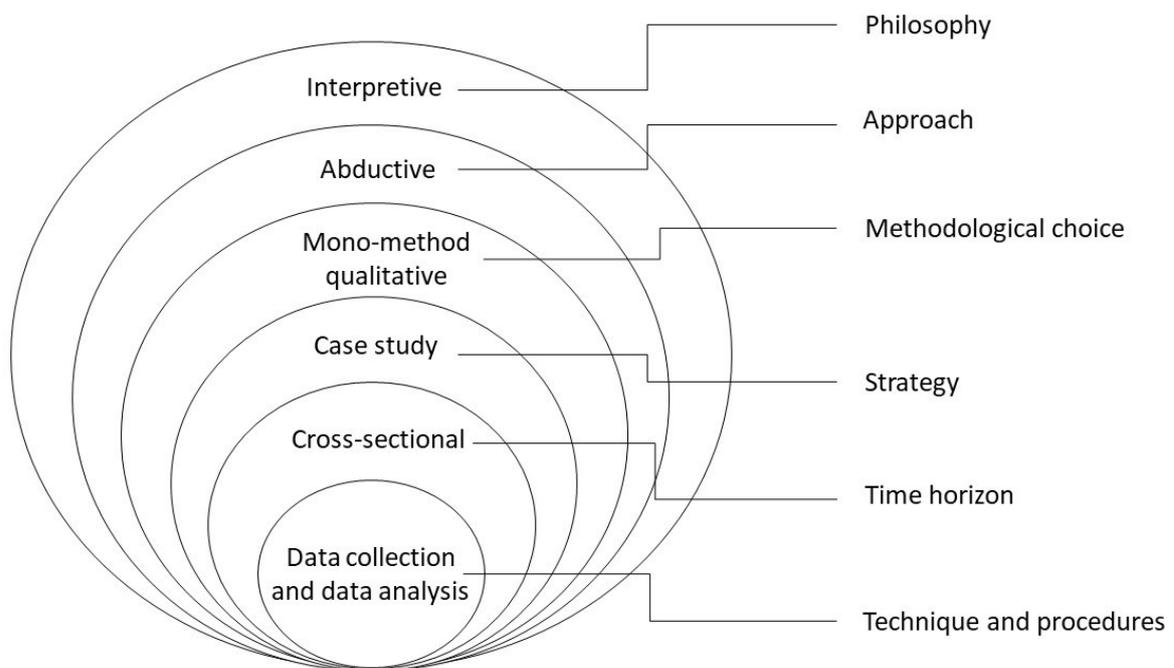


Figure 8. Research methodology and design of this study (adapted from the research onion by Saunders et al. 2016, p. 124)

5.1 Research philosophy and methodological approach

The research philosophy provides a system of beliefs and assumptions about development of knowledge. At every stage of the research a number of types of assumptions will be made. These assumptions are epistemological, ontological and axiological assumptions. **Epistemology** concerns assumptions about human knowledge, how the knowledge is communicated and what is acceptable, valid and legitimate knowledge. (Burrell & Morgan 1979). The data collected for research purpose could be either a collection or analysis of hard facts which are measurable like statistical data or based on social phenomena which involves people's feelings and attitudes (Saunders et al. 2016). In terms of epistemology, in this thesis I am interested in people's perception of tensions and risks of cooperative business cluster branding and the management of those. This is difficult to measure and is based on subjective meanings and details of the situational conditions. **Ontology** are assumptions about the nature of reality and shape the way how researcher see and study their research objects. In terms of ontological position, in this thesis I adopt the subjectivist view, which means that the researcher asserts that social reality is made from perceptions and consequent actions of social actors (Saunders et al. 2016, p. 130). I am focusing on the perceived risks and problems of cooperative business cluster branding. Since problems and risks are differently perceived by individuals, the subjectivist view is the most suitable view of reality. **Axiology** refers to the influence of values and ethics within the research process. It concerns how researcher deal with their own values as well as with the values of the research participants.

In terms of research philosophy there are six major philosophies identified: positivism, critical realism, interpretivism, postmodernism and pragmatism. The philosophy adopted in this thesis is **interpretivism**. The nature of interpretivism emphasizes that humans are different from physical phenomena because they create meanings. Consequently, human beings and their social world cannot be studied in the same way. Different people with diverse cultural background create different meanings under different circumstances and at different times and therefore experience different social realities.

The purpose of interpretivist research is to study these meanings and create new and rich understanding as well as interpretations of social worlds and contexts. (Sanders et al. 2016). This research philosophy is suitable for research when the purpose is to understand what is happening in a specific context (Carson, Gilmore, Perry & Gronhaug 2001, p. 15). My research goal is to understand the impact of cooperation on business cluster branding. Since cooperation is not just found on organizational level but likewise on individual level and causes several tensions, interpretive paradigm best describes the process through which this study is carried out.

The next decision to be made is the choice of the theory development approach. There are three different approaches to theory development: deductive, inductive and abductive approach. The deductive approach starts from the theory, usually it is based on existing academic literature, and proceeds from theory through building hypothesis to empirical testing. The opposing inductive approach starts with the collection of data to explore a phenomenon and on the base of the collected data theory are generated or built usually in the form of a conceptual framework. The third approach which will be conducted in this thesis is abduction. (Sanders et al. 2016). The **abductive approach** is a combination of induction and deduction and is not proceeding from theory to data or vice versa, it rather moves back and forth (Suddaby 2006). The goal is to collect data in order to explore a phenomenon, identify themes or explain patterns and to generate a new or modify an existing theory. This will be supplemented by additional data collection. (Sanders et al. 2016). The abductive approach is used in case studies to discover new variables and relationships. In comparison, the deductive approach is used to test theory, while the inductive approach build theory. However, abduction aims to build on existing theoretical models but still leaves space for cross-fertilization and newly developed combinations. (Dubois & Gadde 2002).

In this master thesis, the theoretical base is built on existing literature which is the precondition for the empirical analysis. However, due to actuality of the topic it is not possible to provide a tentative framework or hypothesizes based on recent studies.

Therefore, the deductive approach, which aims to test theory is not suitable. Nor is induction suitable, because this approach starts with data collection, but the basic ideas of the thesis are based on previous studies. Consequently, the theory is developed along the research, which is typical for abductive approach. Finally, the empirical observations will be used to adopt and develop further theory. A detailed explanation of the data collection and analysis process will be presented in next section.

5.2 Research Design

In chapter 6.1. the first two layers of the research onion were discussed. This section will focus on the next three layers: methodological choices, research strategy and the time horizon of the research. These three layers are summarized under the term research design (Saunders et al. 2016). The initial purpose of research design is the preparation of a logical and systematic research plan, used as a guideline for data collection, analyzes and interpretation of the observations (Krishnaswami & Satyaprasad 2010, p. 40).

Considering the methodological choice, the decision to be made is between a quantitative, qualitative, or mixed methods research design. Each of these options includes a different mix of elements to achieve coherence in the research design. One way to differentiate quantitative from qualitative research is the distinction between numeric data and non-numeric data. Quantitative research is often used as a synonym for data collection techniques like questionnaires or data procedures that uses or generates numerical data like graphs or statistics. It is related to numbers. In contrast, qualitative research, it is more related to words, images, video clips or other similar material. Qualitative is often used as synonym for non-numerical data collection techniques or data analysis procedures. However, many business and management research designs are likely to combine elements from qualitative and quantitative research. If open questions are needed to examine certain topics more in detail and in the words of respondents, then a mixed methods research design would be appropriate. (Saunders et al. 2016.)

Qualitative research methods are utilized in this master thesis. The goal is to develop a conceptual framework. Qualitative research methods are often associated with interpretive philosophy (Denzin & Lincoln 2011) because the researchers need to make sense of the subjective and socially constructed meanings expressed about the phenomenon (Saunders et al. 2016). The data collection of qualitative research is flexible in questions and procedures which may alter and emerge during the research process. In this thesis a semi-structured interview will be used to collect data, consequently it is a **mono method qualitative study**.

The research strategy is a plan of action to achieve a goal, the plan of how a researcher will proceed to answer the research question (Saunders et al. 2016, p. 177). **Case study** strategy is conducted in this research. This strategy is used as an in-depth inquiry of a topic or phenomena (Yin 2014). Case studies typically used to answer research question which address the understanding of the dynamics of a topic by asking “how” and “why” (Eisenhardt & Graebner 2007). Since this thesis studies business cluster and the relationships between actors, a case study is considered appropriate. Several authors have noted the usefulness of case studies to illustrate and discuss theoretical insights (De Rond & Bouchikhi 2004). The case study enables the researcher to capture complex patterns of links between different actors within the network (Hailnen & Törnroos 2005), which is the main target of the thesis to figure out how the different members of the business cluster cooperate and compete towards the same goal.

Yin (2014) distinguishes between single case versus multiple cases strategy and holistic case versus embedded case strategy. A single case study is usually used for a critical, extreme, or unique case. In contrast, a case study can include multiple cases with the purpose to replicate the findings across cases. Since I study the branding efforts and ongoing competition of two different automotive cluster, one in Finland and one in Germany, the case study strategy of **multiple cases** is suitable. Hyde (2000, p. 85) states that different cases enhance the validity of the research if they confirm the hypothesis. In contrary if the cases disconfirm the hypothesis there is a chance to refine the theory. The

second distinction of Yin (2014) is holistic versus embedded strategy, which refers to the unit of analysis.

To appropriately answer the research question the case business clusters need to fulfill several criteria. It needs to have an already visible cluster brand, which means at least a webpage, where current topics and cluster members are represented. Some cluster members need to operate in the same markets as well as in different markets to get a distinguished picture of coopetition within the cluster and especially related to the branding. The cluster need to have a steering committee or a cluster management. This is crucial, in order to investigate the work of the cluster management towards an overall cluster brand as well as the management of coopetition.

Another important aspect of the research design is the time horizon. The research could be either a longitudinal study or a cross-sectional study. Longitudinal studies represent events over a given period, it is like a diary or a series of snapshots. The advantage of the longitudinal time horizon is the opportunity to illustrate change and development within a certain time frame. However, cross-sectional studies are more like a 'snapshot', it is the representation of a particular phenomenon at a particular time. (Saunders et al. 2016, p. 200). Therefore, a **cross-sectional time horizon** is chosen.

5.3 Data collection and analysis

It is common for qualitative research to collect data with the help of interviews, which can help to gather valid and reliable data that are relevant to the research question (Saunders et al. 2016, p. 388). To be more concrete, semi-structured interviews are used to collect data in this thesis. Semi-structured interviews are 'non-standardized', even the researcher has a list of themes and some key questions, although their use may vary from interview to interview (Saunders et al. 2016, p. 391). However, the key questions help to compare the results more closely and guarantee consistency, as well as ensure that all relevant topics are covered and discussed during the interviews.

The semi-structure interviews lasted between 48 to 63 minutes resulting in 43 pages transcript. The participants were selected based on the working experience in a cluster context and in the cluster management. The interviewees have several years of experience of working in a cluster context and were or currently are a member of the cluster management, to ensure they are familiar with the work in a complex business network with many players and multiple interests. The experience of being a part of the cluster management is crucial to ensure the knowledge of overall cluster decisions and the influence on the management and therefore the knowledge about the reaction of the cluster members towards the branding.

The cases were selected by using **purposive sampling** that needs the judgment of the researcher to select the cases that will best enable to answer the research question (Saunders et al. 2016, p. 301). Purposive or judgmental sampling is often used when working with a small sample size and when the cases should be particular informative such as in case study research. **Heterogeneous sampling** is chosen, even both cluster operating in the automotive industry, the governing and funding structure is different. The advantage to obtain the maximum variation in the case selected (Saunders et al. 2016, p. 302).

The semi-structured interviews are conducted with cluster managers of two different business clusters from the automotive industry and a cluster consultant. Semi-structured interviews allow open-ended questions and could lead into discussions which obtain more significant data and extended, in-depth explanations (Saunders et al. 2016, p. 391). The collection of different interviewees from different clusters provides a range of different point of views, experiences, and solutions. To ensure a diverse portfolio of data triangulation is used. Saunders et al. (2016, p. 207) state that "The purpose is to use two or more independent sources of data and methods of collection within one study to ensure that the data are telling you what you think they are telling you." Secondary data like information from websites, cluster publications or press releases were used to gain

an overview of the cases, as well as to prepare the interviews with the experts. The data collection technique is thus a multi-method qualitative case study.

The experts were chosen by aforementioned criteria. The possible participants have been contacted after an overview of automotive business cluster via e-mail and phone calls. A short overview of the research was provided, and they were asked for participation and availability before the arrangement of an appointment. However, this process was extremely difficult due to the ongoing Covid19 Crisis. Managers in these high hierarchical positions have a very tight time frame and even more in these unsecure times. Nevertheless, the chosen interviewees were confidential which was essential to share information. The interview details are presented in table 2.

Table 2. Respondents Profiles

Cluster	Position	Interview Date	Interview Method	Interview Duration	Language	Pseudonym
Independent Cluster Consultant	CPS Consulting	22.10.2020	Telephone	55:55 min	English	Respondent 1
Tampere Automotive Cluster	Senior Adviser in Global Operations Team	11.11.2020	Microsoft Teams	48:57 min	English	Respondent 2
Automotive Cluster Ostdeutschland	CEO ACOD	19.02.2021	Zoom	62:16 min	German	Respondent 3

The interviews started with a short introduction of the researcher, the topic of the thesis as well as the purpose of the interview. The first part started with some warming up question considering the position of the respondents and the experience in working in a cluster context or managing the work. These questions helped the interviewees to gain some confidence and to break the first barriers. In following part, the focus was on the management of the branding which included questions about the formal construction of the management team and what are the tasks and daily work of the cluster

management. The next questions considered the perception of the respondent of a strong brand, the goals regarding the cluster brand and steps which are undertaken to reach the goals. In the next part the aim is to gather information about areas of competition and areas of cooperation regarding the branding. The questions focused on common tensions, interest conflicts and the management of those. At the end I took some time for a short summary to recap the most important points from the perspective of the respondents and took time for further questions or comments.

The interviews with respondents 1 and 2 were held in English, due to my inability to speak Finnish. However, English is the second language of both therefore I could not notice any problems concerning the understanding and interpreting of the questions and as well there were no problems in expressing their responses to the questions. The interview with respondent 3 was held in German, due to a better conversation and better understanding for the interviewee.

After transcribing the interviews, a profound analysis is needed to filter all information and make sure the given answers are understood. I analyzed the collected data following the structural categorizing procedures. The categorizing data technique consists of two processes which are in a first step the creation of different categories and second the interviews need to be connected to the developed categories (Saunders et al. 2009, p. 492). According to Saunders et al. (2009, p. 492) I created the categories based on the theoretical framework, the interview questions and on repetitive data. After I created the categories management cluster management, branding attempts and arenas of competition. According to these categories I looked for similarities in the collected interviews for coding the data. After I had structured the data according to the broad categories, I searched for common sub-topics to specify the content and organize the final data.

The analytical part starts with single-case analysis to focus on each cluster individually. It was helpful to present and analyze the data in more detail and was used as a base for

the following cross-case analysis. A cross-case analysis is useful when the research includes more than one case study (Yin 2014). The advantage is the possibility to compare findings to come to a relevant conclusion.

5.4 Trustworthiness of the study

In natural sciences, especially in quantitative research the most common measurements to judge the quality of research is reliability and validity. Reliability refers to the replication and consistency of the results, while validity proofs the appropriateness of the use of the measures, accuracy of the analysis of the results and generalizability of the findings. (Saunders et al. 2016, p. 202). However, the compatibility of those two criteria in qualitative research is often discussed and impeached by qualitative researchers, which use different terminology to separate themselves from the quantitative research (Shenton 2004). Accordingly, Lincoln and Guba (1985, pp. 289 – 301) relies on four criteria to ensure trustworthiness of qualitative research. The idea was to find a solution how researchers can demonstrate trustworthiness in qualitative research. Therefore, the following principles are applied to ensure trustworthiness: credibility, transferability, dependability, and confirmability.

The first principle to ensure the quality of this thesis is **credibility**. A research is credible if the research was able to demonstrate that the study is congruent with reality, which means the research need to make the “truth value” visible by ensuring the credibility of the findings (Lincoln & Guba 1985). To ensure credibility of the findings it is necessary to adopt a well-established research method. Different strategies are suitable like prolonged engagement, persistent observation, member check or triangulation, which is applied in this thesis. To ensure trustworthiness in this thesis secondary data is collected about the case clusters, which are gathered from the cluster’s websites, press releases and cluster publications. The analyzes and interpretation of this data was helpful to formulate the interview questions. Furthermore, the empirical analyzes contain multiple direct quotations to proof the truth value of the research.

Criterion two is **transferability** which is related to the degree of representativeness, thus the ability to which extend the study can be applied and related to other contexts or settings (Shenton, 2004). The primary research method of this thesis are the expert interviews which are conducted with three different experts in the field of cluster management with a broad experience and knowledge in this field. Two of the participants have a general background and experience in managing various business clusters in different industries and backgrounds and different management structures are included which makes the results more generalizable and therefore enhance transferability. However, the extend of general transferability is limited because, first, the interviews are focused on the specific cluster the interviewees are working with in the automotive industry and second, the small number of interviews. Especially, the small number of individuals in the same contextual setting weakness the possibility of replication of the study and limited the transferability of the results (Shenton, 2004). However, in the end it is in the responsibility of the reader to evaluate to which extent the study results are adoptable and transferable to different conditions if the researcher ensured the provided data makes a judgment possible (Lincon & Guba 1985, p. 316).

The third criterion is **dependability**, which is an essential element in qualitative research and characterizes the extent to which the study is repeatable and consistent. To increase dependability, the research process is described in detail and evaluated the effectiveness with the goal to ensure similar results if the study would be conducted again with the same participants, in the similar environment and using same research methods (Shenton, 2004). In terms of time horizon, the study provides only a static description of one moment and of specific case clusters at a certain point of the cluster lifecycle, which has an influence on the results. The two of the three interviewees are in the leading function of the business clusters. However, the different financial funding and type of cluster has an influence on the cluster work, which must be noted. Furthermore, the experiences of cluster consultants can differ according to their background and industries. Accordingly,

even though the interviewees, methods and settings would be the same, the results might differ.

The fourth criterion is **confirmability** to ensure trustworthiness. This criterion addresses researcher's bias, which means that researchers have difficulties to be objective while conducting qualitative research and to present the analyzed data solely on base of the interviewee's opinions. Therefore, it is important that the researcher ensures that the findings are shaped by the participants rather than on its own opinion (Shenton 2004). According to confirmability in this thesis, first the risk of my own misleading interpretation of interviewees' statements is to mention. To decrease researcher's bias, interviewee's statements are used as quotations in the analyzes and evaluations. In order to increase confirmability in this thesis, the names of the case clusters and the company name of the cluster consultant is mentioned. Additionally, essential information and data is presented.

After discussing the four afore mentioned criteria to ensure trustworthiness it is now necessary to draw attention ethical issues of the research design. According to Saunders et al. (2009, p. 184) research ethics is related to all actions of the researchers to ensure the study is methodological and morally defensible to all who are involved into the study. Related to this thesis all participants were asked to take part on this study on a voluntary base and were asked for permission for recording the interviews. Furthermore, they were informed about the possibility to withdraw from the interview and interview questions at any time. Those elements were used to ensure ethical practice in this study.

6 Empirical Analysis and Results

This chapter is meant to present the case studies. The first part will introduce the business cluster of Business Tampere Automotive Cluster and the German Automotive Cluster Ostdeutschland (ACOD), which are selected as research cases for this master thesis. Based on the literature review the findings have been divided into two key themes: the organization of the branding and the arenas of coopetition. First, the single case studies will be analyzed separately. Afterwards, cross-case analysis will be applied to highlight common, characteristics, differences, and approaches regarding the branding strategies of the cluster and the arenas of coopetition. This will be used to develop the proposed framework further. However, the chapter starts with a short introduction of the case business cluster.

6.1 Case Cluster

In the following, the two cases business cluster will shortly be described. The core industries will be mentioned, core activities and the most important members.

Tampere Automotive Cluster

The Finnish automotive cluster in Tampere, which was founded in 2018, combines local know-how and accelerates cooperation between actors in the automotive sector. The ongoing transition in the automotive industry demands innovation and offers a wide range of business opportunities. The change is happening fast and is driven by four major factors: autonomous driving, connectivity, electrification, and ridesharing. The region of Tampere is strong in research regarding the four future key technologies, especially in human-technology interaction, autonomous vehicles and enabling technologies. The goal of the cluster organization is to build a brand which is known for the expertise in the automotive industry and to bring innovation to the clients. It aims to boost collaboration, information sharing, research and development and innovation activities and networking with international automotive industry. It fosters business opportunities,

partnerships and attract investments. Some of the major expertise is in digital cockpit, infotainment, and instrument cluster, as well as Camera systems, Lidar, Radar and Autonomous driving. Just to mention a few. The members of the cluster get help to build larger entities and presenting them to suitable operators and potential customers. The Tampere automotive cluster actively networks with industry actors and is presented on major automotive events on international stage. Regular meetings are the backbone of the cluster and the members need to have the desire to collaborate with car manufacturers and automotive technology suppliers (Business Tampere 2020). The core activities are networking events and webinars, Roadshows, international events and oversea visits, and international collaboration with automotive communities. However, the cluster is part of Business Tampere, which is a regional economic development agency. It promotes investments, attracts talents, and creates the best environment for businesses. The Tampere automotive cluster counts more than 60 members, companies from the industry, education- and research institutes. Major business cluster members with R&D Centers in Tampere are Axon, BHTC, Rightware and AAC Technologies.

Automotive Cluster East Germany

The German automotive cluster East Germany was founded in 2004 and is a transregional initiative, in cooperation with the federal states' initiatives of Berlin/Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia. Core topics of the cluster are digitalization, E-mobility, flexibilization around the human, and networking with car manufacturer, supplier, service provider, research institutions and associations. Major driver of the cluster are the manufacturing plants of VW, Opel, Daimler, Porsche, and BMW. The cluster bundles regional activities and create synergies within the branch in Eastern Germany. The ACOD attempts to connect and qualify SMEs as direct suppliers for OEMs, in order to generate sustainable growth of the automotive industry in East Germany and stabilize their performance. The overarching goal is the development of the region to a European center of high-tech products for the automotive industry. In 2019 the automotive industry in East Germany generated a revenue of 25,4 billion Euros, 10,8 billion Euros revenues from export and approximately 163 million

Euros were invested into R&D (figures do not include the numbers of Berlin) (Automotive Cluster Ostdeutschland 2021). Next to the three regional initiatives of automotive BerlinBrandenburg, automotive Mecklenburg-Vorpommern and Mahreg Automotive, there are 54 companies' official members of the ACOD and four additional cooperation partners.

6.2 Single Case Analyses

In the following part the three expert interviews will be analyzed in order to answer the research question. First, the interviews will be analyzed separately to get a deep understanding of each case and the different experiences of the experts. In point 7.3 a comparison of the case will be presented. In the single case analysis, the focus is set on the structural organization of the cluster management, the branding approach and the arenas of tensions.

6.2.1 Cluster Branding from the view of a Business Cluster Consultant

The interviewee is a business consultant with a background in different industries. As a member of CPS Consulting, he is helping foreign companies to expand or develop their business in international business areas, especially helping Finnish companies to expand their business to Germany, respectively to the German speaking market. Regarding the experience in the work with business cluster he answered that his company is working a lot in Finnish business clusters and networks. They are focusing on clusters of Business Finland, or programs of Business Finland, but also on regional cluster like the Tampere automotive cluster. However, there are also German business cluster they are operating with, like "Zukunftsallianz Maschinenbau" (ZAM). He also claimed that he has been dealing with different brand types and topics during his work. Therefore, he is an experienced interviewee in working with several business clusters and with knowledge about the Finnish and German market, as well as knowledge about the German and Finnish mentality and working culture.

In terms of the **cluster management** which sets the ground for a solid cluster branding, he mentioned that the structural organization is influenced by the way the cluster is financed. He stated, that from his experience the cluster organization could be a kind of non-profit organization. In that way that the cluster member finance fulltime employees, like a board or a group of leaders which oversee the organization of the collaboration, to help the companies in building relationships and help them to develop their business. Furthermore, there could be some public organization, which take care of cluster activities and management. He mentioned an example of a regional cluster in Finland. The regional government or city organization is financing a person, who manages the cluster activities and coordinates the actions. They are kind of covering their own costs. However, respondent 1 emphasized that they are not financed by the cluster organization as such. Another case of more loosely organized cluster, it is often the case that just one or two people organizing and coordinating the activities and it is very much depending on voluntary work. These persons are inviting the cluster members to meetings with different topics. However, the cluster management is limited to the topics or common problems which are relevant to all participating companies. The interview is experienced in working together with business cluster, who have a management board. The interviewee stated that the cluster companies:

"[...] have nominated, the management board, which is basically taking care of the formalities, and the relationship of the of the overall cluster activities and the strategy."

The interviewee mentioned one important part of those cluster activities are the regular meetings to discuss certain topics. In those meetings the participating companies find consensus and make decisions how to move on. But it also helps to identify joint interest to develop certain ideas further. Those projects require collaboration and a concrete project work form the companies. The cluster work is often structured around events and projects and is focused on relevant topics and common problems for all participating companies.

The following part will be focused on **cluster branding**. The interviewee marked the branding of business clusters as “very relevant” and pointed on the outside communication, which should increase visibility and credibility of the cluster, as crucial.

“So, I believe that that each and every cluster is there serious in what they are doing, they should have proper branding, also proper branding strategy. And I consider that being an elementary part of the success of the cluster work if the cluster is serious in that topic what they are doing [...]”

The interviewee called a good structure as base of a solid cluster brand and emphasized the importance of a good brand communication. That means that the cluster needs a good imagination of their image, considered as brand, but also must constantly communicate this image to the stakeholders, via e.g. website, social media and so forth, as the interviewee listed.

The respondent was asked how he would develop a cluster brand and on what he would focus the most. He explained that the most important is the content of the brand, the substance you can build on. Otherwise, it would be just an empty shell. Furthermore, the brand is developed along the competencies of the cluster. The cluster needs a clear brand strategy based on the content which is the core of the brand. The respondent brought up:

“And they've got to be to a common communication. They need to be a clear kind of brand strategy, brand visibility. But at the end of the day, the brand lives with the content of what the cluster can deliver.”

However, he made clear in the end the most important is what the cluster is able to deliver. Therefore, the cluster image is also dependent on the results and performance of the cluster and of the participating companies.

“That brand will evolve if the cluster as such is supplying the for the members relevant topics and relevant to the content. “

However, the cluster brand cannot replace the company brands. The companies have still their individual businesses and with their individual values they are able to strengthen the cluster brand. The cluster image is also living from the strong brands of his member companies. Therefore, you cannot see the company’s brand and the cluster brand as substitutes.

“This is kind of on top and it is a must limit to some kind of common nominator of the participating companies.”

That means that the companies should share certain values and goals in order to build the core of the cluster. Those “common nominators” need to be identified, which is crucial to build a strong bunding and an important part of the cluster brand. The interviewee refers to this as the substance which must be there because the brands must also harmonize, they do not have to be equal, but as mentioned they need a common ground.

However, when the base is clear the brand promise, value promise and external communication must be defined, and a plan must be developed. The interviewee mentioned, once the cluster branding concept is developed, it continues development with no need of a major focus on. It is more like a collaboration between the companies under the brand umbrella on a daily base. Nevertheless, if an update of the brand promise or brand values is needed there will be continuous development, continuous effort, and more challenges to work on.

One important part of the cluster branding is also the internal communication. According to the interviewee the internal communication and

“[...] cluster collaboration is living through events and meetings and the depending on the individual company’s activities or active participation [...]”

This quotation demonstrates the need of participation of the cluster companies towards the common goal. The internal communication works both ways. The interviewee explained, the cluster management organizes events and sends messages but also needs the participation and feedback of the companies to add value to the cluster work. The participation is needed to develop the brand further and have a common sense of the brand image. Furthermore, not just the participation goes in both direction but also the influence of the brand themselves. If there are big and well-known or especially innovative companies with a bigger reach, the interviewee stated, that those companies:

“[...] are more or less kind of leading the cluster work and they are using their own kind of brand image and brand knowledge and brand visibility just a little bit also to support the cluster work as well.”

The respondent spoke of lighthouse companies with a special influence on the cluster, the participation of them is important because of the impact to the cluster work. However, also the brand visibility and the brand image are helpful to support the cluster brand. So, on the one side there are those lighthouse companies, which could have a positive impact on the cluster brand and on the other side there are the companies which are less known but who are:

“[...] very innovative companies who can really benefit from the coverage, [...]”

Additionally, he mentioned the access to resources, good innovations, and projects are beneficial. In result one benefit of a cluster membership is the high coverage of known companies which help fewer known companies to increase their coverage, to gain market visibility and to increase their own market coverage.

The interviewee concluded that the setup of the content is a good starting point to create a good brand. The first step is to identify the added value for the cluster company customers. Respondent 1 mentioned that business cluster branding has the same cornerstones then for a well working corporation brand.

In terms of **coopetition** respondent 1 made the following statement:

“So, working in the cluster does not mean that these companies cooperating or collaborating on all the areas. It can be that they are in some parts direct competitors and of course, that they of course don’t discuss on strategy or discussed their own sales and distribution strategies or company strategy, but they discuss kind of branch specific problems and topics [...]”

This statement is a clear evidence for coopetition in business clusters. The cooperation is more on a general level regarding general problems or projects which several members must solve. It is usual to set up joint projects to foster a positive development of the cluster companies, as respondent 1 mentioned.

Competition is more on an operational level, on processes and competition strategies. However, competition also arises tensions. The interview explained that those tensions are often related to the maturity of the cluster. This indicates that the handling of those tensions is a matter of experience. The interviewee experienced that some companies require the setup of game rules before they start to invest in the cluster to avoid opportunistic behavior in joint projects. This happens more often in young clusters and not in matured ones, as the respondent stated.

In this vivid, dynamic, and complex environment where the interest of different stakeholders should be met interest conflicts could originate. So, the respondent highlighted the fact that the cluster work is concentrating on certain common nominators all members agreed on. Nevertheless, every company has its own business, different strategies

which is separated from the cluster work and the joint projects. There is also direct competition between companies and also direct conflicts. To solve those tensions, the interviewee is convinced that communication is key and said:

“Just put that cat on the table [...]”.

Which means that topics should discuss directly and straight forward. The different parties need to have the will to discuss openly and honestly with the goal to find a solution for the specific topic. The respondent mentioned when the conflict is bilateral the companies should solve it by themselves. In the case that more companies are involved the cluster management takes a coordinating role. However, tensions are usually specific and should be handled case by case. However, the example shows that the cluster management is involved in the management of tensions and has a supporting role in solving those. Respondent 1 further explained that it might be helpful if there is somebody outside who initiating the discussions. It is crucial to sort out the problems for future cooperation and especially for a trusting relationship which is the base for cooperation.

At the end of the interview respondent 1 highlighted that personal tensions are the most common and dangerous conflicts. Even on competitive topics the personal base plays a big role. Obviously at any points human beings are negotiating, competing, and cooperating. Therefore, the personal styles and the personal psychology is the base for the interaction of peers or groups. Those personal references could be not influenced by any form of management. The management could set up the way and rules, but the individuals must work with each other. The interviewee stated:

“It can be that there is a priority conflict between the cluster work and the company internal work.”

Priority conflicts is mentioned as another common are of tensions. The internal work competes with cluster projects. The resources are usually used for internal projects and

tend to have a higher priority than the cluster interests. Accordingly, the cluster work does not proceed forward as planned. If some companies have a higher interest in finishing the project in time or invest more time into the project than others, it might be a point of tensions, in the eyes of the interviewee. However, this example could be also seen in the matter of fairness. The interviewee mentioned that some companies do not feel fairly treated if some companies put more effort into cluster projects than others. Respondent 1 stated that the workload needs to be fairly distributed between the member companies. However, members who contribute and add value to the cluster have a legitimate chance to have an influence on the direction of the cluster work. In this case it is clearly seen that engagement, which is a goal of the cluster branding, is also a field of competition in order to have an influence on the direction of the development of the cluster, which is in turn a common interest to move forward and a field of cooperation.

6.2.2 Business Cluster Branding of the Tampere Automotive Cluster

The interviewee is working for Business Tampere, which is a regional economic development agency owned by the city of Tampere and seven surrounding municipalities. Respondent 2 is working as a senior adviser in investment and global operations but is also coordinating the Tampere Automotive Cluster. The interviewee does not have a long experience in business cluster work, just a bit more than two years working with the Automotive Cluster Tampere. However, the interviewee has working for about ten years within the industry with focus on factory automation solutions, industrial automation, and robotics.

Regarding the *cluster management* the Tampere automotive cluster does not have any membership fees. They understand themselves as a “quite open community” and they have regular meetings as a kind of backbone of the cluster organization, where the member companies working together on joint projects to solve common problems. The cluster manager, who is working for Business Tampere, coordinates the activities, arrange meetings, and promote evenings for the members. The management also send information and proposals to the members. In return an active participation of the cluster

members is needed in development programs with local companies and international universities. However, now there is no steering group or any management board. At the moment, the job is up to the manager to divide the information, gather data, make suggestions, arrange events, etc. and he is dependent on the help of active cluster members. The interviewee said they may change the management structure in the future, but management structure is not clear yet, if it will be in form of a steering board or any other variation. The interviewee considered the participation of the cluster members in the cluster management as very important. It would strengthen the commitment and the companies would see the value in it, even he anticipated that not all companies would join because of the time-consuming work and this in turn could cause tension. However, when he talked about the participation of companies in the cluster management it must be clear that it is just a theory now. There is no clear management structure yet.

With a look on the **cluster branding** of the Tampere Automotive Cluster the interviewee mentioned the goals:

“Our aim is to boost collaboration, information sharing, R&D and activities and networking with the international automotive industry to create business opportunities, partnerships and attract the investment, of course, in the region.”

Furthermore, the interviewee completed that the goal is to get more jobs, attract more talent, and more collaborations, growth, and good business opportunities for the companies.

Even the interviewee stressed a couple of times that he is not really experienced in cluster work and they just started with the branding of the business cluster he is conscious about the importance of the brand. The respondent claimed:

“I would say the brand is very, very, very important, and that's something we have been trying to build gradually because I guess Tampere isn't widely known as a as a big center of automotive R&D. But we are building the profile and the brand to support that.”

The statement demonstrates that the co-ordinates for the cluster brand are settled by the articulation of the vision and goals. The interviewee is analyzing the status quo, that Tampere is not widely known. However, the goal is to develop a reputation for the region of Tampere as an international known innovative automotive R&D hub. Companies of the region have a lot of expertise in technological areas like autonomous driving, advanced driver assistance systems, connected car solutions and software. They know their strength, and this is the base for the brand construction, which started by organizing activities like network events, webinars, and board meetings. During the pandemic most of the conversations happen in virtual events. On those events the cluster management try to connect local companies with participants from abroad. Respondent 2 told that that they initiate roadshows, that means that they gather Finnish automotive companies to a trip and visit roadshows in Sweden. But he also tries to connect the members with companies' visitors from Germany and the UK. He promotes international events and oversea visits to their members. The cluster initiative is also active on fairs and try to build a relationship with Telematics Valley in Gothenburg. All those activities spread awareness of the cluster next to the added value those events are providing for the cluster members. Respondent 2 remark:

“This is also seen as very important way of kind of making Tampere known as a R&D hub on automotive domain, and also find those new opportunities and find those new business opportunities, collaboration opportunities, partnerships [...]”

As mentioned, these are the first big steps towards a known cluster brand. The goal is clearly identified and communicated to the members throughout online events. The added value in form of all these events and collaborations is clearly visible for all the members. So, the cluster identity is set up. Furthermore, the participation in

international events and by organizing events with external guest the awareness of the cluster and the cluster image towards the “outside” is shaped.

When the interviewee thought about the cornerstones of branding, he mentioned that the cluster initiative produces marketing materials, presentations and creating events with big automotive OEM companies as guests. The goal is to spread the awareness of Tampere automotive cluster among those key players in the industry. Furthermore, when Nokia collapsed workforce was available, so they joined local technology companies or established startups. This was a boost for the region, according to respondent 2. Additionally, Tampere is the industrial capital of Finland. This is helpful to create the image of a key location in Finland as automotive R&D hub. The interviewee mentioned in this context, that it is still an ongoing process. This statement shows that he is aware that the branding is a process and must be adopted and modified, according to the fifth step of Knox and Bickerton (2003). However, the cluster manager said:

“We haven't kind of published any kind of plan, how we brand this, how we do it, it's been kind of working progress all the time, we've been kind of searching his direction, how we go forward. And therefore, there hasn't been any kind of deep discussions with the members, how we should really brand this and how we are. “

The branding activities are established like the goals and also the question “How we are?”. The interviewee explained this already earlier, but it seems that this branding activities not happened consciously under the term of branding.

The respondent lists several big players who are working with the Tampere automotive cluster like AISI technologies, Right Wear or Axon. He stated that this is helping the cluster to create an image as a reliable and convincing R&D site. So, this is helpful to achieve the goals set by the interviewee, to be known and recognized as a key location in automotive R&D and in result to increase the traction in the area, to get more companies, more cooperation, and more investments. Furthermore, the big companies are more

interested in discussing about how they could build Tampere automotive cluster as a key priority for automotive. The interviewee mentioned that the smaller companies are minding their business, but the bigger ones are quite helpful for the branding. Those actions are supported by marketing activities of the cluster organization. The interviewee talked about presentations, which are held to attract new companies. In these presentations big and influential companies and research institutions are mentioned which are already members to promote the cluster. Additionally, the areas of expertise are highlighted, and big collaborations are published. The cluster organization is also creating articles, publishing expert interviews and use social media channels to increase the outreach. To sum up, the outside branding is a mixture of increasing the awareness of the Tampere automotive cluster by a massive increase of media mentions, but as well a strong focus on networking events to create relationships and the focus on qualitative work along with innovation.

These are the benefits of a good image which is traced back to a solid cluster branding with focus to the outside. However, the communication of the benefits of a working cluster brand is also important to the inside which means making the benefits visible for the cluster members. If the activities and participation is valuable for the members, the commitment is increasing which is very important according to the respondent. One important aspect for a high commitment and a positive development is to ask for feedback. Furthermore, the interviewee explained that the joint programs are very helpful for small and medium size companies because it is difficult for them to get automotive customers from abroad. In such case they create a kind of concept demonstrations and create offerings together, which then will be presented to bigger automotive companies. Those joint projects are big benefits for less known companies. As already mentioned earlier, it seems to be crucial to make the benefits and goals visible to the cluster members and to create value for them. The setup of a strong cluster identity is supporting a strong cluster image which attracts new members but new businesses as well. The result of a good cluster branding in the case of the automotive cluster Tampere is already visible and recognized by interviewee:

"[...], we have been growing very fast, getting a lot of new members all the time, getting more and more and more interest, which has been very, very good."

In terms of **coopetition** respondent 2 explained that there are some companies which are direct competitors and provide solutions in the same area, especially in the software industry. However, he also stated:

"[...] in Finland in general, companies are quite open, that they trust each other, and they are able to do collaboration or cooperation in spite of the fact that they are competitors as well."

The interviewee clarified from the beginning that the focus is more on cooperation instead of competition and trust is the base of this cooperation. It seems to be that there is also a cultural influence on competitive behavior. However, it is not only a matter of cultural differences but also differences in several industries, according to the interviewee. Nevertheless, respondent 2 also admitted that there are sensitive and confidential projects the companies do not talk about it or sharing any information. But he directly added:

"[...], there is a government bill to find something that they could build together to be even more stronger."

It seems that the cooperation scheme is deeply anchored in the Finnish business environment and it is strongly supported that companies working together, joining events, and discussing on problems. Even they are competitors that does not mean that it is a problem, according to the cluster manager. Companies who are joining a business cluster need a mindset of cooperation. This networking events are the frame for discussions and new ideas. However, during the pandemic there are just online meetings. On the base of those ideas joint projects are created, which is not related to all the cluster companies.

Within these projects the members have a joint discussion on the target, the benefits, and the role of everybody. From time to time there are concerns about the intellectual property, but the interviewee explained that this typically a step-by-step process. They start with something small and after the first steps they consider the next step, and the companies are surprisingly good in discussing these topics and problems. The cluster management is more like a neutral party. The cluster manager explained further that they have a coordinator role as a non-profit organization. That means they provide a platform, and they guide the discussion into a direction that is beneficial for everyone and which is acceptable for everyone, but always with the overall goal in the mind to promote and support the business cluster.

6.2.3 Business Cluster Branding of the Automotive Cluster Eastern Germany (ACOD)

Respondent 3 is the managing director of the “Automotive Cluster Ostdeutschland”. He is working in this position for seven years, now and has about 30 years of experience in network management and political lobbying. The interviewees’ routes are in biotechnology and genetic engineering for 20 years. Before he got the job as managing director there was a discussion within the cluster management, if they hire a person who has experience in the field of cluster management or an expert in the automotive industry. They decided for the first option because these interpersonal skills are in cluster work indispensable and more important than specific knowledge in a certain industry.

The interviewee worked in different clusters and had always the tendency to work with organizations across clusters in large units. Before, he was managing director of “Bio Mitteldeutschland”, a cluster network organization in the field of biotechnology. The tasks were similar to the work in the ACOD now. But his professional career started at the EU commission in Brussels, and he was involved in environmental associations. The interviewee shortly summed up his perception of cluster work:

“Most clusters and network organizations want to bring people together in order to somehow do business with each other or develop joint projects.”

He added what is important while **managing** a cluster:

“You need to listen to people, to be able to listen to different people. You have to try to bring these different positions together and get to the heart of the matter.”

The respondent further described what he considers as necessary requirement for his job. He mentioned the need of curiosity to approach people, the ability to listen and to think in a very structured way, to sublimate from a multitude of utterances to what is really important. This underlines the fact that a cluster manager does not need to be the greatest expert in the industry rather than a connector and relater and needs great social skills.

To understand the position of the managing director a bit better, he explained again that he is not independent because he is paid by the fees of the cluster members. However, the board defines with him the policy and the interviewee consider his role as an executive director, as a service provider. This includes the implementation of what the funders want and making suggestions.

This point of view is also important when it comes to **cluster branding**, which is according to the interviewee a joint project where it is necessary to find common nominators and values the companies agree on. On the question what are the advantages of being a cluster member, the interviewee raised the following points. He mentioned that it depends on the size and the orientation of the company. The cluster companies differ in size and if they are more sales, production, or research oriented. The companies have the opportunity to exchange best practice examples and having open discussions about technology, developments, and innovations in the industry. But they could also discuss their own impact on the industry and trends like electromobility, all those topics which have an impact on all suppliers. Furthermore, he explained, finding partners for joint

projects is more easily but also the companies have a better connection to their competitors to get better insights to their behavior and positioning for example.

The interviewee described the cluster management as a very communicative task. They try to bring people of the companies in different formats together. The work in the ACOD seems to be quite structured. The respondent explained, he formulates the goals and then considering how to achieve these goals. Dependent on the goal, they have different formats from small groups of four to five people to medium (15-20) to big events with 50 – 100 participants where they discuss and develop on focus topics and look at it across the entire value chain. Additionally, an annual congress is organized with 200-250 participants to inform and discuss on various topics. The cluster work is strongly influenced, content wise by the board members. The respondent said:

“In our case, we went through a strategy and vision process with the board members and the member companies, [...]”

At this point the attempt is clearly recognizable to find common goals and a common vision all members are committed to. It also demonstrates a good bilateral communication between the management board and the members. This is good way to set the coordinates towards a common vision and strong cluster brand. The interviewee mentioned that during this process four core topics are identified on which the cluster work is focusing on.

In terms of the management board, it has a strong influence on the topics and consists of twelve representatives from the 54 member companies. The interviewee stated,

“[...] the board is also one of the communication functions.”

Furthermore, he explained, those who held a board position are usually also managing directors or plant manager of the member companies because they always want to have

decision makers within the board. Therefore, they also try to loss as less information as possible on the communication channel. However, the strategy and vision process are conducted with all companies and is a mix between social science tools and individual conversations according to respondent 3.

Now, a closer looked on the managing board which has this big influence on the cluster according to the managing director. The representatives are elected every two years at a general meeting. Nevertheless, it is not a completely free choice. The respondent explained:

"[...] there is a list of people who are proposed, who should be elected, introduce themselves and are elected."

Furthermore, he added the advantage is that there is no fighting candidacy, but the disadvantage is that those who are within the board do not want to go out and remain there for years. But this steering board need some fluctuation in order to stay innovative and agile. However, the topic of the management board will be discussed more in detail in the lens of coopetition later.

On the question what the term *"cluster brand"* means to him, he answered with the following statement:

"[...] there are actually two schools, I would say. One school, which I belonged to for a long time, is it doesn't matter what our name is and we're not important, it's our member companies that are important. And the other school says: We are an independent organization. So, we also have particular self-interests and therefore we have to put ourselves in the center."

This statement clearly shows a shift in the perception of cluster branding. The old perception was, that just the work and the branding of the companies count and the cluster

organization themselves is just a service provider or platform. But a good branding of the cluster organization could positively influence the business of the members. Business cluster organizations need to be aware of this positive effect. However, those two contrary perspectives are reasons for competition and tensions. The interviewee proceeded to explain when the cluster organization is oriented on the welfare of the companies, there is no own name needed, but the organization is dependent on the membership of the companies, hence a good reputation and a clear value must be visible. Therefore, a communication of the existence of the cluster and what they do is important according to respondent 3. The mentioned two schools are actually the differentiation between an internal and external focus of the cluster branding according to the study of Mauroner and Zorn (2017). The internal focus centers the cluster members. The goal is to create additional value for the members and to communicate a common vision. Regarding the external focus, the communication to the outside is centered, to create an overall image which is distinguish to others, to attract business partners, talents, and investments.

When I asked for specific steps the management board took to build the brand, the respondent admitted, he did not consciously build the brand. However, he explained what he does:

"[...] I have to explain to people in front of everyone who wants to come to us how great we are and it's worth it and that there is added value. And the more I do that, the more I build a brand. [...] I spend a lot of time thinking about how I can make the ACOD's work so effective that our results add value to the companies. And that's how I create the brand."

Again this statement underlines the two dimensions "inside" and "outside" of this cluster branding effort clearly. The approach to acquire new cluster members by presenting the cluster and therefore increase the reach and awareness of the cluster helps to shape the branding to the outside. On the other side the effort to make the work more effective and add value strength the commitment of the cluster companies and the identity of the

cluster. However, the interviewee also clarified that his focus is on the cluster identity and therefore on the inside view. The respondent said:

“I want to make my organization as effective as possible and generates as much value as possible for the companies, then you see the focus is on the company.”

The interviewee also talked about advertising in terms of branding to the outside and he mentioned he do not want to bring the cluster organization into the center of attention because he expects conflicts with the cluster companies. The cluster branding should go hand in hand with the companies branding and should be supportive to each other according to respondent 3. On the question, if the cluster brand has an impact on the companies' brand, the interviewee answered:

“Cluster branding has no influence on the companies at all. So, companies don't come to us because we have a great name. Companies come to us because they know, that we as an organization have a lot of influence and add value.”

However, a great name is created by a big influence of the cluster and added value to the companies which is communicated. The work and result within the cluster have also a radiation effect to the outside. Great achievements help to build a good image of the cluster, which has a positive effect on the members of the business cluster. On the question, if it is not an advantage for smaller companies to be a member in a big known cluster, the respondent admitted that he never thought about that before. The interviewee mentioned that it is the case that small start-ups use that in their own communication. Nonetheless, this has no impact on his work. Contrary, if the company brands have an influence on the cluster brand the interviewee answered that he is looking for relevant players, but not just because of the image rather than because of a good performance. The managing director has an interest to have all the good players of the industry as members.

On the question how the cluster brand develops over time he explained that the brand core is built, especially in the beginning. The goal is to increase awareness because the cluster needs to grow strongly just in the beginning, because this has also a financial impact. The interviewee stated:

“The second time in the cycle of a cluster is that when it becomes apparent that competitors are emerging.”

During this time, it is also important to work on your cluster brand according to the interviewee. And a third time when the brand become especially important is during the phase of decline. The respondent stated that during this phase they focus more on the brand image and it is more helpful to communicate the brand rather than the results. This shows clearly that the interviewee is aware that the brand is something you must work on continuously.

In terms of **coopetition** the interviewee talked first about cooperation:

“So, typical areas of cooperation are when you want to make a system development in which different actors bring in their respective individual competences to make a system out of the individual building blocks. That is a clear added value. And then it’s all about cooperation.”

The respondent explained cooperation can be found at any field where companies working for a common goal together. On the other side there is also competition within a business cluster. Obviously, there is competition between direct competitors. The interviewee stated that competition is where a competitor is gaining competitive advantages which could not be compensated. The interviewee mentioned the following example of sponsorship. He explained, if company x is going to sponsor a congress, the company x is recognized as a sponsor, which is an advantage in terms of advertising and the competitor cannot compensate by saying they want to be a sponsor as well. This problem

arises at the distribution of board positions as well because there is just a limited number available. The interviewee mentioned that this causes serious problems. The decisions who are on the board depends mainly on the CEO and the chairman. The management board create a suggestion list. They attempt to create this as representative as possible. That means small to large companies, research institutes and national groups should be present at the board, as well as relevant players. The interviewee explained, in the case of the ACOD those players are the automotive manufacturers. The ACOD has four automotive manufacturers as members and consequently need four suppliers to reach parity within the board. There is strong competition about the board positions along the suppliers, because it is a huge advantage to be close to your potential customers, stated the interviewee. They do not want to give up this position. Service provider also have a big interest to come closer to their potential customers which creates a tough competition. However, the CEO and the chairman try to avoid the selection of companies who are in fierce competition. On the other side the interviewee argued, this has the disadvantage that certain groups are almost never on the board. However, the management board anticipated tensions in this area and searched for other solutions to get more people involved. The result is, they identify six relevant topics and build subgroups. Those subgroups are called competence clusters and have its own spokesperson. The respondent told:

“These are people who say okay, this topic is relevant to me. I want to have a lead function and I want to help the office to transport and define this topic and to organize events [...]”

The interviewee explained a bit more in detail that It is organized in the way, that one person of a large company is chosen and one from a research institute or from a small company. That are twelve more person who are involved and those are not the same like in the board. So, they try to find another area than the board where members can get active and shape the work. This solution is a good tool to manage the competition in that area and simultaneously help to improve the communication, to get people involved,

and give them a chance to have an impact on the cluster organization. These competence clusters help to improve the commitment and therefore the cluster identity.

Another area of competition is the branding process themselves. The interviewee talked earlier about the two schools of branding. One school focuses on the member companies the other one has the cluster organization in its center. The interviewee mentioned:

“And these two schools, in my view, are also the reason why there is competition and trouble.”

On the one side these two schools should supplement each other. The branding to the inside, which focuses on the member companies to add value, communicate, and create commitment. According to Mauroner & Zorn 2017 this is the cluster identity which is the base to build a strong cluster image. The cluster image focuses on the outside, to business partners, competitors and to the market. Those both parts should work together and cooperate. However, these parts could be also in competition and create tensions if the companies start to see the cluster organization as a competitor. In the case the members have the feeling that the cluster organization put itself into the center instead of promoting the companies. This is also a competition for visibility, like the example of sponsorship. However, according to respondent 3 there is also competition for access to resources, information or customer which is the driving force.

The interviewee mentioned that cluster work is always also a question of culture. The companies need to be willing to cooperate, even they try to develop a system where everyone has a clearly defined area where it is possible to bring in their competences. Another important factor is trust. The interviewee mentioned the example of the Rotary Club if the companies work together and have regularly events together the probability of betrayal and encroachment between the cooperation partners is decreasing. That would be also an indirect positive effect of a business cluster.

6.3 Cross Case Analysis

In this chapter the findings of the three interviews will be compared to answer the research question. First, the focus is on the overall management of the cluster in order to understand the steering of branding and potential areas for cooperation better. In the second step the approaches to business cluster branding will be analyzed. Finally, potential areas of cooperation and competition will be discussed to find arenas of cooperation and how they are managed.

6.3.1 Management structures of Business Cluster

The management structure is influenced by the way the cluster is funded, according to respondent one. He, as a business cluster consultant has a wide knowledge about the management structure of business cluster and explained the most common one. The cluster could be a non-profit organization, in this case the members finance fulltime employees who are organized in a board or group of leaders and in charge for all cluster activities. In this case it is usual that the board members are nominated and elected. It could be also a public organization which take care of the cluster activities and coordinates the actions. It is also possible that this public organization finance a person who takes care of the business, like in the case of Tampere Automotive Cluster. The third variation is a loosely organized cluster which is managed by one or two persons on a voluntary base.

The most important tools to leverage the business cluster are regular meetings, discussions to find consensus and finally making decisions on the base of joint interests and developing ideas further in project works. The cluster work is summarized in a statement of respondent 1:

“The cluster work is often structured around events and projects and is focused on relevant topics and common problems for all participating companies.”

This is also recognizable in the organization of the Tampere Automotive Cluster. They have regular meetings for joint projects to solve problems which are relevant to most of the members. However, the cluster members need to be active and should participate in network events and development programs to access the full provided value. The Finnish cluster is managed by respondent 2 who is working for Business Tampere. This public organization is financing the interviewee which is in charge for the cluster activities. At the moment, he alone is responsible for the cluster activities. His tasks are to inform the members, send proposals and organize events. For the future it is considered to implement a steering board to increase the commitment of the cluster members by being involved in decision making processes and to increase the added value to the companies.

The Automotive Cluster Ostdeutschland is a non-profit organization and respondent 3 is in the role of the executive manager. This position is financed by member fees of the companies. They implemented a steering board which has a strong influence on the topics and consists of twelve representatives out of 54 member companies. Those representatives are usually managing directors or plant manager. The representatives are nominated for a pre-selected list, proposed by the CEO and chairman. From this list they are elected for two years. This has the advantage that there are no fighting candidacy and the disadvantage that there is just a limited fluctuation within the board. Furthermore, they try to give more member the chance to take responsibility and bring in their ideas. For example, they created smaller competence groups to develop and work on ideas. The management board try to define areas where the members can bring in their competences and expertise. The management stressed the importance of communication and try to bring people of different companies together in different formats like events, fairs, and congresses.

6.3.2 Approach to Business Cluster Branding

In this part the focus is set on the approach to business cluster branding. According to respondent 1 a good structure is the base for a solid cluster branding and highlighted the importance of a good brand communication. Respondent 3 described the work as a joint project with the need to find common nominators and values the members agree on.

A focus on the inside of the cluster and the outside was clearly visible in all the interviews, as indicated by the research of Mauroner & Zorn (2017). According to respondent 1 the outside communication is crucial to increase visibility and credibility of the cluster. Furthermore, to shape the image of the cluster the results and performance of what the cluster can deliver are important factors. The outside focus, to create a good image is also dependent and strengthen by the individual strong corporate brands of the cluster companies. That means that big and known lighthouse companies with a good reputation in the industry have a positive influence on the cluster brand, mentioned by respondent 1. Respondent 3 admit that he has an interest to have all good players of the industry as members and respondent 2 stated that bigger companies are helpful for the image and he explained, mentioning of cooperation with known partners help to create a reliable and convincing image. Furthermore, the interviewee 2 organizes network events with external partners, also on an international level with guest for example from Germany and the UK. They also organize visits to other locations in Sweden and overseas. The Tampere Automotive Cluster is active on fairs and try to build relationships with Telematic Valley in Gothenburg. Those big, influential companies and research institutions who are already members are mentioned in their presentations to promote the cluster. Respondent 3 is focusing on presenting the strength and added value of the cluster and why it is worth it to join. Those activities are important to shape the external image of the cluster brand and to spread awareness. The interviewee 2 sums up his outside branding attempts as a mixture of increasing the awareness of the Tampere Automotive Cluster by a massive increase of media mentions through marketing materials and presentations. Additionally, a strong focus on networking events is set where external partners are invited to create relationships. However, the focus is equally on

qualitative work and innovation. Practitioners state that the main objective of a cluster brand is visibility to promote the brand and the industry in the region (Mauroner & Zorn 2017).

When it comes to the inside focus of cluster branding, the cluster identity, the interviewees had similar perception of what is the most important part. All interviewees mentioned that it is crucial to find common nominators, like ideas, topics, or problems to jointly work on and a base of shared values. Respondent 1 stated, that the most important is the content and to develop the brand along the competencies to create the core of the brand. To develop this content and to agree on common nominators the active participation of the companies is a prerequisite. Respondent 2 try to spread awareness and add value for the members. The identity is shaped by the internal communication. It is important to transport the added value through webinars, networking events and meetings. The shaping of the brand identity has also a positive influence on the commitment, which is essential for the cluster success according to interviewee 2. The ACOD underwent a whole strategy and vision process with all member companies. On this base the goals were formulated and then considered how to achieve these goals. Dependent on the goal they have different formats from small groups, medium to big groups, to discuss and develop on focus topics across entire value chain. By this process, all members get aligned to common goals and common vision. The ACOD conduct an annual congress to inform the members and to discuss on various topics. This is an effective strategy to shape the cluster identity and cluster brand to the inside.

On the question which concrete steps were taken to create a strong cluster brand respondent 2 and 3 confessed they did not brand the cluster consciously. Therefore, they did not implement concrete steps to build a brand. However, in their actions are recognized effective efforts towards a strong cluster brand. According to Knox and Bickerton (2003) there are six steps of corporate branding. Corporate branding is suitable because there is no product to brand but intangible resources. The purpose is to reduce the risk of the customer (Cassia & Magno 2019) or in the cluster context for the member

companies. The first step is focusing on the brand context, which used to set the coordinates. Respondent 2 first analyzed the status quo, who they are and what are their strength. They also formulated the goal to achieve the image of a key location as automotive R&D hub in Finland. The ACOD implemented a whole strategy and vision process as mentioned earlier to secure a similar understanding of the status quo as base for brand building. It must be clear what are the goals, the competences everyone can provide and common shared values. Respondent 1 mentioned that first the content must be setup to develop the brand promise and external communication in the, which belongs to the second step.

This step focuses on the construction of a branding framework which combines the inside and outside focuses. This phase is characterized by communication. Respondent 1 emphasized the importance of the internal communication. Respondent 2 mentioned that the formulated goals must be communicated to everyone. So, it is important that everyone has the same understanding of what they have agreed on. This communication happened in the clusters mainly by congresses, webinars, project works and networking events. The communication to the outside happens by presentations, fairs, networking events with external guest, visits of other events and locations, as well as outside corporations.

The third step is the articulation of the brand position. The brand positioning must be consolidated and articulated to the rest of the enterprise as well as external audiences. In this case the interviewees, especially 2 and 3 did the branding unconsciously therefore they did not communicate the brand positioning with the special terms of branding. Nevertheless, they clearly communicated the goals, vision and transported the added value. Furthermore, they are still in contact with the cluster members and communicate with them on a consistent base to continue the work on projects and towards common goals. This is what step fourth require, to develop a consistent corporate communication.

The fifth step is not adopted to the clusters so far. The brand needs to be anchored in the organization. This requires a focus on the alignment of relevant business processes with the corporate brand. An examination of the business processes is needed which involves a series of workshop sessions including the senior management, in order to identify the business processes which, influence the corporate brand and in which way these processes contribute to the delivery of customer value. It helps to make the branding process conscious and consequently better structured and organized. Finally, the sixth step requires a monitoring of relevance and distinctiveness. Cluster branding is a continuous process rather than a series of single events (Abratt & Mofokeng 2001). Respondent 1 stated that the brand does not need a lot of attention after the establishment except an update of the brand promise or brand values is needed. However, continuous development and continuous effort is needed, there are more challenges to work on. Also, respondent 2 is conscious about the continuous need to adapt the brand to the always changing business environment. Respondent 3 elaborated more in detail about the change of work at the brand over time. He mentioned the brand core must be built in the beginning and massively increase the awareness because the cluster needs to grow, which also has a financial impact. A second time the brand becomes important and need to be adopted when competitors emerge. The third time the brand become especially important is during the phase of decline in terms of the cluster lifecycle. The respondent 3 stated that during this phase they focus more on the brand image and it is more helpful to communicate the brand rather than the results. This observation proofs that respondent 3 is aware of the need to continuously work on the cluster brand.

6.3.3 Coopetition in Business Cluster Branding

In a first step the general areas of cooperation and competition are analyzed. All three interviewees mentioned that trust is the base for a successful cooperation. Respondent 2 stated that in the Finnish business environment is a higher focused on cooperation in general. Respondent 3 explained the following situation as a typical one, when different actors bring in their respective individual competences to make a system out of the individuals building blocks. Cooperation can be found at all areas where companies

working together. Respondent 1 limited this cooperation to a more general level regarding general problems or projects, which several companies must solve or work on.

All three competitors mentioned that competition is found where companies are direct competitors, because every company has its own business and its own strategies which is separated from the cluster work. Accordingly, respondent 1 recognized that competition is more on an operational level, like on processes and competition strategies. A reason for competition is also confidential projects. Companies do not talk about it because they have concerns about intellectual property according to respondent 2. Respondent 3 added that there is also competition for access to resources, information, or customers, as a driving force. Additionally, there is competition concerning the cluster work. Respondent 1 explained that competition increases if some companies investing more effort than others. Those companies feel not fairly treated. Respondent 3 refer to the case of the sponsoring events and therefore raised visibility of companies on cluster events or fairs, as a driving force of competition.

However, respondent 1 brought up the fact that competition is routed on a personal basis and respondent 3 added the influence of cultural differences. This has also an impact on cooperation. There are different arenas of cooperation found within the cluster work. Respondent 1, based on his broad experience in cluster management focused mainly on interest conflicts, which is about the allocation of resources between the companies' goals and the cluster goals which should be beneficial to the own success. Therefore, it is a question of the individual companies' priorities between the internal projects and the cluster projects. In contrast, respondent 2 noticed that Finnish companies are quite open, there is a high level of cooperation and trust despite the fact that they are competitors. At the ACOD cooperation can be found additionally at the steering committee. Competition is identified for the positions in the steering board, who will get those positions with the advantage of a big influence and the close connections to competitors to get better insights to their behavior and positioning, according to respondent 3. However, within the steering board the members work together towards a common goal and

vision. Even they are working together and cooperate there is also competition to profit from the advantages of such positions.

In general, above all three interviews it was recognizable that there is cooperation regarding the branding. On one side the focus is on the individual companies to support them and to make them visible on the other side the cluster brand is in the focus, to shape the image and increase the reach and reputation. All three respondents mentioned that the cluster organization serves the individual companies to support their business and foster cooperation and innovation. However, the cluster must shape the own name as well, to attract big and well-known business partners in order to add value for the member companies. Furthermore, the goal is to attract talents and increase the influence on decision makers on regional level (Porter 1998). Those two focuses create tensions, because the companies should not have the perception that all the events and activities just serve the cluster organization themselves, they need the feeling that the biggest advantages are supportive for the own goals. There is a need that the cluster companies always recognize the added value the cluster organization offers.

According to Le Roy & Gurău (2018) there are two principles to manage cooperation, which are the separation and the integration principle. The separation principle suggests paradox resolution by splitting the opposite forces of cooperation and competition (Poole & Van de Ven 1989). This principle applied to the first and second area of cooperation. In the first scenario, the goal setting towards a common vision, the management tried to reduce competition by building subgroups for different goals. The idea is to consider as much goals as possible and foster cooperation. In the second scenario the decision about the positions within the cluster management, the separation principle is applied as well. The cluster management aimed reduce competition by a voting process, they try to foster fluctuation and again build subgroups, for the reason that companies could take responsibilities for chosen projects and to cooperate with other companies in their field. The findings show the cooperation regarding the focus of the branding is managed through the integration principle. There is competition between the interests of

the cluster and the interest of the members in terms of branding. However, a strong cluster brand is also beneficial for the members. Thus, the management is challenging, and manager should maintain competition and cooperation in balance instead of reducing one of them (Clark-Hill, Li & Davies 2003). Consequently, the findings of Fernandez & Chiambaretto (2016) and Pelegrin et al. (2018) that a combination of the separation and integration principle to increase the efficiency of cooperative tensions management can be confirmed.

7 Summary and Conclusion

In the following chapter key findings of this master thesis will be summarized and discussed together with theoretical contributions. The findings are divided in three key topics: the structural organization of the cluster management, the approach to business cluster branding and identification of coopetition while branding. This is followed up by a summary of managerial suggestions for cluster management boards to improve business cluster branding and to anticipate possible tensions across coopetitive areas of branding. Finally, the study findings will be wrapped up by research limitations and possible fields of future research in business cluster branding and its coopetition.

7.1 Summary of results and theoretical contribution

This thesis aimed to increase the understanding of business cluster branding and identification of coopetition in connection with cluster branding. Business clusters are complex networks of interrelated companies therefore the management of branding is extremely difficult. The research about regional business clusters is limited (Mauroner & Zorn 2017). Furthermore, clusters are often explored from a marketing perspective rather than branding, which is different (Zhu 2017). Consequently, there is almost no literature about business cluster branding and in combination with coopetition this field remains unexplored. To hit this research gap, the focus was on the approach of cluster branding and the identification of coopetition by analyzing the cases of Tampere Automotive Cluster in Finland and Automotive Cluster Ostdeutschland in Germany. Additionally, a cluster consultant who worked many years in the field was interviewed to reflect on his experiences. The aim was to answer the research question:

“What are the key elements of business cluster branding and where coopetition takes place?”

Based on the previous analysis, a theoretical framework (Figure 9) is provided with the inclusion of the research findings to identify arenas of cooperation and understand the branding of business clusters. By using different data collection types and in-depth analyses of the interviews areas of cooperation could be identified and the knowledge about the branding of business cluster could be extended.

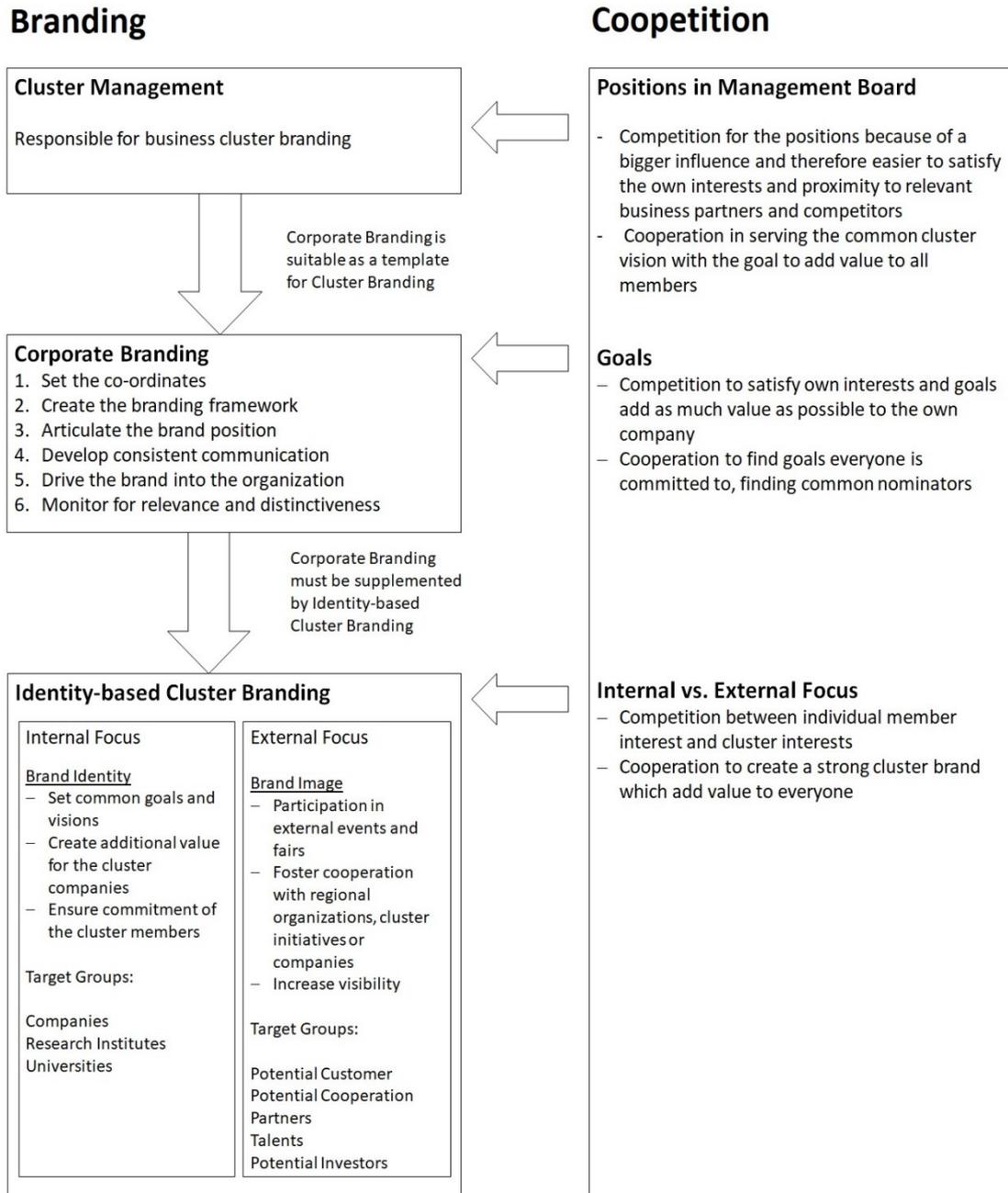


Figure 9. Framework of Business Cluster Branding and Areas of Coopetition

In terms of branding the study results reveal that branding practices for corporate branding are also suitable for business cluster. There are six steps recognized in the branding approaches of both clusters which are similar to the six conventions of corporate branding by Knox and Bickerton (2003). Those steps are: first, setting the coordinates, which means that they evaluate the current state and set goals to formulate the vision. Within the second step the branding framework is created, which includes the definition of a common starting point and searching for a unique value proposition on organization level. Regarding the third step, the articulation of the brand position, the findings reveal a lack of clear communication of the developed corporate brand positioning Step four centers a consistent communication, which is crucial for the cluster work, not just in the case of branding. However, the results clearly confirm the importance of a consistent communication. When it comes to the fifth step, driving the brand deeper into the organization, the findings show that this step is missing compared to the six conventions of Knox and Bickerton (2003). This step requires an examination of the business processes to generate a picture of how these processes must be adopted and modified to ensure continuity with the corporate brand proposition (Knox & Maklan 1998; Knox, Maklan & Thompson 2000). The prerequisite is a conscious branding effort to analyze the status quo and the needed adoptions, which is crucial for the branding success and strongly recommended. But the results indicate an intuitive and unconscious branding, furthermore the participants did not see the need to have a strong focus on the brand after the implementation period. However, it is strongly recommended to adopt the branding efforts to the market situation. Consequently, step six, which is meant for reasons of monitoring could be not identified in this study. Nevertheless, this leaves space for improvement. Cluster manager must be aware of their brands and they need to continuously adopt and monitor it.

However, the corporate branding approach need to be supplemented by the identity-based brand understanding of Mauroner and Zorn (2017). Cluster brands and especially the process of cluster branding provide direction, identification and visibility in this

complex environment inside of the cluster (cluster identity) and to the outside (cluster image) (Mauroner & Zorn 2017). The results of the master thesis clearly confirm the identity-based brand understanding. Even, there are variations of the focus, some clusters focus more on the inside like the ACOD or on the outside. The Tampere business cluster has quite a balanced focus, however a strong identity-building cluster brand is important for innovation, start-up activities, and cluster growth (Crombie 2011; Tu 2011). The findings show that there is a strong focus on innovation and especially in the beginning on growth of the cluster. Kaminiki (2009) stated a factor of success is the active inclusion, participation, and sensitization of the actors, which could be also confirmed by the findings of the research. The active participation was outlined as one of the most important factors to ensure success. Mauroner & Zorn (2017) postulated that the main objective of a cluster brand is visibility to promote the brand. The findings of my research showed that indeed it is an important objective, however the most important objective is to add value to the cluster members.

When it comes to cooperation of cluster branding, the major challenge in cooperation is to maintain a sustainable and balanced relationship (Bengtsson & Johansson 2012). Tidström (2014) mentioned that the goal of the management of cooperation is that all members in the network are satisfied by the outcome. With an extensive communication the participants aimed to align all members to common goals and deliver results which add value to everyone. In order to manage cooperation areas of tensions must be identified. The main areas of cooperation in the branding context are: first, the definition of common goals, to align in the individual and specific goals with the cluster goals, second, about influence, especially about the positions within the management board. The third area of cooperation is between the internal and external focus of branding.

7.2 Managerial Implications

My analysis reveals that the cluster manager working mainly unconscious and intuitive when it comes to branding efforts. Even, there are many efforts into the right direction

it would be helpful to structure the work. A solid period of planning before the implementation would increase the success. This requires a clear and direct communication. First, set the goals and vision and together with the cluster members. This needs an intensive exchange between the cluster management and the members in different formats like one-on-one discussions between the cluster management and the members but also on cluster events and between interest groups. The goal is to find common nominators everyone agrees on. Additionally, sub-groups with specific projects could be build, which is a part of the separation principle to manage tensions. By giving all companies the chance to follow their goals and be integrated in valuable projects. The main purpose is to add as much value as possible for the cluster members. Those actions help to strength the cluster identity and has an introversive focus. However, cluster branding needs an outside focus as well. It is crucial to build a strong image of the cluster to attract talents, investments, cooperation partners and to have a positive influence on the region. Accordingly, the cluster management should increase the outreach by participation at fairs, inviting external companies to events and take part at external events, but also implement cooperation with regional organization, other cluster initiatives or companies. This is an ongoing process and always must be balanced between the internal and external focus, to add value for the cluster members by supporting the development of the individual businesses. In the best case this increase the achievement and quality of the individual services and products of the companies which in turn has a positive influence on the cluster reputation. However, the cluster management should also work actively at the own image to support those positive effects in order to add even more values to the companies.

However, the cluster manager should be aware of the distinction between the inside and outside focus and the risk of tensions. Tensions arise when the cluster companies get the feeling that the promotion of the cluster has a higher priority than the individual needs of the company. This should be carefully balanced and the integration principle to manage those tensions is suggested. In this case communication is key, everyone needs to know the value and advantage of a successful brand and what it needs to create the

brand. There are also tensions regarding the goals and interests. It could be managed by the implementation of interest groups which are working on different projects and different companies take the lead in those sub-groups to get the companies involved into cluster decision. Companies should have the feeling to be heard and to have an influence. Furthermore, companies should be included into the management board. To balance competition regarding those attractive positions it need a transparent and democratic process. Additionally, a periodical fluctuation of those position is suggested. It causes tensions when always the same companies are in the lead and a regular fluctuation is also helpful to stay innovative, generate new ideas and get new perspectives. According to those tensions the separation principle is recommended to reduce the competitive behaviors. Personal or business-related conflicts between two companies should be solved by the companies themselves, the cluster management could support as an independent mediator. A short summary of the managerial implications is provided in table 3.

Table 3. Summary of Managerial Implications

Areas	Management
Branding	<ul style="list-style-type: none"> • a cluster organization can be branded like a corporation. <ol style="list-style-type: none"> 1. Set the co-ordinates <ul style="list-style-type: none"> - individual discussion with all members about their goals and expectations - find common nominators 2. Create the branding framework <ul style="list-style-type: none"> - be conscious about the branding and create a plan to address the goals 3. Articulate the brand position <ul style="list-style-type: none"> - communicate the goals - usage of cluster events also with external guests and working in interest groups 4. Develop consistent communication 5. Drive the brand into the organization 6. Monitor for relevance and distinctiveness • BUT a stronger focus on the distinction between internal and external stakeholders is needed <ul style="list-style-type: none"> - add as much value to the companies to strength the cluster identity (internal) - strength image (external) by participation in external events, cooperation with regional organization, cluster initiatives or companies
Coopetition	<ul style="list-style-type: none"> • two principles to manage coopetition separation vs. integration (Le Roy & Gurău 2018) • Integration Principle: <ul style="list-style-type: none"> - for managing tensions between external and internal focus - the value of a successful brand must be communicated • Separation Principle: <ul style="list-style-type: none"> - for managing tensions within the management board <ul style="list-style-type: none"> ➔ transparent and democratic voting process, ensure regular fluctuation of the board members - for managing tensions regarding the goals and interests <ul style="list-style-type: none"> ➔ Implementation of interest groups and inclusion of cluster members into the management board to get companies involved into cluster decisions, create more positions of power to reduce competition

7.3 Limitations

This master thesis has limitations which must be considered in evaluation of the research findings. However, the findings also suggest multiple promising approaches for future research.

The focus of the study is on the automotive industry and the interviewees are from two different countries (Finland and Germany). Therefore, the empirical results are just partly applicable on other industries or geographical regions as the settings might be different. Furthermore, the case study research approach suffers from small sample size which decrease the generalizability of the findings because first, many individual descriptive and context-specific components and second, due to different settings and structures of the business cluster. Even the aim of the explorative approach of this study was not a great generalizability, but a bigger sample size would have given a better picture of cultural influences on coopetition in business clusters. The access to suitable candidates for semi-structured interviews were limited caused by the Covid 19 crises, which did not allow me to find more qualified candidates for the empirical data collection. Even though, the interviewees were experts in their fields with many years of experience a higher number of interviewees would have a positive impact on the generalizability of the findings.

Additionally, it is suggested for future research to take replication studies with clusters of same management structures to gain a better understanding where hotspots are for coopetition. In this case there is a higher possibility to find specific result for the different types of cluster in the context of coooperative branding. As mentioned in the literature review, the definitions of business cluster are rather vague. However, the underlying definition in this thesis is clearly defined. Nevertheless, the confusion about the definition can cause certain irritation and limitation to this study.

The studies participants are from two different nations with provides evidence of cultural differences in cooperative behavior. However, a higher number of participants would be led to more reliable insights on this topic. In a second step it would be beneficial to include more participants with different cultural backgrounds to explain the influence of cultural differences on cooperation in the context of business cluster branding. Additionally, personal characteristics playing a crucial role in cooperation therefore individual variables should be considered in future research to understand fully the sociocultural dynamics of cooperation in business cluster branding. Another recommendation for future research is the development of branding and cooperation in front of the cluster life cycle and the influence of the cluster age. Additionally, to research branding and its cooperation from the cluster members point of view.

The interviewees' subjectivity have an influence on the data collection in form of semi-structured interviews. However, when interviewing people subjectivity is expected and considered as unintentional human cognitive bias. Nevertheless, the collected primary data are consistent with the data available and gathered before.

Consequently, for future research it is suggested to use a larger sample size, the comparison of clusters with similar management structures and of different nations to understand the cultural influence. Business cluster must build a strong identity and image to create a strong brand in order to stand the tough global competition. Consequently, more research in the field of business cluster branding is needed and a focus on the management of cooperation while creating a brand.

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