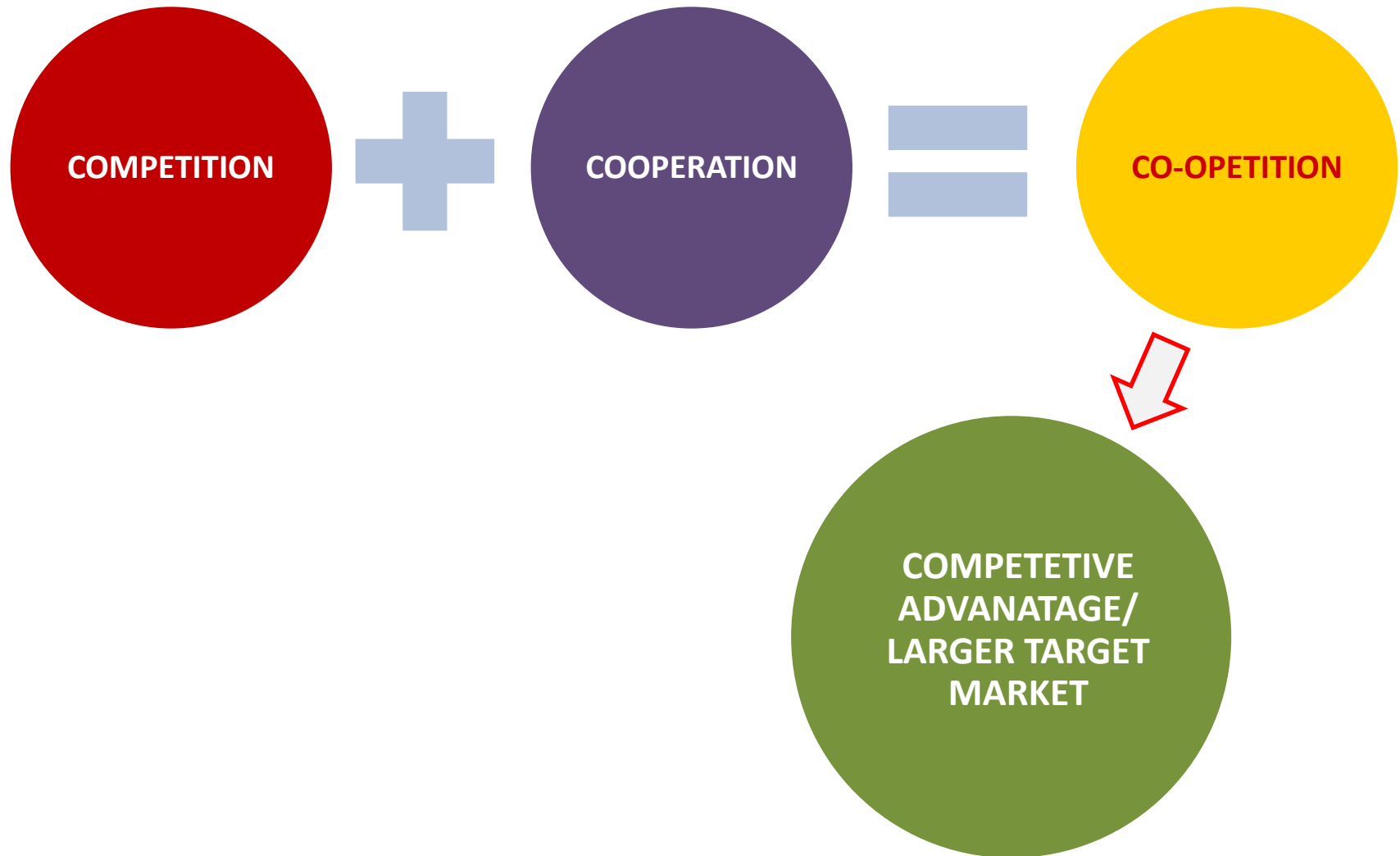


# **CO-OPETITION: OPPORTUNITY FOR THE AUDIOVISUAL SECTOR DEVELOPMENT**

**Kristaps Ročāns**  
Project Manager  
Vidzeme Planning Region  
[www.vidzeme.lv](http://www.vidzeme.lv)

# OVERVIEW

- CO-OPETITION CONCEPT
- STRATEGIES FOR CO-OPETITION
- SOME GLOBAL EXAMPLES OF AUDIOVISUAL SECTOR DEVELOPMENT
- DISCUSSION



- Co-opetition is the **model of firm to firm relations**, where competition and cooperation are combined and are happening simultaneously
- In co-opetition relationships companies **cooperate to develop** new products and create value, and then **compete in a market** to get a share of it, or distribute the returns to the value that has been created

**WHAT ARE THE BENEFITS?**

- Co-opetition is more beneficial and **easier for SME's** than for large companies
- Co-opetition promotes **internationalization** of SMEs
- Co-opetition works through sharing of knowledge, information, marketing intelligence and distribution chains in order to **access broader market**
- Co-opetitive relationships can create competitive advantage via **complimentary resources**

(Dana, Granata, Carnabay, 2011; Tang, 2011, Chai, Yang, 2011)

WHAT ABOUT THE RISKS?

**In practice there is always a risk where:**

- one party is **not getting enough** of a return,
- **leakage** of confidential information,
- different objectives and intentions of **distrust**

**Therefore, to minimize these risks, it is important that co-opetitive relationships are carefully developed!**

(Chai, Yang, 2011)



# CO-OPETITIVE NETWORKS

Networks are the best eco-systems for the co-opetitive relationship development:

- **Long-term** relationships
- Development of **mutual trust**
- Development of **social capital**
- Exchange of **knowledge**
- Environment that promotes **innovation**

# 3 network types:

- Cooperative dominant
- Competitive dominant
- Equal relationships

**The emphasis and chosen strategy depends on the objectives of companies, who are active shapers of the network**

(Chai, Yang, 2011)

# TRIPLE-HELIX INDUSTRY CLUSTERS

“Today’s Economy is about **speed, flexibility and connectivity** in an environment where innovation and economic growth are geographically concentrated. Clusters and their smart specializations are cornerstones of this reality.”

(Ffowcs-Williams, 2012)

“The most valuable clusters are those that represent **a special regional strength** [..] clusters [are] economic system and strategy for competitive advantage.”

*Dr. Stuart Rosenfeld, North Carolina, USA*

# CO-OPETITIVE RELATHIONSHIPS IN CLUSTERS HELPS STAKEHOLDERS **OVERCOME 7 INNOVATION GAPS:**

1. Research gap
2. Education gap
3. Capital gap
4. Government gap
5. Firm-to –firm gap
6. Cross-cluster gap
7. Global market gap

Shift from the traditional **TECHNOLGY PUSH** to the **MARKET PULL**

Clusters as an innovation systems which function as a **platforms for co-creation, testing and „speeding – up – to market“** of new products, solutions, technologies and services

(Räsänen, 2013)

# SOME GLOBAL EXAMPLES OF AUDIOVISUAL SECTOR DEVELOPMENT



# Technology push and Market pull in the Hollywood film industry

Large studios and blockbuster directors are actively promoting and developing industry-changing shifts in the film viewers experience, film production and distribution:

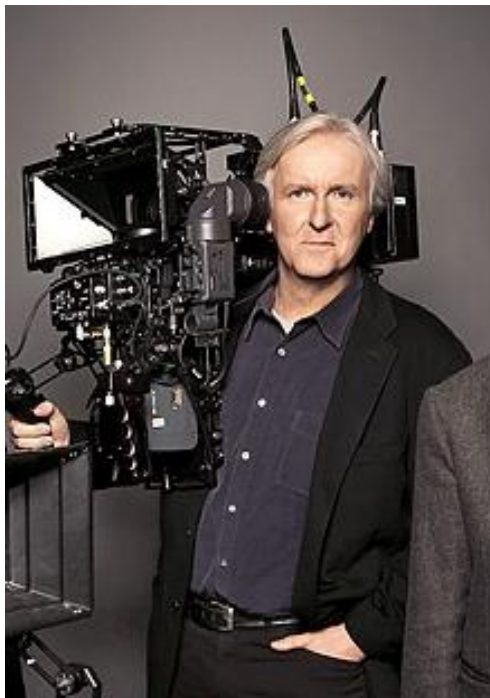
**3D**

**HFR**

**Digital instead of analog**

(filming, distributing, presenting)

# 3D



**James Cameron  
cooperates with Michael  
Bay**

“20th Century Fox”  
“Lighstorm  
Entertainment”  
&  
“Paramount Pictures”



<http://www.hollywoodreporter.com/news/michael-bay-reveals-james-camerons-191774>

# HFR and Digital film production



**Peter Jackson, James  
Cameron, Steven  
Spielberg cooperation**

**“DreamWorks Studios”  
“20th Century Fox”  
“Lighstorm  
Entertainment”  
“Warner Bros”**

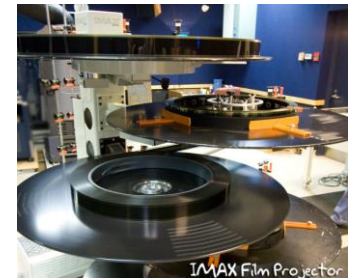
<http://www.hollywoodreporter.com/new/s/peter-jacksons-hobbit-should-hit-313867>

<http://collider.com/peter-jackson-the-hobbit-3d-red-epic-cameras/>



# Digital vs analog film distribution and presentation

- By the end of 2012, 90,000, or **75 %** of the world's cinema screens had gone digital
- **85 %** of the screens in North America had already made the digital switch, as have **67 %** in Europe.



**Audiovisual solutions for the  
traditional industry products – an  
opportunity for co-opetition**

- The successful experience of the LEGO® Group: **integrating digital and physical products to engage core market**



- Sustainable growth of LEGO® Group in an changing industry – **integration of traditional “core product” with audiovisual and digital services**
- In 2013 company sales increased by 11%, outperforming the general toy market. In less than 10 years, more than quadrupled revenue
- **Leverage digitalization – digital content is not a separate business but a leverage inside the business**
- LEGO® brand on YouTube has 7,5 billion showings (top 3 of all brands in a world from YouTube perspective – 99% user generated)
- **LEGO® is a digital brand** – popular video games, cartoon shows, web marketing, mobile applications, large web community, The LEGO® Movie

**Jørgen Vig Knudstorp,**  
President and CEO of the LEGO® Group

<http://aboutus.lego.com/en-us/news-room/2014/february/annual-result-2013?CMP=TW-CO2013AboutUsAnnRes2013>  
<http://aboutus.lego.com/en-us/news-room/2014/february/annual-result-2013-OD-Video?CMP=TW-CO2013AboutUsLiveStream>

# QUESTIONS TO DISCUSS



- **How to foster audiovisual sector development through co-opetition in triple-helix clusters?**
- **What are main innovation gaps in the audiovisual sector and how to overcome them?**
- **Technology push and Market pull – how to broaden the markets and engage customers?**
- **Audiovisual solutions for traditional industries – is there a potential for cooperation?**

WHAT IS THE EXPERIENCE IN YOUR COUNTRY  
AND REGION?