

How David wins against Goliath in established industry

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Researchers from University of Nebraska and York University published a new paper in the *Journal of Marketing* that examines what can happen when 'little guys' work together to pursue common interests.

The study forthcoming in the *Journal of Marketing* is titled "Collaborative Market Driving: How Peer Firms Can Develop Markets Through Collective Action" and is authored by Andre F. Maciel and Eileen Fischer.

In most established industries, large companies are dominant: Think of the technology, foods and beverages, entertainment, and banking sectors, for example. However, in some industries this dominance is effectively challenged by small and medium firms that carve out vibrant niches and build substantial customer bases in categories such as craft beer, specialty coffee, community-supported agriculture, and credit unions.

The researchers identify the backstage work through which small and medium-sized businesses can increase their political and economic clout. Specifically, they reveal the importance of [collective action](#), identifying a strategy referred to as "collaborative market driving." Maciel says that "We identify how firm owners form a strong sense of shared identity and pool their resources to jointly develop a market category in ways that benefit all of them. Their collective work ranges from exchanging critical economic resources to fighting together for more favorable regulation."

The study also analyzes the key role trade associations can play as coordinators of this form of collective firm action. Trade associations can offer inspiring templates for how smaller firms should relate to each other and make sense of their competitive environment. Further, consumers can play key role as allies of these firms by providing some of the resources that they may lack to develop a market category.

For the most part, marketing researchers have focused on evolution powered by individual firms that cooperate with members of their supply chain, but compete fiercely with their peers. By contrast, this research brings into focus the role of collective action among peer firms.

Fischer adds, "These firms follow the motto 'a [rising tide](#) floats all boats' and find ways to manage their own interests while working toward the interests of their collective."

Perhaps most importantly, the findings suggest a viable course of action for entrepreneurs interested in developing new [market](#) categories when they lack adequate resources to do so individually. By acting in concert, they can become a force to be reckoned with, enacting a marketplace version of the parable of David and Goliath.

More information: Andre F. Maciel et al, Collaborative Market Driving: How Peer Firms Can Develop Markets Through Collective Action, *Journal of Marketing* (2020). [DOI: 10.1177/0022242920917982](https://doi.org/10.1177/0022242920917982)

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