Compete or Cooperate?
The role of Industry Structure in Start up Commercialization Strategies

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Abstract
This study demonstrates the impact of industry structure on startups' decision whether to directly compete in the market or to cooperate with industry incumbents in distributing their products. We hypothesize and empirically show that startups are more likely to compete in moderately concentrated markets than in fragmented and highly concentrated ones. We further show that: 1) the effect of complementary assets on the decision to compete increases with industry concentration; 2) start ups producing tailor made products are more likely to compete in concentrated industries; and 3) VC backed start ups are less likely to compete in concentrated industries. Finally, we show that a tight appropriability regime encourages competition in low to medium levels of industry concentration, but encourages cooperation at medium to high levels of concentration.