

Coopetition (collaboration between competing firms) has been viewed as a potentially beneficial but also a risky relationship for a firm. Earlier literature provides inconclusive evidence in terms of the effects of a firm's coopetition strategy on innovation and market performance, suggesting both positive and negative implications. Some of this variation could be attributed to the fact that coopetition is successful only in certain types of business environment. In order to take the research further, this study examines the effect of a coopetition strategy on the firm's innovation and market performance, focusing on the moderating effects of market uncertainty, network externalities and competitive intensity. The results from a cross-industry survey of 209 Finnish firms provide novel evidence on the conditions under which coopetition is successful and when it is not.