

Market system dynamics

Marketing Theory

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How do markets change? What becomes valuable and virtuous, what worthless and immoral? Why do some consumer identities and experiences become more widespread than others? And why can some of the most passionate consumers cause the greatest harm to a successful market whereas some of the most critical observers contribute to a market's stability over time?

During the last decade, a thriving and diverse subfield of marketing research, originally termed by Giesler (2003, 2008) *Market system dynamics*, has emerged to help answer these and other questions about markets, how they are constituted as complex social systems and how actors and institutions actively shape (and are shaped by) them, thereby challenging three problematic biases plaguing marketing scholarship at the beginning of the 21st century: the economic actor bias, the micro-level bias and the variance bias (see Figure 1).

Challenging the economic actor bias: Markets as social systems

The choice of actors that marketing scholars investigate harbours considerable influence over the theorizing they produce. We define marketing's economic actor bias as the tendency of conventional marketing scholarship to focus almost exclusively on the actions of (and relationships between) two types of actors, 'consumers' (who consume) and 'producers' (who produce), to the exclusion of those of many other individual and institutional actors.

One result of the economic actor bias has been that there is a wealth of consumer- and firm-level research, whereas questions about through whom and what concrete exchange structures between consumers and producers arise and evolve, has been relatively sparse (Siebert and Giesler, 2012; Thompson, et al., 2013). To address this bias, research in the *Market system dynamics* tradition theorizes markets as the result of discursive negotiations among and the practices of multiple stakeholders including a market-shaping consumer (Dolbec and Fischer, 2015; Martin and Schouten, 2014; Parmentier and Fischer, 2015; Scaraboto and Fischer, 2013) but also a broader set of other market shapers such as managers, entrepreneurs, media journalists, policy makers, scientists, technologists, religious authorities and political activists (Borgerson, 2005; Ertimur and

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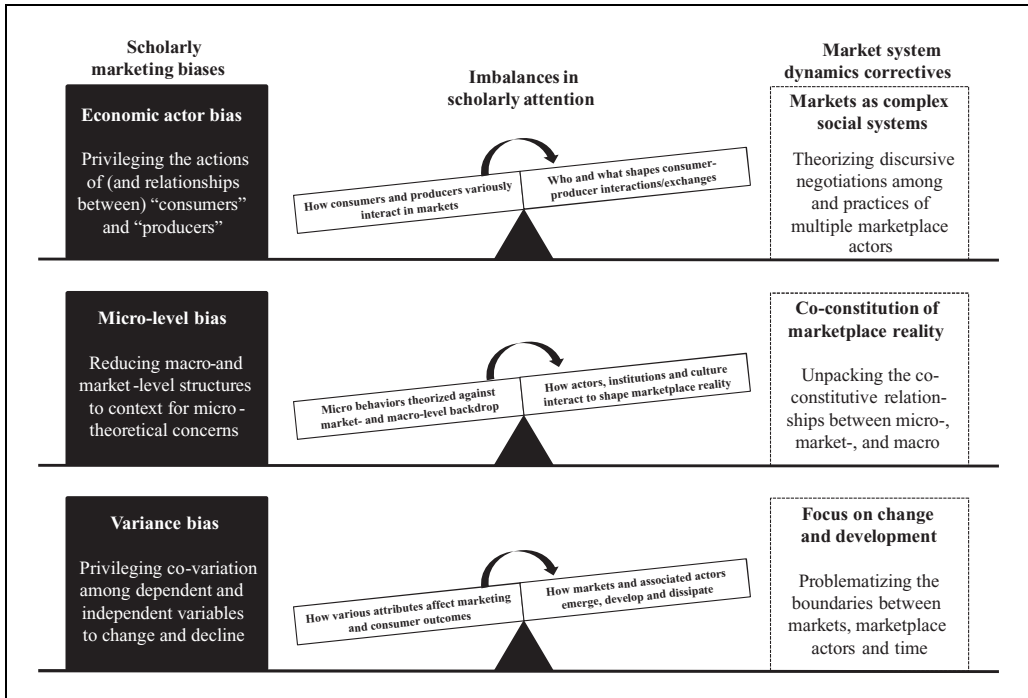


Figure 1. Market system dynamics as a corrective to three salient scholarly marketing biases.

Coskuner-Balli, 2015; Giesler, 2008, 2012; Giesler and Veresiu, 2014; Humphreys, 2010a, 2010b; Humphreys and Thompson, 2014; Karababa and Ger, 2011; Penaloza and Barnhart, 2011; Sandikci and Ger, 2010).

Challenging the micro-level bias: Co-constitution of reality

Theoretical attention to the relationship between marketplace actors and their specific historical, economic, social and cultural context is a staple notion of all marketing scholarship (Veresiu and Giesler, 2011). We define marketing’s micro-level bias as the tendency of conventional marketing scholarship to reduce macro-cultural, historical and market-level structures and forces to mere contextual variables in favour of more specific micro-level theoretical questions and concerns (Thompson, Arnould, and Giesler, 2013). One consequence of this tendency has been an abundance of scholarship on how consumers and firms think, experience and act and a paucity of work explaining what Askegaard and Linnet (2011) call ‘the context of context’: the forces that shape this thinking and acting.

To address this bias, research in *Market system dynamics* strives to avoid the foregrounding of micro actors in favour of unpacking the co-constitutive relationships between micro-, meso- and macro-levels of analysis (Siebert and Giesler, 2012). To theorize these multi-level relationships, *Market system dynamics* researchers have routinely drawn on actor-network theory (Giesler, 2012), assemblage theory (Canniford and Shankar, 2013; Parmentier and Fischer, 2015), institutional theory (Dolbec and Fischer, 2015; Ertimur and Coskuner-Balli, 2015; Humphreys, 2010a,

2010b; Press and Arnould, 2011), political sociology (Giesler and Veresiu, 2014) or historical approaches (Karababa and Ger, 2011; Sandikci and Ger, 2010).

Challenging the variance bias: Focus on becoming

Marketing focuses on the investigation of marketplace reality not only *within* but also *across* time and space (Deighton, 1992; Gebhardt et al., 2006). We define marketing's variance bias as the tendency of conventional marketing scholarship to privilege variance questions dealing with covariation among dependent and independent marketing variables to questions of change, development and decline (Langley et al., 2013). This long commitment of marketing researchers to substantive metaphysics has led to a wealth of scholarship treating marketplace reality as composed of stable material substances that only change their qualities and a paucity of knowledge on process and change (Siebert and Giesler, 2012).

To address this variance bias, research in the *Market system dynamics* tradition embraces a decidedly dynamic ontological view by problematizing the boundaries between market systems, marketplace actors and time and by addressing questions about how and why markets and their associated actors, institutions and meanings emerge (Ertimur and Coskuner-Balli, 2015; Giesler, 2012; Giesler and Veresiu, 2014; Humphreys 2010a; Martin and Schouten, 2014; Press and Arnould, 2011; Scaraboto and Fischer, 2013), evolve (Giesler, 2008; Vikas et al., 2015) or terminate (Parmentier and Fischer, 2015), often but not exclusively using longitudinal data.

The studies in this issue

This *Marketing Theory* special issue features a series of fresh, provocative and rigorous empirical studies variously interpreting and combining these three key characteristics of the *Market system dynamics* approach. From a set of 22 submissions, 5 articles made it through the complete three-round review process and appear in this issue. Each article, we find, usefully illustrates the power and variability of the *Market system dynamics* approach and how various teams of marketing all stars and rising stars are working creatively together to enhance its theoretical value and address its limitations.

One veritable limitation – the paucity of scholarship on how space shapes and is shaped by dynamic market systems – is addressed by Rodrigo Castilhos, Pierre-Yann Dolbec and Ela Veresiu. They develop a conceptual framework to study the dynamics of markets through a spatial lens. To conceptualize how various types of spaces matter in market creation and change, the authors leverage four key spatial dimensions (place, territory, scale and network) to offer alternative theoretical avenues for unpacking market phenomena.

After that, Gokcen Coskuner-Balli and Gulnur Tumbat extend previous scholarship on market creation by illustrating the rhetorical strategies to perform markets and the role of a powerful political actor in enabling and maintenance of a market institution. To explore the strategies involved in maintaining free trade as a market institution, the authors bring the notion of performativity in sociology of economics and rhetorical analysis in institutional research to bear on an in-depth analysis of the US presidents' speeches over the last 30 years.

The deep issue of how markets are performed is also the focus of Dannie Kjeldgaard, Søren Askegaard, Jannick Ørnstedt Rasmussen and Per Østergaard. These authors examine how consumers may work strategically to alter market dynamics through formally organized activities. An in-depth analysis of how Danish beer enthusiasts altered the logics of competition in the market

enables the authors to theorize formally organized consumer association, or what the authors call 'consumers' collective action', through the lens of sociological field theory.

John H Finch, Susi Geiger and Rachel Joy Harkness mobilize the economic sociology of conventions to deepen our understanding of conflict and compromise as constitutive characteristics of marketing systems entailing matters of public interest or concern. Through an ethnographic study of the regulated activities of chemicals service companies supporting the upstream petroleum industry, the authors show that by artful and pragmatic compromising around exchanges, actors in marketing systems balance several conflicting orders of worth over the question of worth without needing to converge on an overriding institutional logic.

Lastly, Hans Kjellberg and David Olson combine previous work on market formation and regulation with a case study of the emerging legal cannabis markets in the United States to show how interrelations to adjacent markets contribute significantly to constitute the social systems of regulated markets. Specifically, the authors demonstrate the influence of market interrelations enacted during legitimation and regulation on who becomes involved in the market formation process and direct attention to specific issues in that process.

In closing, we note that this *Marketing Theory* special issue is one more step in the development of a thriving community of researchers specializing in the study of markets as dynamic social systems. *Market system dynamics*-based scholarship is now regularly published in academic journals such as *Marketing Theory*, the *Journal of Consumer Research*, the *Journal of Marketing*, *Consumption*, *Markets*, and *Culture*, the *Journal of Retailing* and others. Sessions focusing on *Market system dynamics* related to conceptual, critical and applied research questions and projects are found at conferences of the *American Marketing Association*, the *Association for Consumer Research*, and the *Consumer Culture Theory Consortium*, and dynamic market-level scholarship enjoys now a canonical presence in the field's many data analysis and theory development workshops and doctoral consortia. These and other developments provide vital signs that *Market system dynamics* offers a fresh perspective on core constructs in marketing and consumer research – and one that meaningfully complements existing advances.

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