LEARNING WITH THE MARKET: 
FACILITATING MARKET INNOVATION

Dr. Suvi Nenonen  
Hanken School of Economics  
P.O. Box 479, FIN-00101 Helsinki, Finland  
Tel: +358505626028  
Email: suvi.nenonen@hanken.fi.

Professor Kaj Storbacka  
University of Auckland Business School  
Private Bag 92019, Auckland, New Zealand  
Tel: + 64 99237213  
Email: k.storbacka@auckland.ac.nz

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ABSTRACT

Our research focuses on how market actors can actively engage in higher levels of learning when they attempt to create or shape markets. The paper investigates how actors with market driving strategies can proactively engage in higher-level market learning processes. The analysis showed that higher-level market learning outcomes are different from organizational learning outcomes in that they need to influence market-level properties, and not only cognitive, emotional and behavioral aspects of the actors in the market. We identified a number of conceptually overlapping market-level properties that can constitute a focus for learning efforts: network structure, market practices and market pictures. The key finding in understanding the higher-level market learning process was the role of learning episodes. We posit that market actors attempting to drive market innovation can pro-actively engage the market in various learning episodes directed towards changing some of the market-level properties.

Keywords: market innovation, market driving strategy, network learning, market learning

INTRODUCTION

Kjellberg, et al. (2012) conclude that markets are socially constructed (Granovetter, 1992) and, hence, malleable and subject to multiple change efforts. Markets are always in the
making, or paraphrasing Vargo and Lusch (2004): markets are not – they become. This opens up questions about how market actors can influence this process of becoming – how they can create market innovations.

This resonates with discussions addressing customer-led versus lead-the-customer innovation (Baker and Sinkula, 2007, Narver, Slater and MacLachlan, 2004) and market driven, versus market driving strategies (Jaworski, Kohli and Sahay, 2000; Kumar, Scheer and Kotler, 2000; Varadarajan, 2010). Firms applying market driving strategies need to start with their own subjective view on which market(s) to drive. Jaworski, et al. (2000) define market driving strategies as changing the configuration and/or behavior of actors in a market. Storbacka and Nenonen (2011b, p. 251) term this ‘market scripting’, defined as “conscious activities conducted by a single market actor in order to alter the current market configuration”.

According to Storbacka and Nenonen (2011a) markets evolve in a perpetual reciprocal process as various actors introduce new ideas in the form of business model elements, which influence the market practices (Anderson, Aspenberg and Kjellberg, 2008) that actors are engaged in. This results in multiplicity of co-existing market versions (Kjellberg and Helgesson, 2006), i.e., markets take on multiple forms as actors make their subjective definitions of the market and attempt to make their definition a shared definition in a reciprocal learning process among relevant market actors.

The managerial consequence of reciprocity is the need for a better understanding of the market, a key ingredient in the research related to market orientation (see Baker and Sinkula, 2005 for an overview). Market orientation relates to the acquisition, sharing and utilization of knowledge about the customers and the market conditions (Slater and Narver, 1995, Weerawardena, 2003) and is divided by Narver, et al. (2004) into responsive market orientation (learning about customers and factors that influence customers) and proactive market orientation (focusing on identifying latent customer needs). The market orientation research has, however, largely been built on the assumption that the market is given and that the objective of the firm is to learn ‘about the market’ (Day, 2002; Hult and Ferrell, 1997; Kohli and Jaworski, 1990; Moorman, 1995), i.e., identify opportunities as precursors of business development.

Building on the service-dominant logic (Vargo and Lusch, 2004), we posit that actors wanting to influence the becoming of markets are more likely to focus on learning ‘with the market’ (Bergh, Thorgren and Wincent, 2011). This kind of learning can be characterized as ‘higher-level’ from two perspectives. First, it acknowledges a change of the unit of analysis as the locus of learning moves beyond individual and organizational learning, into inter-organizational learning (Toiviainen, 2007). Powell, Koput and Smith-Doerr (1996) calls this networks of learning, whereas Knight (2002) and Knight and Pye (2005) call this network learning. Building on this we define market learning as learning by a group of actors as a group.

Second, it implies a shift from adaptive to transformative (Mezirow, 1991), expansive (Engeström, 1987) or double-loop (Argyris and Schön, 1978) forms of learning (Cope, 2003). Higher level learning means learning beyond adaptation and beyond the extent learning boundary. This learning challenges existing constraints and requires individuals and organizations to develop new ways of looking at the world and new practices. Morgan and Berthon (2008) call this generative learning, and argue that it requires proactive unlearning of key organizational competencies and questioning of an organization’s assumptions about itself and its environment. Only by generative learning firms can shape existing and create new markets.
Although there is considerable research on organizational learning, knowledge management and dynamic capabilities, surprisingly little is known about how focal actors can actively engage in these higher levels of learning when they attempt to create or shape markets. Our aim is to contribute to this research gap by investigating how focal actors with market driving strategies can proactively engage other market actors in higher-level market learning processes.

The paper is next divided into three sections. First, we discuss higher-level market learning and identify possible learning outcomes. Second, we introduce the idea of learning episodes and suggest that the episodes can be understood by dividing them into three phases. Finally, we discuss the contributions of the paper, and identify further research avenues.

The key constructs used in the paper are described and defined in Table 1.

OUTCOMES OF HIGHER-LEVEL MARKET LEARNING

Organizations and individuals learn from being exposed to diverse interpretations of phenomena, but can act only based on some level of common understanding (Fiol, 1994). Donnellon, Gray and Bougon (1986), however, argue that meanings can be equifinal, i.e. that group members can take organized action although they hold different meanings for their common experience. Different meanings may lead to the same action as they are bounded by certain organizational behaviors. Furthermore, according to Weick (1995) the ‘sharedness’ of meaning means that they are held in common (rather than distributed), with the term common employed in the sense that they are held by many, but not necessarily all network actors.

In an increasingly networked economy, learning increasingly happens in inter-organizational collaborations (Powell et al., 1996). Building on Crossan et al. (1995), Knight (2002) suggests that learning can be understood on several analytical levels: individual, group, organizational, dyad and network. Our interest lies in understanding how a market network can learn. Knight (2002) calls this network learning (not learning ‘within networks’, but ‘as networks’): learning by a group of organizations as a group, and argues that network learning can be influenced by an individual, a group, an organization, a dyad, or though intra-network interaction. Building on this we define market learning as learning by a group of market actors as a group.

Cope (2003) provides an excellent literature review of lower and higher levels of learning. The higher levels of learning are characterized by ‘new frames of reference, ‘learning beyond adaptation’, ‘the capacity to transform an individual’s meaning perspectives’, ‘learning in relation to the whole’, and ‘radical change that requires a shift in mindset’.

Generally, learning outcomes have been described to have cognitive, emotional and behavioral aspects (Argyris and Schön, 1978). In their study of entrepreneurs, Bergh, et al. (2011) found outcomes in terms of the entrepreneur’s thinking patterns, affective states and in how the entrepreneur perceived the available social network.

These views highlight the focus of learning as a change in mental models. Building on a practice view (Reckwitz, 2002; Schatzki, Knorr Cetina and von Savigny, 2001), we posit that market learning needs to be approached by looking also at the practices and activities that firms are engaged in. A practice is not synonymous with action – rather, it expands the unit of analysis to the system that fosters action (Dourish, 2001). Hence, market learning needs to entail also changes in practices and activities.
Engeström and Kerosuo (2007) propose that expansive learning, a part of the activity theory framework (Engeström, 1987), could give guidelines for a better understanding of higher-level learning in several interconnected activity systems. Engeström and Kerosuo (2007, p. 24) defines expansive learning as “processes in which an activity system, for example a work organization, resolves its pressing internal contradictions by constructing and implementing a qualitatively new way of functioning for itself”. They further argue that this learning is transformative, horizontal (boundary crossing) and subterranean (“blazes cognitive trails that are embodied and lived but unnoticeable”).

We define higher-level learning as learning that challenges existing constraints and requires individuals and organizations to develop new ways of looking at the world and new practices. Engeström and Blackler (2005) emphasize the importance of the ‘object’ in an expansive learning approach to inter-organizational learning. The object is the focus on work activities such as products or achieving growth in a market. Objects are constructed by actors as they make sense, name, stabilize, represent and enact foci for their activities. They are also path-dependent as they have a history and built-in affordances and inertia. The logic of expansive learning would be to help actors to view the object as a part of the larger whole. An actor may change focus from selling products towards helping customers use the product in its value creating process. The object is thus changed from efficient transactions (exchange value) to relational support (use-value).

Engeström and Kerosuo (2007) argue that the learning outcomes can be expanded objects and new collective work practices, including practices of discourse and thinking. According to Knight and Pye (2005), network learning outcomes cannot be viewed as the sum of learning by the organizations that make up the network: “Network learning, by definition, would be characterized by changes to network-level properties; in the absence of such changes, there is no network learning” (ibid., p. 371).

We use a ‘multiple lenses’ approach to generate understanding about the market-level properties. Based on literature, we identified the following market-level properties: network structure, market practices, or market pictures. These properties are conceptually overlapping, but we will next discuss them separately.

Building on the above reasoning, we suggest that higher-level market learning implies reciprocal learning processes, involving several market actors, where the learning outcomes are changes in market-level properties, such as network structures, market practices and market pictures.

**Network structure**

A network structure is described by identifying actors and ties in the network (Davern, 1997). An actor attempting to make of shape markets needs to be well equipped to understand the network, and its own position in the network. Möller (2010), for instance, argues that an actor’s network position influences its ability and credibility to influence development agendas in markets.

Market innovation may require actors to have access to completely different networks or control certain strategic information or resource flows. Hence, market reconfiguration may necessitate inclusion or exclusion of actors in the network. Toiviainen (2007) found that a key learning outcome was the formation of a new intermediate level of collaboration and learning namely that of partnerships between selected market actors. Johanson and Vahlne (2011) propose that entry into new markets can preferably be undertaken in cooperation with actors who are already insiders, whereas Sarasvathy (2001) proposes that actors can use an
effectuation mode to enter create new commitments with actors in market networks and get access to new resources.

A change in any actor’s business models means that the resource configuration of the whole network may change and this will impact the work division between actors (Storbacka and Nenonen, 2011a). Santos, Spector and van der Heyden(2009) argues that the re- configurations can be one or several of four different forms: (1) relinking: altering the linkages between units currently performing activities (changing the governance of transactions between units or changing the order in which activities are performed), (2) repartitioning: altering the boundaries of the focal actor by moving activities and the units that perform activities (insourcing vs. outsourcing), (3) relocating: altering the (physical, cultural, and institutional) location of units currently performing activities (off-shoring vs. in- shoring), and (4) reactivating: altering the set of activities performed by the actor (adding a new activity to, or removing an activity from the actor).

As networks are constantly changing, learning means the ability to actively engage in the formation and structure development. Learning with the market requires a good understanding of the temporal aspects of the market network – it is not possible to understand how a network functions without understanding its history.

**Market practices**

A key belief in the literature about collective learning is that changed cognition leads to changed behavior, i.e., that there is a causal relation between knowledge, understanding and action. We argue that the causality is not self-evident. Crossan, et al. (1995, p. 350) suggest that it is obvious that “where there is both cognitive and behavioral change, there is learning” (that they call integrative learning), and the opposite (no learning). But the key issues to consider is when there is change in one dimension but not in the other. They suggest that organizations can be ‘forced’ to learn, for instance by changing incentive systems to promote certain behavior.

This kind of discourse suggests that that there is ‘behavioral market learning’ (Knight, 2002), through which the market actors learn by first changing their behavior. Thus, one way to support market learning is to influence the practices of interaction that happen between actors in the market network. These interactions can be defined as market practices (Andersson et al., 2008; Kjellberg and Helgesson, 2006) and they evolve as network actors apply their own practices in collaborative activities. Learning with the market would mean that an actor would be involved changing market practices in order to improve the performance of the market.

The market practice view is based on a combination of the actors-network theory (Callon, 1998), the markets-as-networks approach (Mattsson, 1997), and practice theory (Reckwitz, 2002; Schatzki et al., 2001) and it identifies three distinct and interconnected market practices: normalizing practices, exchange practices, and representational practices (Table 2).

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Kjellberg and Helgesson (2006) define exchange practices as activities that are involved in consummating individual economic exchanges of goods, whereas Storbacka and Nenonen (2011a) define them as practices through which value propositions are being communicated, refined, and agreed upon – leading both to the re-configuration of resources within the network needed in order to actualize the value proposition, and to potential financial transactions.
All networks have norms (reciprocity, trust and overt rules) that influence the behaviours of the actors. According to Kjellberg and Helgesson (2006), norms and rules guiding the actions of market actors are a result of normalizing practices. Through normalizing practices, market actors seek to stabilize their business models, as the relative stability of the business models is a prerequisite for efficient operations, enabling e.g. long productions runs and learning curve effects.

Market actors need a common language to describe markets and actions within them. Exchange practices must be supported by a language that symbolizes the objects of exchange, the price, the market actors involved, and the activities conducted by the market actors. In order to facilitate market transactions, goods and services have to be made calculable via objectifying and singularizing them as well as co-elaborating their properties (Callon and Muniesa, 2005). Kjellberg and Helgesson (2006) argue that representational practices portray markets and the way they work and thus produce shared images of the market, such as firm presentations and market analyses. The key to creating inter-subjective meanings or consensus is sharing (Daft and Weick, 1984) and dialogue preferably in large collective settings.

A focal actor that wishes to introduce a new market will need to influence the extant market practices in such a way that inter-actor fit is achieved. Market networks are perpetually dynamic as new actors enter the context, and as actors introduce new ideas, new business model elements and practices into the network. This leads to a perpetual oscillation effect between the actors and the market practices – a dynamic that fosters market learning.

**Market pictures**

One outcome of market learning is a change in how actors interpret the network – we call this ‘cognitive market learning’ (Knight, 2002). This viewpoint is partly overlapping with the ideas of representational practices discussed above, but we argue that it adds an additional layer of understanding.

Market pictures relate to a need to define ‘where the network starts and ends’. According to Prenkert and Hallén (2006) business networks can be described by starting from a focal actor and analyzing this actor’s relationships. This makes it possible to create a “delimited and palpable business network” that has a “specific centre and borders in terms of the network horizon” viewed from the focal actor in the centre (ibid, p. 385). This has similarities to the ideas proposed by Brooks (1995) who attempts to define market boundaries based on ‘enacted markets’ that are outcomes of prior transactions between actors. The market is defined by the existing relationships already established. The enactment view of markets is based on Weick’s (1995) suggestion that organizations ‘produce’ the environments to which they respond, through their actions and selective attention, and on Simon’s (1957) formulation of the idea of bounded rationality.

A promising way to depict the interpretation of markets developed within the IMP group is ‘network pictures’ (Henneberg, Mouzas and Naudé, 2006). Drawing on this we suggest that market pictures are managers’ subjective mental representations of their market. Based on Henneberget al. (2006), Möller (2010) and Knight and Pye (2005), we propose that market pictures, i.e., partially shared mental models about the market, can be key learning outcomes of the higher-level market learning process.

Typically, firms act influenced by (sometimes implicit) assumptions, labeled dominating ideas (Normann, 1977), or dominating logic (Prahalad, 2004). Sometimes these ideas may become commonly accepted dominant designs (Baldwin and Clark, 2006; Srinivasan, Lilien and Rangaswamy, 2006), or industry recipes (Spender, 1989). The successful diffusion
of market innovations will, hence, depend on the focal actor’s (innovator’s) ability to change the existing mental models and institutionalize new ones (Morgan and Berthon, 2008). Hargadon and Douglas (2001) state that in order to commercialize a radical innovation, which by definition causes a change in the market network, the focal actor has to overcome the institutions, i.e. the existing understandings and patterns of action.

Even though market pictures are based on subjective, idiosyncratic sense-making processes of the managers, they are also inter-subjectively constructed, i.e. other actors contribute to and interrelate to it. The market pictures “form the backbone of managers’ understanding of relationships, interactions and interdependencies, and therefore constitute an important component of their individual decision-making processes” (Henneberget al., 2006, p. 409). According to Henneberget al. (2006), market pictures usually contain some of the following elements: boundaries of the network, centre/periphery of the network, network’s actors/activities/resources, ontological focus, external environment, time/task horizon, actors’ power, and directionality of interactions.

HIGHER-LEVEL MARKET LEARNING EPISODES

The dynamics and the processes relating to market learning can be understood using many different theoretical lenses. Within the IMP group, Möller (2010) proposes a three-step process for sense-making and agenda construction in emerging business networks characterized by radical innovation. The key argument in this line of reasoning is that market innovation can be influenced, even by relatively small actors, through agenda-setting activities in a network.

Another way to understand higher-level market learning processes can be found in evolutionary economics. Dopfer, Foster and Potts (2004) and Brennan (2006) argue that changes in the market occur by the introduction and diffusion (with modification) of new rules. Dopfer, et al. (2004) propose a macro–meso–micro framework (in contrast to the conventional micro–macro framework of economics). The meso level develops as actors use and change the rules. The argument is that dynamic change can only be effectively understood at the meso level. In this context higher-level market learning corresponds to the introduction of new rules on the meso level.

The literature on higher-level learning also suggests various processes for learning (Mezirow, 1991; Engeström, 1987). Expansive learning, for instance, is suggested to proceed in a continuous cycle of learning actions: questioning the existing the present activity and object, analyzing the need for change, modeling the new activity, applying it in a context and consolidating and reflecting on the new activity (Engeström, 1987). Identifying and working with developmental contradictions during the steps is at the core of learning (Toiviainen, 2007). These contradictions can be for instance that present definition of the product or sales unit does not suit the existing view of the market that is shared by network actors.

The higher-level learning literature is in agreement about the role of learning events or critical incidents (Argyris and Schön, 1996; Toiviainen, 2007; Cope 2003; Fiol and Lyles, 1985; Mezirow, 1991; Knight and Pye, 2005). The argument is that transformational, generative, expansive, or double-loop learning requires learning events, best characterized as breakdowns in the flow of actions that force actors to question present practices (Cope 2003; Toiviainen, 2007). Fiol and Lyles (1985) argue that some sort of ‘crisis’ is a pre-requisite of fundamental learning. This can be triggered by some kind of discontinuous event, described by Mezirow (1991) as a ‘disorienting dilemma’ or ‘crisis’. Knight and Pye (2005) argue that network learning can be understood by analysing various forms of learning episodes, i.e. exogenous or endogenous events that trigger networks to learn.
We define market learning episodes as temporally determined occasions, characterized by discontinuities in the flow of activities that force market actors to question their mental models and consequently change present practices. The learning episodes are collective to their nature as they need to engage many actors simultaneously in collective sense-making. As learning is a subjective, idiosyncratic sense-making process there is a need for framing the episodes by contextualizing them in terms of historical development, amplifying the developmental contradictions and defining the object under consideration. Building on Cope’s (2003) and Toiviainen’s (2007) argument that these episodes are not always externally imposed as they can be self-imposed, we view learning episodes as the central tool for firms wanting to engage a market in higher-level learning.

Drawing on Engeström (1987), Knight and Pye (2005), Dopfer, et al. (2004), Holmqvist (2003), Möller and Svahn (2009), and Storbacka and Nenonen (2011b), we propose that a market learning episode can be divided into three phases consisting of various learning actions: (1) origination: the introduction of a new idea or element of change in some of the market-level properties, (2) mobilization: building support (on a firm and market network level) for the new idea, enabling decision making within the network related to resource allocations and new practices, and (3) stabilization: a state when new practices become the dominant logic of the market network. We will next explore these separately.

**Origination**

Origination refers to the invention or introduction of a new idea or element of change to some or all of the market-level properties. This may relate to the introduction of a new resource or capability that, through the market practices, influences the practices of other actors. It may also relate to the active introduction of new representations or the redefinition of the object under consideration. The new idea or element needs to have the potential to improve the overall performance of the market and thus improve the creation of value for the participating actors.

The origination phase activities and focus areas can be analyzed based on the required learning outcomes. From a network structure point of view the focal actor needs to prioritize and choose the actors that are most likely to be influenced by the new element and work closely with these. Interest and commitment to the new idea may come about one dyad at a time. The innovation literature, for instance, discusses the role of ‘lead customers’ in the adaption of new innovations (von Hippel, 2006).

Markets are ‘more or less markets’ in terms of their maturity, stability of norms, how established the product definitions are, the acceptance of price formation mechanisms etc. In a high marketness (Nenonen and Storbacka, 2011) situation the market configuration is established and acknowledged, the market practices reinforce each other, and resource integration is effective. Hence, there are universally used norms for trade, exchange objects are singularized (Callon and Muniesa, 2005), price formation mechanisms are set, there are non-economic actors, such as associations and/or other institutions that measure the market or create rules, there is a defined set of competitors that know each other’s strengths and weaknesses, and definitions of market boundaries are shared among actors.

In a low marketness situation there is poor fit between market practices, resource integration is sub-optimal, and market actors are engaged in market creation activities, influencing other actors in the market (potential customers, providers, and competitors) so that they start to view the suggested market as an attractive source of resources for their value creation.

In order to successfully originate introduce new elements the focal actors has to analyze the element in relation to the extant market practices and identify potentially valuable
contradictions. The required actions differ based on how well the practices are established. In a very established market the normative practices such as technology standards may, for instance, make the introduction of an alternative technology impossible. If the market practices are still under development the focal actor may want to engage in activities aimed at defining standards or for new types of offerings.

A key exchange practice that needs to be established is a commonly agreed sales item definition. Many business model changes related to a change in the sales item: instead of a product, actors sell the functionality or performance to the product. A central development that many firms in business-to-business markets are involved in is the move from products to solutions (Davies, Brady and Hobday, 2006, Windahl and Lakemond 2010). Typical characteristics of solution business models are longitudinal processes of collaboration that involve several functions of both the buying and selling organization in a process of definition of the sales item (Tuli, Kohli and Bharadwaj, 2007).

A key skill for a focal actor is the authoring of meanings (Weick 1995) that become market pictures, explaining how the market is developing. This indicates the need for collective sense-making practices, involving many market actors simultaneously. The role of dialogue is to secure the establishment of a new common language to describe the new market and its value creating opportunities. Daft and Weick (1984, p. 291) argue that “equivocality is reduced through shared observations and discussion until common grammar and cause of action can be agreed upon”.

A promising way to understand the development of markets is the idea of boundary objects. According to Star and Griesemer (1989), boundary objects are concrete or conceptual objects that inhabit several intersecting social worlds and satisfy the information requirements of each. Boundary objects are powerful in facilitating interactions between different social worlds with differing viewpoints and goals as boundary objects have different meanings in different social contexts but their structure is common enough for all intersecting social worlds to recognize them and to use them as a means of translation, bringing coherence across intersecting social contexts.

Boundary objects have been utilized in management literature especially in the areas of learning, knowledge management, product development, and project management. As discussed above, the object is a key concept in expansive learning (Engeström, 1987). In marketing, the researchers have focused especially in concrete boundary objects. Easton and Mason (2009) identify various potential boundary objects in B2B relationships whereas Fries (2008) focuses on the role of sales people as boundarians, and Finch and Geiger (2011) concentrate on products and services as boundary objects.

In addition to concrete boundary objects, also conceptual boundary ‘concepts’ offer new notions for marketing scholars in understanding and modeling interactions across different actors and networks. Our research indicates that market actors are able to actively develop and maintain boundary concepts that enable them to attract other actors into their networks and to motivate the other actors to behave in a way that advances the market development envisioned by the focal actor.

This relates to the role of marketing in sales. Simakova and Neyland (2008) suggests that marketing departments should be engaged in authoring and presenting an organizing, tellable narrative – a tellable story that helps to configure a new technology and prepare it for the market. These narratives can be viewed as boundary concepts. In order to influence marketness, marketing need to work towards two audiences: the other functions inside the firm and the other market actors.
Mobilization

The mobilization phase focuses on establishing the targeted learning outcomes, i.e., the changes in market-level properties. This requires the ability to prove value for the participating actors/functions/individuals, and the ability to understand potential blockages of change (Kotter, 1996). The value will manifest itself to customers and other actors through value propositions, which, thus, are key issues to consider when mobilizing support for a new market. We draw on Korkman, Storbacka and Harald (2010), who suggest that value propositions are resource integration promises – the focal actor proposes to enhance value creation by providing resources that ‘fit’ into the practice constellations of other actors. We suggest that when a focal actor attempts to influence a market network it needs to develop value propositions not only for customers but also for other actors in the network (Frow and Payne, 2011). The introduction of these value propositions can be viewed as central learning episodes.

In the extreme low marketness cases, market configurations might temporarily lack some market practices altogether. First, in a state of low marketness, the exchange practices require a long time and various iteration rounds before market actors can agree upon the unit of exchange, their value propositions and market boundaries – or the exchange practices can also stop short of actualizing the exchanges altogether. Second, normalizing practices in low marketness market configurations are characterized with competing viewpoints and lack of commonly accepted norms and rules. Finally, representational practices in low marketness situations concentrate on making the market actors and the unit of exchange visible through symbolic representations.

The establishment of all categories of market practices are central opportunities during this phase. Price formation mechanisms and competitive alternative are needed in order to expand the market and the actors need norms and standards by which they seek to stabilize their business models, as the relative stability of the business models is a prerequisite for efficient operations, enabling long productions runs and learning curve effects. Furthermore, there is a need for statistics and market analysis in order to establish a good understanding of how the market develops and how each individual actor relates to the market. This means that new market actors are required: both governmental and other non-profit organization have an important role. This can eventually change the market pictures of key actors in the market.

One way is to influence the agenda of the market network. Strategic agendas can focus on different levels such as organization itself, its business, the competition, or the entire industry and they play a major role in shaping the patterns of competition within an industry structure (Grundy 2001). Agendas can emerge on a network level and such inter-organizational agendas are discussed in the literature under terms such as ‘network agendas’, ‘collaboration agendas’, and ‘collaborative agendas’ (cf. Huxham and Vangen, 2000, Winkler 2006). The literature on inter-organizational agendas emphasizes that even though no network actor has formal leadership over the others the emergence and development of network agendas can be promoted and guided by active actors willing to invest in agenda setting.

Möller and Svahn (2009) elaborate on agenda setting in the context of emerging new business fields. They propose that as soon as the new business field evolves into a phase in which there are applications with commercial potential, a key managerial task for a proactive firm is to influence the development of the field and its own position through agenda setting. A credible development agenda reduces the technological and commercial uncertainty perceived by e.g. financiers, suppliers, channel partners and corporate customers – and thus increases their propensity to invest into the new field.
Stabilization
Stabilization refers to the progression when the new market definition and the related new practices become the dominant logic (Prahalad, 2004) of the market network. The majority of the markets are somewhere in between 0 and 100% marketness: they possess various characteristics of functioning markets, but they are not ‘perfect’ markets in all marketness dimensions. During the stabilization phase the market practices become stable: there are commonly accepted exchange practices (value propositions, price formation mechanisms, etc.), normalizing practices (norms and standards) and representational practices (statistics and language).

It is important to realize that high marketness does not necessarily indicate higher value co-creation potential. Sometimes firms may want to deliberately change their market definition in order to decrease the marketness of their market. This is especially evident if the high marketness situation creates an inertia against new form of value creation and ultimately against growth. An actor can choose to become a market shaper, involving itself in activities aimed at changing the existing market practices.

As literature on habitus (Bourdieu, 1977, Bourdieu and Wacquant, 1992, Fligstein, 2001), social capital (Houghton, Smith and Hood, 2009; Tsai and Ghoshal, 1998) and power (Hardy, 1996) suggest, different actors vary in their abilities to affect the mental models and actions of others. Fligstein (2001) talks about ‘skilled actors’ who manage to stabilize a particular field by getting others to agree with their definition of the market.

As the market network stabilizes it effectively creates barriers to entry for actors from outside the established network, who do not subscribe the established practices. This may eventually lead to less dialogue and slower learning. The flipside of stable conditions is rigidity or inertia. Inertia has been found to have cultural (Fligstein, 2001), industry recipe (Spender, 1989), cognitive (Prahalad, 2004; Sinkula, 2002; Weick, 1995; Levinthal and March, 1993), and industry clockspeed (Fines, 1998) connotations.

CONCLUSIONS
The purpose of this research is to investigate how focal actors with market driving strategies can proactively engage other market actors in higher-level market learning processes. In the process we identified possible learning outcomes of such learning and explored the phases and content of market learning episodes. The analysis showed that higher-level learning outcomes are different from organizational learning outcomes in that they need to influence market-level properties, and not only cognitive, emotional and behavioral aspects of the actors in the market. We identified a number of conceptually overlapping market-level properties that can constitute a focus for learning efforts: network structure, market practices and market pictures.

The key finding in understanding the higher-level market learning process was the role of learning episodes. We posit that market actors attempting to drive market innovation can proactively engage the market in various learning episodes directed towards changing some of the above identified market-level properties. These episodes can further be divided in the three different phases: origination, mobilization, and stabilization.

By combining the market-level properties with the learning episode phases consisting, we can create a higher-level market learning framework (Figure 1) that structures the field in which an actor wishing to engage in market innovation operates.
Theoretical contributions and further research avenues

This paper answers to calls by Kjellberg et al. (2012) for a better understanding of how markets emerge, how actors can enable multiple subjective market views to converge, and how specific market practices contribute to shape markets.

The research contributes to the understanding of market innovation in several ways. First, we illustrate how market actors – as they abandon the assumption that the market is given – need to realize that the objective of the firm is not to learn ‘about the market’. Instead, actors wanting to influence the becoming of markets are more likely to focus on learning ‘with the market’. Learning with the market implies a shift of the unit of analysis towards a network level, i.e., learning by a network of actors as a network. It also denotes higher-level learning, which requires proactive unlearning of key organizational competencies and critical questioning of an organization’s assumptions about itself and its environment. This resonates with the Day’s (2011) view on the need for new marketing capabilities, and adds to our understanding of marketing’s boundary spanning (Hult, 2011) role as a driver of markets or a creator of value creating opportunities, rather than as an interpreter of market trends or an identifier of market opportunities as precursor to strategy.

Second, we identify and specify learning outcomes of higher-level market learning as changes in market-level properties, such as network structure, market practices or market pictures. These changes can form a basis for a better understanding of how single market actors can engage in market driving strategies, how they can influence the existing market practices, and the factors determining specific actors’ level of clout, or market shaping strength. The research, for instance, suggests that one of the key practices that firms can immediate influence is singularization, or the definition of the sales item. This accentuates the role of value propositions (Kumar et al., 2000) and particularly reciprocal value propositions (Ballantyne et al., 2011) and stakeholder value propositions (Frow and Payne, 2011) as a key ingredient in market-driving strategies.

Third, we show that the learning outcomes require longitudinal processes of reciprocal activities among market actors, which happen in learning episodes that are collective. The learning episodes can be longitudinally divided into three phases: origination, mobilization and stabilization. This, in connection to the learning outcomes, form the basis for the empirical research that will focus on identifying and operationalizing the learning episodes and connect them to the learning outcomes.

The research process described in this paper points to several interesting and important research avenues. The first and obvious focus relates to Figure 1, i.e., to gather empirical evidence in order to further develop and operationalize the higher-level market learning framework. The objective needs to be on delineation and operationalization of the higher order concepts: learning outcomes and learning episodes.

Research comparing firms in high marketness markets with firms in low marketness markets is likely to greatly improve our understanding of the dynamics of market driving strategies. As discussed earlier, it seems that the types of learning outcomes and the learning episodes used to achieve these outcomes are likely to be different in the different contexts.

During the research process documented in this paper, the lack of longevity of analysis became evident. Hence, a very promising research avenue would be a longitudinal study on a single case firm in order to better understand how the organization has engaged in market
learning, how it reacted to specific market dynamics and, as a result, how it modified the activities employed.

Managerial implications
The market view proposed in this paper suggests that opportunities are not precursors of strategy; they are outcomes of deliberate market driving efforts. If firms define their markets in the same way, they will also define their products in the same way, and face the bleak reality of trying to locate a competitive position in an increasingly narrow competitive space. Many end up in a zero-sum game, fighting for every little share of the market. However, as firms engage in market driving activities, opportunities occur and firms need to be nimble at capturing the value emergent from these.

Engaging in market driving strategies pinpoints the need for new capabilities related to a firm’s ability to influence other market actors in such a way that its subjective definition of a market becomes commonly-accepted in the market network, specifically among customers. This can be termed ‘market scripting’, i.e. activities carried out by the firm in order to alter the market configuration in its favor. Market scripting emphasizes boundary spanning roles. As a result, many of the traditionally rather operationally oriented functions such as marketing, sales, and supply, will become strategic.

This view puts emphasis on marketing’s need to be emancipated from the shackles of the firm-customer dyad in order to focus on generating a better understanding of the broader network the firm is part of. Furthermore, it gives marketing an agenda for structuring its further development as the instigator of learning episodes.

For brand management this means a focus on designing and facilitating a dialogue with other actors in order to support the co-authoring of meanings. A potentially interesting tool in this is the idea of boundary concepts that help actors to critically examine the existing market boundaries, challenge dominating assumptions the market and engage in the expansion of the market boundaries.

For sales and account management this means a key change in roles. Sales need to change from an operationally focused practice towards a strategically focused part of business strategy. Sales will increasingly need to be involved not only in executing strategy but also in driving strategic initiatives towards both the customers and the own organization. Sales can for instance push the market boundaries by finding customers that are early adaptors or innovators and engage these as lead customer in a process of collective learning.
REFERENCES


Table 1 Key constructs related to higher-level market learning

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Focal actor</td>
<td>A market actor with market driving strategies aiming at market innovation.</td>
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<tr>
<td>Higher-level learning</td>
<td>Learning beyond adaptation and beyond the extant learning boundary. Learning that challenges existing constraints and requires individuals and organizations to develop new ways of looking at the world and new practices.</td>
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<tr>
<td>Market learning - learning ‘with the market’</td>
<td>A locus of learning beyond individual and organizational learning: learning by a group of market actors as a group.</td>
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<tr>
<td>Higher-level market learning</td>
<td>Reciprocal learning processes, involving several market actors, where the learning outcomes are changes in market-level properties, such as network structures, market practices and market pictures.</td>
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<tr>
<td>Network structure</td>
<td>A network structure is described by identifying actors and ties in the network.</td>
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<tr>
<td>Market practice</td>
<td>Practices that define interactions between actors within a market network. Market practices can be divided into three categories: exchange, normalizing, and representational practices.</td>
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<td>Market picture</td>
<td>Managers’ subjective mental representations of their market.</td>
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<tr>
<td>Market learning episode</td>
<td>A temporally defined occasion, characterized by discontinuities in the flow of activities that force market actors to question their mental models and consequently change present practices. Episodes can be endogenous (proactively initiated by the focal actor) or exogenous (initiated by events outside the reach of the focal actor).</td>
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<tr>
<td>Learning episode phase</td>
<td>A learning episode can be analysed by dividing it into three phases: origination, mobilization and stabilization.</td>
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Table 2 Market practices and examples of their outputs

<table>
<thead>
<tr>
<th>Exchange practices</th>
<th>Normative practices</th>
<th>Representational practices</th>
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<tbody>
<tr>
<td>Practices through which value propositions are being communicated, refined, and agreed upon.</td>
<td>Practices that are conducted in order to define/redefine norms and rules to be applied in a particular market.</td>
<td>Practices through which the business models of market actors and the market configuration are represented through shared images.</td>
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<tr>
<td>Financial transactions.</td>
<td>Technological standards (agreed or established).</td>
<td>Commonly agreed terminology.</td>
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<tr>
<td>Commonly agreed sales item definition.</td>
<td>Legislation.</td>
<td>Market research.</td>
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<tr>
<td>Customer readiness (e.g. to participate in the market and to use the product/service).</td>
<td>Social and relational norms.</td>
<td>Official statistics</td>
</tr>
<tr>
<td>Network readiness (e.g. to participate in the market).</td>
<td></td>
<td>Market / industry associations.</td>
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<td>Competitive alternatives.</td>
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Figure 1 Higher-level market learning framework