Conceptualizing the Space of Markets: How Spatiality Influences Market Dynamics

Ela Veresiu, Witten/Herdecke University, Germany
Pierre-Yann Dolbec, York University, Canada
Rodrigo Castilhos, Universidade Federal do Rio Grande do Sul, Brazil

Drawing from geography and the concepts of place, territory, scale, and network, we theorize space as an active actor in market dynamics. We revisit existing studies, Humphrey's (2010a) and Giesler (2012), to demonstrate how space influences the actors, relationships, and outcomes of the creation and evolution of markets.

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ABSTRACT

From the emergence of Starbucks and the coffee movement in Seattle to the role of Hollywood in Los Angeles’ fashion and design markets (Molotch 2002, 2003), there is something “in the air” (Marshall 1890, 332) that explains why companies and industries tend to aggregate in certain places over others. Such localized industries benefit not only from a common talent pool and knowledge spillovers (Marshall 1890), but also from the specific culture associated with these spaces (Molotch 2002, 2003).

Space shapes the creation, disruption, and evolution of markets. For instance, prior market-level research has explored how the territory claimed by industries facilitates their legitimation (Humphreys 2010b), how a network of locales such as coffee shops serves as spaces for the performance and diffusion of consumption practices (Karababa and Ger 2010), and how the creation of a consumption infrastructure not only brings a community together, but also catalyzes market emergence (Martin and Schouten 2014). However, marketing researchers’ general bias in assigning agency mostly to consumers and producers might have influenced the observed paucity of research where space would otherwise take a central and agentic role (recent exceptions include Canniford and Shankar 2013; Epp and Price 2010; Giesler 2012; Martin and Schouten 2014). To address this theoretical oversight this paper positions space as an active category in market processes.

The growing interest in joining the study of markets and space in cultural, human, and economic geography (see Boeckler and Berndt 2012), as well as in the sociology of markets (Fliedstein and Dauter 2007) evidences this theoretical shortcoming in marketing. If the above-mentioned fields are particularly apt at inquiring about the ways cultural, social, and economic forces shape producers’ activities and their influence on market dynamics, our field is well-positioned to contribute to understanding the role of the marketing institution (e.g., Araujo, Finch and Kjellberg 2010; Bjerrisgaard and Kjeldgaard 2012; Cayla and Arnould 2013), consumers (e.g., Martin and Schouten 2014; Scaraboto and Fischer 2013), and the interaction between producers and consumers (e.g., Thompson and Coskuner-Balli 2007) on geographically-embedded markets.

To address this shortcoming, we introduce a theoretical framework drawing on four central spatial concepts: place, territory, scale, and network (PTSN). As we will demonstrate, these concepts provide an analytical apparatus fitting to the study of market dynamics. We then discuss the agentic quality of these four theoretical constructs and highlight their contribution in our understanding of the patterning of sociospatial relations (Jessop, Brenner, and Jones 2008). We subsequently re-examine existing market dynamics research focusing on market creation at the industry-level (Humphreys 2010a, b) and at the product-level (Giesler 2012) using this sociospatial approach to highlight the benefits of our proposed framework for one of the instances of market dynamics: market emergence. This follows the recommendations of Martin and Schouten (2014) that revisiting existing market emergence cases with a focus on object agency can reveal a richer picture of phenomena. We conclude by opening the discussion on the uses of our spatial framework and how it strengthens current explanations not only of market creation, but also of disruption and evolution, before proposing specific future research directions brought about by this new theoretical approach.

SOCIOSPATIAL CONCEPTS AND MARKETS

In this section we seek to explain how markets rely on, create, and are created by space embedded in the relationships between the many entities (objects, individuals, and institutions) that order economic and social life (Giesler 2012). To do so, we draw on the analysis of the spatial dimensions of place, territory, scale, and networks (PTSN) (Jessop et al., 2008). PTSN is an integrative framework that provides diverse entry points to understand sociospatial relations “in terms of a path-dependent, path-shaping dialectic” (Jessop et al., 2008).

Place is a concrete and limited space that is acknowledged, understood, and invested with meanings and value (Tuan 1979). When the dimension of place is at the forefront, notions of meanings, identity, symbolic exchanges, experiences, and intersubjectivities are among the most visible (Souza 2009). All social phenomena are emplaced; however, more than a mere backdrop, place mediates social life (Gieryn 2000). Place has ontological prevalence in the PTSN model. It is at the center of sociospatial relations as “more formative and generative, primal in its power, than the others” (Casey 2008, 403). Territory is a spatially bounded field of forces (Souza 1995). It is a space in which the access, purposes, or meanings are controlled by individuals, groups, or institutions (Sack 1986). The dimension of territory emerges when power relations, control, bordering, and delimitation are taken into account (Jessop et al. 2008; Souza 2009). As an empirical reality, more established territories are spatial agents that stabilize and naturalize power relations (Karrholm 2007). Scale refers to the hierarchical ordering of the world in levels of representations, such as global, national, regional, and local, which is constantly negotiated through tensions between structural forces and the practices of human agents (Marston 2000). The ways in which the relationships at one level contribute to the formation of the other is key to scalar thinking (Marston and Smith, 2001). Networks refer to the interconnections that are established among disparate entities in horizontal relations with each other (Marston et al., 2005; Jessop et al., 2008). As such, networks conceptually contrast the notion of scale, which is based on vertical relations (Leitner 2004; Marston et al., 2005). While place and territory are as much physical and concrete realities as they are conceptualizations, scale and networks are the geographical abstractions of how the multiple forms of diverse spatial entities can relate to each other.

The four spatial dimensions are co-constituting of and co-constituted by social life, as well as by the dynamics of market systems. We contend that markets rely on and create sociospatial assemblages that (1) arrange patterns of interaction that constitute network-formation and collective action; (2) secure and grant otherwise intangible cultural norms and values, such as those implicit in the logic of the market; and (3) stabilize and give durability to socio-structural categories, differences, and hierarchies that shape market-mediated social dynamics (Gieryn 2000; Miller 2010). Simply put, markets create spaces that create markets. However, little attention has been given to the spatial dynamics of markets in consumer culture theory (CCT)-oriented research. The different combinations of place, territory, scale, and networks help to bring this dynamic to the forefront.

Combining place and scale provides an explanation on how consumption practices and markets are developed through space. For example, the market-mediated reproduction of gender relationships

Pierre-Yann Dolbec, York University, Canada
Ela Veresiu, Witten/Herdecke University, Germany
at the domestic scale in American suburbs informs the social space of men and women at the job-market scale, and the relation between the two helps give rise to some of the most culturally prominent gendered myths at the national scale: the juggling mother (Thompson 1996) and the man-of-action (Holt and Thompson 2004). Localized practices can also foster alternative explanations to processes of formation of multiple consumer cultures (Karababa and Ger 2011), to instances of localized consumer resistance (Thompson and Coskuner-Balli 2007; Giesler 2008), and glocalized consumption practices (Kjeldgaard and Askegaard 2006). In this case a sociospatial approach allows for an understanding of places as unique enablers of the emergence of discourses and practices in a particular form. The combination of place and territory allows for contextualized investigations of place-making processes (Smith 1999). Driven from different forces, interests, and alignments of agents (Gieryn 2000), markets influence the design, representations, and experiences of commercial (Kozinets 2003; Maclaran and Brown 2005) and public places (Chatzidakis, Maclaran and Bradshaw 2012; Visconti, Sherry, Borghini and Anderson 2010). At the same time, the combination of place and network helps to enhance our understanding of how markets are also created by sociospatial relationships. For instance, the existence of a broad network of localized practices can be seen as an important driver of the emergence of the mini-moto market (Martin and Schouten 2014). In the same vein, the existence of a network of localized practices can be helpful to understand why some consumption practices and discourses become accepted in mainstream markets (Sandikci and Ger 2010) while others fail (Scaraboto and Fischer 2013). The PTSN framework therefore allows for other theoretical combinations to be used in understanding diverse market dynamics. To better demonstrate our argument, we next apply this idea to two pathbreaking papers Humphreys (2010a) and Giesler (2012) that focus on one of the key aspects of market dynamics: market creation.

METHODS

Consumer researchers have recently called for a re-examination of previous market emergence studies. According to Martin and Schouten (2014, 868), “[a] disciplined look at the agency of material objects, spaces, and institutions may expand our understanding of a very differently structured market.” Echoing the authors’ timely and relevant imperative, we focus on sociospatial relations to reveal a “richer picture of market emergence” (Martin and Schouten 2014, 868). To pursue this goal, we adopted the re-inquiry approach previously used in marketing and consumer behavior research (e.g., Askegaard, Arnould, Kjeldgaard 2005; Garg, Inman and Mittal 2005; Murray 2002; Thompson 2002; Wilk 2001). Re-inquiries can generate valuable insights and a more complete understanding of a consumption phenomenon through the integration of different perspectives (Thompson 2002). Furthermore, to organize our findings, we use the established extended case method (e.g., Cayla and Eckhardt 2008; Holt and Thompson 2004; Holt 2002; Allen 2002). This methodological orientation is especially relevant for our research questions due to the fact that it “has become a favored methodology for researching macroscopic, often global, questions concerning market and cultures from an interpretive perspective” (Holt 2002, 73).

In particular, we chose to critically examine two influential market creation studies: the industry-level analysis of the emergence of casino gambling (Humphreys 2010a, b) and the product-level analysis of the rise of Botox Cosmetic (Giesler 2012). To do so, we first engaged in an archival search of all scholarly articles, media reports, and books with the words “Atlantic City, casino, and gambling” for the industry-level case, and “Botox Cosmetic” for the product-level case. The complete data set totaled 20 newspapers and 51 academic articles. These sources were purposively selected to highlight the emergence of the markets, which entailed us pursuing a geographically and temporally bounded sampling method. Similar to Karaba and Ger’s (2010) work, we used a textual approach to data analysis and examined the sequence of events in these texts, as well as the authors’ arguments, rationales, and justifications regarding the emergence of casino gambling in Atlantic City and Botox Cosmetic in the U.S. In line with the re-inquiry method, we then compared and contrasted these results with the findings provided by Humphreys’ (2010a, b) and Giesler’s (2012) work. Although this type of method generally approaches data from a top-down perspective rather than a bottom-up manner, an iterative and back-and-forth interpretive process nonetheless prevailed. Next, we present how a sociospatial theoretical lens can inform market creation.

**RE-EXAMINING THE INFLUENCE OF SPACE ON MARKET CREATION**

**How do new industries emerge in a particular context?** Humphreys (2010a, b) explains the rise of the casino industry in Atlantic City as a result of central actors using framing strategies to reposition the discourses about gambling, and journalists changing the rhetorical meanings of casinos. Together, these articles provide a producer-driven and discursively-based explanation for the legitimation of Atlantic City’s gambling.

Industries emerge in specific geo-historic contexts (Scott 2000). Atlantic City’s growth, for example, was dependent on the emergence of the railroad industry: the city has always been a resort destination receiving influx of visitors from nearby locales (Stansfield 1978). “Changes in transport technology and recreational geography” (Stansfield 1978, 238) were responsible for the city’s downfall in the sixties. The trains coming in were phased out after World War II and the narrow streets of the city and numerous pedestrian zones were at odds with the booming auto tourism. At the time casino gambling was legalized in Atlantic City, the city was in economic despair: the unemployment rate was higher than 20% and in the last 15 years, the population size had decreased by 25%, tourism and taxes revenues were steadily declining and hotels’ room capacity had dropped by 40% (Braunlich 1996; Rubenstein 1984). The city needed a solution, and casino gambling was seen as a way to “facilitate the redevelopment” of the city, “encourage the replacement of lost hospitality-oriented facilities” and “attract new investments” (New Jersey Statutes Annotated 1982). More, because of the city’s history as a resort destination, it benefitted from an adequate infrastructure and talent pool, as well as 50 million potential visitors in a 300-mile radius (Braunlich 1996). In the words of Martin and Sunley (2006, 398), “the context-specific, locally contingent nature of self-reinforcing economic development” made legalizing gambling the next logical step in the cycle (Stansfield 1978).

Not only does a geographical approach illuminate our understanding of the emergence of the industry, but it also benefits our comprehension of its crystallization over time: if we compare Atlantic City to its closest rival, we notice how the industry was shaped under a different network of citizens, interstate relations, and regulatory systems. “In Las Vegas, they built the city to support the casinos. But in Atlantic City, they built the casinos to support the city” (Tesker and Sur 1991, 130, citing Baker 1989). For example, in Atlantic City, casinos had to be part of a hotel, and the superficies of the casino was dependent of the room capacity of the hotel; casinos were not to be the main source of income from touristic activities; they could not have direct access to the street; they had less slot machines and more labour-intensive games than Las Vegas to keep...
employment high (Braunlich 1996, 50; see also Lehne 1986). How the casino industry was defined in Atlantic City was a result of social, historical, and geographical factors unique to the city, the relation it had in a network of resort cities, and the distance it wanted to keep with Las Vegas.

In summary, a sociospatial approach places the emergence of the casino industry in Atlantic City as a contextualized phenomenon tied to a local economy, a city’s infrastructure, and a state legislative framework. The sociospatial shaping of the region is perhaps more informative than a discursive approach to explain the reasons why Atlantic City became the first city in the East of the United States to legalize gambling, and why it held this monopoly for close to twenty years.

How are innovations adopted? Giesler (2012) explicates the gradual social acceptance of technological innovations, such as the Botox Cosmetic self-enhancement injection, as a conflictive, dyadic, and discursive-based process between official brand images promoted by the innovator and doppelgänger brand images (Thompson et al. 2006) publicized by other stakeholders. However, by focusing solely on rhetorical tactics, this study has overlooked the important role of spatial elements in legitimizing radical innovations.

Even though Botox had been occasionally administered in doctors’ offices across the U.S. to treat wrinkles, it was not until the FDA’s approval for cosmetic-use in 2002 that the innovation started to disseminate through a unique form. As Kim (2006, 8) recounts, following FDA’s approval, “[the] floodgates burst open in convivial form, giving rise to a phenomenon known as Botox Parties.” Botox parties – “[a] consumption ritual taking place either in upper-class living rooms or in the practices (or homes) of exclusive Botox dermatologists” (Giesler 2012, 59) – were not part of the innovator’s initial marketing campaign. Rather, they were created by medical practitioners in Los Angeles, U.S.A.’s plastic surgery epicenter, who saw these temporary market-spaces as an opportunity not only to save costs and make higher profits by injecting several patients at once (Zimmerman 2002), but also to introduce new customers to the innovation, and gain word-of-mouth advertising and free publicity by combining two disparate scenes: the house party with the doctor’s office.

These spaces, co-created between doctors and early adopters, seamlessly integrated highbrow party elements (such as a hors d’oeuvres, champagne, and jazz music) with common medical components (including sterilized needles, vials of Botox, and consent forms). As such, they provided the safety and security of the domestic environment (McCracken 1989) in combination with the expertise of medical professionals, which gave consumers the confidence and comfort to experiment with a potentially healthy and morally risky innovation. This spatial fusion became an instant hit across the U.S., soon moving from exclusive private homes at the domestic scale to “servicescapes” (see Booms and Bitner 1981) at the public scale, when Las Vegas hotels began offering Botox spa weekends, casinos and radios gave away complementary injections at local malls, and a Botox party was held live on the popular “Entertainment Tonight” television show (Cooper 2002). Hence, the Botox party, a safe and familiar market-space, acted as a “market catalyst” (Martin and Schouten 2014) in the diffusion of the cosmetic innovation during its launch phase by fostering a brand community (Muniz and O’Guinn 2001) and evangelizing new consumers.

In sum, we found evidence that the widespread acceptance of new, illegitimate, and risky consumer practices, regardless of the institutionally powerful market actors supporting them, can be facilitated by market-mediated safe spaces.

Our sociospatial analysis of two market creation phenomena has demonstrated how spaces exert different forms of agencies over market actors and processes. At the industry-level, Atlantic City’s resort structure and geographical characteristics provided the grounds to attract and legalize the city’s casino industry. At the product-level, Botox parties provided a safe and controlled environment from which the innovation spread to the general public.

**DISCUSSION**

As we have shown, markets are emplaced and embedded within localized cultural, social, and economic forces. Places provide specific cultural, human, and material resources, as well as political and legal environments that influence the creation and evolution of markets. Temporary market spaces allow for the performance and reproduction of market practices by local social actors. Accordingly, markets are co-constituted by geography (see Shove and Pantzar 2005). Catering to the role of geographies shed a new theoretical light on micro to macro market-level processes. We show how places provide cultural, human, and material resources, as well as political and legal environments that influence the creation and evolution of markets, as well as how temporary market spaces in a domestic setting can serve as safe spaces for the diffusion of market practices and the recruitment of market actors.

So far, marketing researchers have been committed to understanding the role of actors, institutions, discourses, and practices (in order: Scaraboto and Fischer 2013; Humphreys 2010a, b; Shove and Pantzar 2005) on market dynamics, leaving space rather unexplored (some notable exceptions include Bjerrisgaard and Kjælgaard 2012; Cayla and Eckhardt 2008; Humphreys 2010b; Martin and Schouten 2013). Our proposed framework is aimed at redressing this shortcoming by offering four interlinked theoretical concepts. We suggest moving away from the overtly discursive approach to the study of markets (e.g., Giesler 2012; Humphreys 2012b; Sandicki and Ger 2010; Scaraboto and Fischer 2013) and instead focus on how the materiality of space shapes market creation, disruption, and evolution. Through our re-examination of two prominent market creation cases, we have shown how geography can extend existing approaches. The combination of the four spatial concepts allows us to provide novel research avenues addressing market dynamics. Table 1 below shows the theoretical focus brought about by the use of each concept, each combination of concepts, and the specific research questions that emerge from such a focus.

The marketing field’s strength is the study of consumers and their interaction with producers. We are not suggesting that geography should overshadow an analytical focus on those actors. Rather, we believe our field is uniquely positioned to question how space impacts consumers, producers, and markets. Our spatial turn solely broadens our theoretical apparatus, and we hope that this sociospatial approach will allow for future fruitful research avenues.
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