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Markets and market boundaries: a social practice approach

Martyn Gosling and James Richard
School of Marketing and International Business, Victoria University of Wellington, Wellington, New Zealand, and
Yuri Seo
Department of Marketing, University of Auckland, Auckland, New Zealand

Abstract
Purpose – The paper contributes to the debate on a general theory of markets. The purpose of this paper is to develop a market practice model based on social practice theories, and explore new ways of describing market boundaries.

Design/methodology/approach – A conceptual analysis of contemporary marketing directions and market theorizations provides a basis for defining markets and market boundaries in terms of social practices and their performances by market actors.

Findings – Based on the market performances held in place by institutional practices that define, contextualize and stabilize a market, this paper defines market boundaries by nine specific categories of practices, described here as parameters.

Research limitations/implications – This is a conceptual paper. Future research using empirical evidence derived from situated investigations should endeavor to refine the model and practices that define market boundaries.

Originality/value – The paper provides a new conceptualization of markets and market boundaries from the social practice perspective, and advances contemporary market theorizing that puts services at the center of exchange. The paper offers managerial implications by describing alternative means for analyzing markets and developing corresponding competitive strategies. Furthermore, the conception of market boundaries as nine parameters provides insights beyond the geographic and price boundaries typically used to describe market limits and exchange processes when developing policy.

Keywords Theory, Markets, Market boundaries, Social practice

Paper type Conceptual paper

Introduction
While the dominant logic and direction of marketing theorizing has received much recent attention, there is a divergence of understandings and conceptualizations of markets, and a growing yet inconclusive movement toward a redefinition of markets (Storbacka and Nenonen, 2011a). Theorists have called for the development of a market conception that reflects contemporary theorizing of markets and marketing, which in turn can lead and direct future theorizations within the discipline (Kjellberg et al., 2012; Mele et al., 2014). In particular, Webster and Lusch (2013, p. 239) assert that “the market discipline faces an urgent need for rethinking of its fundamental purpose, premises, and implicit models that have defined marketing for at least the past 50 years.” Similarly, Storbacka and Nenonen (2011a, p. 241) note that “marketing has, despite its name, not paid much attention to markets. Marketing literature typically either neglects to define market constructs altogether, or adopts definitions from economics.”

Neoclassical economics, in which marketing as a discipline has its roots (Jones and Monieson, 1990; Webster, 1992) envisages a market as a place for the transactional exchange of products between a seller and buyer. Here, the buyer is an entity discrete from the seller’s creation of value (Callon and Muniesa, 2005; Horsman and St John, 1992; McMillan, 2002). Contemporary theories of social practices (Reckwitz, 2002), which are evident in market practice theory (Kjellberg and Helgesson, 2007), consumer culture theory (Arnould and Thompson, 2005), customer co-creation, and services-dominant logic
(Layton, 2008; Vargo and Lusch, 2004a, b, 2008, 2014) perceive the exchange process and how value is created in a more inclusive paradigm. Grönroos (2008) and Venkatesh et al. (2006) argue that theorizing a market should incorporate both exchange-value (neoclassical economics) and the value-in-use (service-dominant logic) focus on networks of relationships between complementary and competing actors. While suggesting alternate lenses however, these conceptualizations do not themselves re-theorize markets and tend to focus on what happens rather than where it happens.

Marketing discussions related to the general theory of a market, advance markets to spaces where actors integrate resources and relationships to co-create value (Gummesson, 1994; Mele et al., 2014; Storbacka and Nenonen, 2011a; Vargo and Lusch, 2014). For instance, Nenonen et al. (2014) describe new perceptions of markets and conceptualize market plasticity – the deformable and reforming nature of markets – but they stop short of theorizing how markets or market boundaries could be described. Understanding the process by which markets are made and, in particular the role and character of market practices, and how practices are shaped, would give a more informative context to marketing theorizing (Lusch and Vargo, 2012).

Our paper contributes to these recent discussions of a general theory of the market through the conceptual analysis of contemporary marketing directions and market theorizations, which together provide a basis for defining markets and market boundaries in terms of social practices and performances (Mele et al., 2014; Nenonen et al., 2014; Storbacka and Nenonen, 2011b). Specifically, we develop a market practices model which, while respecting the marketing’s neoclassical perspectives of places of exchange, also describes what happens in a market and who performs in a market by defining markets in terms of social practices and performances, and as places where actors integrate resources and relationships to co-create value. Within this conceptualization, markets are conceived as socially constructed configurations of market actors engaging in market practices (Storbacka and Nenonen, 2011a, b). “Market practices” are all of the routinized sayings and doings, understandings and knowledge reproduced by market actors (Reckwitz, 2002). Moreover, practices become sufficiently institutionalized so as to precede and supersede the actors who perform them (Schatzki, 1996). The practices, rather than the actors who perform them, therefore become the unit of analysis (Hargreaves, 2011; Korkman et al., 2010; Warde, 2005). A key difference between our model and the neoclassical model is the emphasis on service elements connecting and enabling socially constructed markets – in essence placing services at the center of exchange (Vargo and Lusch, 2004a, 2014).

Understanding market boundaries provides not only the means to explore the scope and scale of a market, but also provides a theoretical context for what happens within markets, and a framework for analysis of how markets emerge, evolve, and decline (Layton, 2015). Neoclassical economics conceives market boundaries from a rigid, two-dimensional price-equalization geographical perspective, but the outcomes of such analysis are often illusory (Baker, 2007; Farmer, 2002; Geroski, 1998). Our model contributes to the practices-based explanations of market boundaries within which specific exchange performances occur and which account for market change. We define market boundaries as market parameters – specific categories of interrelated practices establishing the physical and virtual limits of a market within which specific exchange performances are understood and enacted by a set of market actors. The term “parameters” implies dynamic multi-dimensional boundaries that are plastic, in that in response to exogenous or endogenous stimuli they may form, change, and reform, and in doing so change the market within (Nenonen et al., 2014).

The remainder of this paper is organized as follows. We first present a conceptual background of social practice theory, the components of practice, and the relevance of these theories to a market model. Second, we extract those elements of contemporary market and
marketing theorizing pertinent to a social practice market model. Next, we frame and then expand upon propositions that underpin a market practice model, involving new conceptualizations of market entities and market boundaries. We then conclude with a discussion of market mechanisms informed by the model, consider managerial and policy implications, and suggest future research directions.

Social practice theory

Practices as entities
Social practice theories are an approach to explaining social action. These theories highlight the collective symbolic structures of knowledge routinized by human agents. Practices do not exist unless recurrently enacted by people. If new strategies and solutions in product or service development are to take hold, they have to become embedded in the daily life and society (Shove et al., 2012). Practices as entities are a nexus of routinized sayings and doings – behaviors, mental activities, things and their use, background knowledge, states of emotion, and understandings (Schatzki, 1996; Shove et al., 2012). Practices are understandable not only to the actor who performed them but also to observers from the same culture (Reckwitz, 2002). Practices are sustained through the actors’ ceaseless performances (Schatzki, 1996).

Practices as performances
Social practice theory relies on the individual as an effective actor as much as on the social structures. As such, an actor is constrained by society and external elements that set strict limits to what can be achieved, while also providing for those routinized social practices endemic to performances to be replicated (Schatzki, 1996). Thus, the actor is a performer of routinized ways of understanding, knowing how, and desiring, but these ways emerge, develop and change with time (Warde, 2005). In contrast to the neoclassical individualistic and rationalist approaches to behavior change, social practice attends to the practices that shape the individual’s perceptions and actions (Hargreaves, 2011). Thus, the practices themselves, rather than the individuals who perform them, or the social structures that surround them become the core unit of analysis (Hargreaves, 2011; Layton, 2015). The implication is that the exploration of a market model would scrutinize the performances of actors against a backdrop of their society, and that these actions would be expected to change as society changes. To understand the practices of a market – what is done, and how actors do things – is to understand the market and provide a framework for marketing.

Boundaries defined by practices
A society is a unity with boundaries. Having boundaries that mark it off from other surrounding societies is the most basic identifying feature of a social structure (Giddens, 1984). The conclusion is that markets as social structures are similarly defined and demarcated. Social structures are determined by the limit of their institutions – the clustering of connected and long-lived routinized practices (Giddens, 1984). By participating in some practices but not in others, individuals locate themselves within society (Shove et al., 2012). Communities of practice, including those which are widely dispersed but which inhabit the same practice space, define places. Shove et al. (2012) give as an example that playing poker with others from around the world using the internet is not a matter of “overcoming” a space. Instead, it is about creating and reproducing a distinctive but distributed place of practice. Consider also internet shopping, academic sharing through Google Scholar; even Facebook or Twitter – all of these were designed to overcome a physical space and replacing it with practice space. Thus, social practice theory provides a basis for re-conceptualizing markets not by price or geographic location (e.g. Brooks, 1995)
but as space defined by specific practices. It follows that if the changes to the interlinked elements of practices explain the changes within a society’s boundaries, then a similar change mechanism must apply to markets (Shove et al., 2012). Thus, a key requirement in defining markets and the mechanisms of market changes would be the identification of practices that define its boundaries.

Markets and market boundaries
Social practice theory has informed much recent discussions on markets – as a place of exchange of value; and marketing – as a discipline that focuses on the activities that happen within markets (Geiger et al., 2012; Kjellberg and Helgesson, 2007; Kjellberg et al., 2012; Lusch and Vargo, 2012; Mele et al., 2014; Storbacka and Nenonen, 2011a; Vargo and Lusch, 2014; Venkatesh and Penaloza, 2006). The debate evidenced from this literature argues for new perceptions of marketing and exchange, and that a new general model of markets that accommodates and develops these new understandings must be conceptualized. While some elements of a general market model have been described, this debate is not complete and the practices that define markets and market boundaries are not made explicit. The components of market practices can however be inferred from relevant literature which has evolved perspectives on markets, and on the nature of marketing.

Marketing is contextualized by markets and marketing theorizing must reflect, if only unconsciously, perceptions of where marketing is performed. The necessary attributes that comprise a market are likely to be thrown into relief by examining contemporary marketing theorizing. Metaphorically, in observing a sport, more than the physical aspects can be determined. It is possible also to establish what is important to the playing and non-playing actors to the society that both constrains and enables the way in which the game is played (Schatzki, 1996). Hence, market and marketing perspectives are included and their influences on the market practices model are summarized in Table I. The conceptual nature of this paper suggests that some of these elements be further explored.

The conceptual shift toward practices illuminates the role of the actor and raises the question of how the concept of “actor” may be defined. Drawing on agency theory and institutional theory (Dacin et al., 2002), an actor is a socially constructed entity, marked by continuity and uniqueness, and shaped and held accountable by common bonds with other actors (Andersson et al., 2008). Andersson et al. (2008) advocate inclusion of non-humans as actors in economic exchange. The actor, either human or organizational, is the entity to which practices can be attributed (Whetten and Mackey, 2002). Thus, actors are the performers of practices – the routinized ways of doing, understanding, and desiring. Market actors are all the parties who are active in a specific market: individuals, firms, suppliers, customers, infrastructures, and authorities. Table II provides clarification of some of the concepts in the paper.

Market practices defining boundaries
Market definitions matter because market boundaries are drivers of strategic innovation (Brooks, 1995; Layton, 2015; Storbacka and Nenonen, 2011b). Geroski (1998) describes how the neoclassic definition of a market as a place of exchange dates back a century when market definition was based solely on price equalization – a market was where a collection of individuals paid the same price for a particular product. This conceptualization can be seen as limited and misleading (Baker, 2007; Farmer, 2002). Geroski (1998) suggests that market definitions must also encompass consumer groups, consumer functions and technology. For instance, The New Zealand Commerce Commission’s (2014) “Mergers and acquisitions guidelines” provide an example of this approach. The commission acknowledges that there may not be a distinct separation between products from within a market and those from outside; and that actions in one part of a market may impact other
### Table I. Summary of theoretical positions on markets and marketing and their influences on the market practices model

<table>
<thead>
<tr>
<th>Representative papers</th>
<th>Theoretical position</th>
<th>Dimensions</th>
<th>Model influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jones and Monieson (1990), Webster (1992)</td>
<td>Neoclassical economics</td>
<td>Markets as economic exchange structures delineated by price</td>
<td>Markets as economic structures are challenged by contemporary conceptualizations of markets and marketing</td>
</tr>
<tr>
<td>Giddens (1984), Shove et al (2012)</td>
<td>Boundaries defined by practices</td>
<td>A society is a unity with boundaries. Markets, as social structures, are defined and demarcated by the limit of their institutions – connected and long-lived routinized practices</td>
<td>Markets defined by the identification of those practices, or bundles of practices, that describe boundaries</td>
</tr>
<tr>
<td>Rosa et al. (1999)</td>
<td>Product markets</td>
<td>Market boundaries inferred from fuzzy signals about supply and demand</td>
<td></td>
</tr>
<tr>
<td>Alderson and Martin (1965), Gummesson (2002), Layton (2007), McLoughlin and Horan (2002), Thorelli (1986)</td>
<td>Markets as networks, macromarketing</td>
<td>Markets as social structures with boundaries based on networks of market actors involved not in transactions but in transvections including actors not directly engaged in the exchange</td>
<td>Markets as socially structured spaces which enable transvections, and which are described and parameterized by practices that reflect, and impact on, what is acceptable to the market community</td>
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(continued)
<table>
<thead>
<tr>
<th>Representative papers</th>
<th>Theoretical position</th>
<th>Dimensions</th>
<th>Model influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layton (2007), Storbacka and Nenonen (2011a), Webster and Lusch (2013)</td>
<td>Market practices, actor-network, markets-as-networks, and social practice theories</td>
<td>Markets are social phenomena shaped by the performances of actors involving shared understandings of what is exchanged and how value is ascribed</td>
<td></td>
</tr>
<tr>
<td>Andersson et al. (2008), Dacin et al. (2002), Nenonen et al. (2014), Thornton et al. (2005), Thornton and Ocasio (2008), Whetten and Mackey (2002)</td>
<td>Institutional logic, institutional theory, agency theory</td>
<td>The link between individual agency and socially constructed practices are provided by institutions – long-serving embedded practices</td>
<td></td>
</tr>
<tr>
<td>Kjellberg and Helgesson (2006, 2007), Ménard and Shirley (2005), North (2005)</td>
<td>Practices as institutions, new institutional economics</td>
<td>Markets are economic and social constructs based on evolving, yet persistent, rules of performance that constrain and enable actors by describing what will be exchanged in a particular market and the acceptable performances that enact the exchanges</td>
<td></td>
</tr>
<tr>
<td>Humphreys (2010)</td>
<td>Legitimation</td>
<td>Practices become embedded as institutions as they become socially, culturally, and politically acceptable</td>
<td></td>
</tr>
<tr>
<td>Arnould (2007); Arnould and Thompson (2003)</td>
<td>Consumer culture theory</td>
<td>Practices are social and cultural phenomena that are shared by members of a society, such as a market, with incentives for actors to comply with the practices in order to participate</td>
<td></td>
</tr>
</tbody>
</table>
elements, or customer types, in different ways. Thus, a focus on the buyer-seller dyad obscures the way actors define a market, and that the exchange actually involves a network of actors rather than a dyad who each contribute to the creation of value (Mele et al., 2014).

Indeed, entire economies can be seen as interlaced networks (Thorelli, 1986). Markets-as-networks theory envisages exchange taking place within a matrix of economic, social, and legal dimensions. Networks embrace not only the buyer-seller dyad but also suppliers, competitors, middlemen, public authorities, media, and other social entities that exert influences on market behavior. Markets are therefore a far broader performance by actors than is envisaged by the neoclassical view of single transactions. Instead, exchange is formed from “transvections” – the successive stages of exchanges whereby a single end product is placed in the hands of a consumer after moving through an entire sequence of intermediate exchanges, transactions, and transformations from original raw materials (Alderson and Martin, 1965; Layton, 2007). Webster and Lusch (2013) echo the Alderson and Martin (1965) transvectional approach, encompassing all the actors and social roles in the complex value creation process. Webster and Lusch (2013) describe how the

Table II. Summary of concepts and definitions

<table>
<thead>
<tr>
<th>Concept</th>
<th>Theoretical basis</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Market actors</td>
<td>Agency theory, institutional theory, service-dominant logic</td>
<td>Actors are performers of practices – the routinized ways of doing, understanding, and desiring. Market actors are all the parties who are active in a market: suppliers, firms, customers, infrastructures, authorities and so on. The actors include all the organizations, networks of industries, and facilitators of exchange, all of whom may exist in overlapping markets.</td>
</tr>
<tr>
<td>Market performances</td>
<td>Social practice theory</td>
<td>The undertaking of practices by market actors – their routinized sayings and doings within market boundaries.</td>
</tr>
<tr>
<td>Parameters</td>
<td>Social practice theory, agency theory, markets as networks theory, structuration theory</td>
<td>The specific categories of interrelated practices establishing the physical and virtual limits of a market within which specific exchange performances are understood and enacted by a set of market actors.</td>
</tr>
<tr>
<td>Practices</td>
<td>Institutional logic, structuration theory, social practice theory, agency theory, market practice theory</td>
<td>Practices are a nexus of routinized sayings and doings – behaviors, mental activities, things and their use, background knowledge, states of emotion, and the world understood.</td>
</tr>
<tr>
<td>Market practices</td>
<td></td>
<td>Market practices include all activities that constitute markets – what is done in a market, how it is done and what actors do in the highly specific sense of a particular market.</td>
</tr>
<tr>
<td>Institutional practices</td>
<td></td>
<td>Social structures, such as markets, are determined by the limit of their institutions – the clustering of connected and persistent routinized normalizing, representational and exchange practices describing in social contextual what is done, and how it is done, and how value is ascribed, in a specific market.</td>
</tr>
<tr>
<td>Transvections</td>
<td>Markets as networks theory, macromarketing</td>
<td>The successive stages of exchanges whereby a single end product is placed in the hands of a consumer after moving through an entire sequence of intermediate exchanges, transactions, and transformations from original raw materials.</td>
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</table>
person who buys a car is also a customer of insurers, oil companies, petrol retailers, government agencies, and auto parts suppliers – all of which are to a degree dependent on the others – and the value is co-created by all participants in the system.

These views suggest that market boundaries must be drawn more broadly than previous conceptualizations. Boundaries must now include all of those involved in transvections, and encompass those who facilitate but who take no direct part, such as banks, insurers, and other services. Rosa et al. (1999) argue further that market theory must account for how markets come to exist, and how while remaining sufficiently flexible to enable a diverse stream of activities, they become stable enough to be tacitly understood and enacted.

Institutional logic (Thornton and Ocasio, 2008), with its foundations in structuration (Giddens, 1984; Schatzki, 1996) and institutional theory (Scott, 1995, 2008), and with its perspectives of institutions which parallel the elements of social practices (Shove et al., 2012) provides links between individual agency and socially constructed institutional practices and rules structures (Thornton et al., 2005; Thornton and Ocasio, 2008). Markets function because of formal laws and normative expectations. Accordingly, a market in one social context would not be the same as a market in another (Thornton and Ocasio, 2008). Venkatesh and Penaloza (2006, p. 136) describe a market as: “a set of institutions and actors located in a physical or virtual space where marketing-related transactions and activities take place. Typically, these institutions and actors include sellers, buyers, customers, retail stores, sales offices, commercial banks, advertising agencies, and the like. Thus, the key concepts are a set of institutions or actors, physical or virtual space, discourses, and practices.

Social practice theory suggests that any new model of markets retains some neoclassical elements. The first and most evident is that a market is a structure where exchange takes place. The second element is that a market is a place of trust (McLoughlin and Horan, 2002). Exchange is constrained and enabled by institutions – to act in a market, an actor must follow rules or corrective action will be taken – but to constantly invoke rules would be inefficient. Each actor trusts that other actors in the transvectional network will behave commensurate with their promises. For example, the finance districts of London and New York operate daily at high levels of efficiency, bound by rules but also by trust. Alongside these financial markets operate illicit narcotics markets which have a different set of rules and their own corrective actions where trust is disturbed. While the geographic location of these markets are the same and where even some of the actors may be the same, the market space has very different shared understandings of what is exchanged and how value is ascribed (Storbacka and Nenonen, 2011a). Thus, markets are directly shaped, and their borders defined by specific configurations of practices (Aspers, 2009; Bhappu, 2000; Finch and Geiger, 2010; Kjellberg and Helgesson, 2007; Nenonen et al., 2014; Thornton and Ocasio, 2008).

**Practices as institutions**

Here then, lies the conceptual root of the new theorizing on markets. Market conceptualizations have evolved from an economically constructed physical arena for the buyer-seller dyad to effect a single transaction to instead focus on a constructed space both social and economic, real and virtual, for enabling transvections involving an ever-widening network of market actors. The market as it is now seen is established, maintained, and defined by specific practices, of which exchange is but one practice.

This shift is elaborated by Kjellberg and Helgesson (2006, 2007) who translate social and community perspectives of markets into market practices. Market practices include all activities that constitute markets – what is done in a market, how it is done and what actors do in the highly specific sense of a particular market. Markets are constructed and held together by interlinked groups of practices: exchange practices – the individual economic exchanges of goods; normalizing practices – how a market and its actors are shaped; and representational practices – how markets and offerings are understood (Kjellberg and
Helgesson, 2006, 2007). Such practices hold markets together in that they are resistant to change, and evolve over time (Vargo and Lusch, 2014). Due to their persistent, routinized, and socially contextual nature, both preceding and superseding market actors; for the purposes of our market model, we designate normalizing, representational, and exchange practices collectively as institutional practices (Giddens, 1984; Schatzki, 1996).

Social and community meanings
A test for a market model is its explanation of how actors are incentivized to perform, how market performances are constrained and enabled, and how these performances change over time. Market institutions stabilize markets by ensuring that individual actors whose performances comply are rewarded with acceptance by the collective, thereby enabling exchange (Araujo, 2007; Nenonen et al., 2014; North, 2005). Thus, consumer culture theory perceives consumers not as mere carriers of accepted culture but rather as producers of culture as members of a host of collectives, and as co-producers in the performance of a service (Arnould, 2007; Arnould and Thompson, 2005). Participation as a community member as an incentive for compliance with cultural norms is a key similarity between consumer culture theory and institutional economics (Ménard and Shirley, 2005).

Social practice theory straddles these perspectives, describing culture as social and community meanings. Conceptualizing cultures and institutions in social practice theory enables a market to be parameterized by social and community meanings regardless of size and complexity – the national market or the village market. Social and community meanings provide a boundary element for market performances, describing what is, and what is not, acceptable to the market community and providing incentives for compliance.

Legitimation occurs where practices or institutions become socially, culturally, and politically acceptable, such as shared understandings of what is being exchanged and how (Humphreys, 2010; Kotler, 1986; Scott, 1995). An example of this is the emergence of the professionalized, service-based computer gaming market, or eSports which followed the legitimation of specific practices that constrain and enable market actor communities (Seo and Jung, 2016). It follows that social acceptance of a market can be withdrawn or changed, with subsequent reflections in the market legitimacy and, therefore, institutional practices. For instance, the prohibition in a number of countries of tobacco advertising and sponsorship while still permitting sales of the product clearly followed the changed mood of societies toward tobacco smoking.

Toward the market practice model
The contemporary theoretical perspectives described above, enable abstractions forming the basis of a practices-based model of markets. We now describe a series of foundational premises that underpin this model.

Foundational premise 1: markets are social structures constructed of performances
The practices of interrelated networks comprise a market, which as a social structure is separated from others by boundaries even where boundaries overlap. The market practice model (Figure 1) is based on a market entity of performances held in place by a foundation of stabilizing change-resistant institutional practices, and whose boundaries are parameterized by the performance of practices that are by their nature destabilizing. As parameters change, the performances within the market change. As performances change, the institutional practices change to reflect the new paradigm and thus enable and constrain future performances.
Foundational premise 2: markets are defined by flexible boundaries
Market boundaries are the flexible, physical, and virtual limits of a multi-dimensional space defined and shaped by specific practices understood and performed by a set of actors, and which reflect the understanding and influences of a broader community. Performances within a market’s boundaries are in some key ways different from those performed in markets outside the boundaries. Market boundaries necessarily overlap, as market practices may be performed by actors involved simultaneously in multiple markets, as much as actors may be involved simultaneously in many practices. Further, practice changes can occur without changing a market’s boundaries, but market boundaries will change where practices substantially alter to reflect new paradigms.

Foundational premise 3: market boundaries are described by nine parameters of practices
Market parameters are composed of nine specific and interrelated categories of practices. Parameter implies dynamic, plastic, boundaries that in response to exogenous or endogenous stimuli may form, change and reform, and so change the market (Nenonen et al., 2014). Any space, object or operation may have a range of parameters. Parameter also implies multi-dimensional high and low limits, within which normal life is possible and where some change is expected and accepted. A change within one parameter will impact directly on the others. Therefore, parameters act in tension, either complementing or constraining one another. Thus, in a market, a substantial change in information or technology is reflected in radically changed market boundaries.
Parameters of the market practice model

Foundational premise 3 theorizes market boundary definition by collecting practices into specific categories called parameters. Here, we define each parameter and explain their classification under the elements of a practice, based on the categories that were abstracted from common themes across the literature. Theorizing the market as a collection of interrelated practices suggests that the parameters should be classifiable under the three interdependent elements of practice: competences, materials, and meanings (Shove et al., 2012).

Competences: competitive intensity, responsiveness, and legal and economic institutions
Competencies are the skills, knowledge, and capabilities that must exist for practices to take root (Shove et al., 2012). Competencies also require the willingness to use those capabilities (Shove et al., 2012). Storbacka and Nenonen (2011b) theorize resource density as a cause of market boundary change. We conceptualize resource density as a primary element, among several that contribute to the parameter of competitive intensity. Competitive intensity reflects the practices of actors amidst competing transvectional networks that have the capability and willingness to compete. Responsiveness, in this context, reflects the capability, willingness, and agility of market actors to respond to the market practices of other actors, whether buyers, suppliers, or regulators (Layton, 2011; McMillan, 2002). Capabilities and willingness are constrained and enabled by legal and economic institutions which incorporate competencies, for example, market regulations, the ability and willingness to enforce them, and the acceptance of enforcement (Humphreys, 2010; Lindeman, 2012; McMillan, 2002; Shove et al., 2012). Legal and economic institutions have a profound effect on both competitive intensity and responsiveness (e.g. Patterson et al., 2011; Rebstock et al., 2008).

Materials: information, value propositions, technology
Materials are the things, technologies, and tangible entities that actors need to perform (Shove et al., 2012). Market boundaries historically have been shaped by the generation and transportation of information on prices, product availability, and so forth (Casson and Lee, 2011; Clark, 2001; Layton, 2011; McMillan, 2002). The interrelatedness of market parameters suggests the influence of information on the competitive intensity and responsiveness parameters. Similarly, movements in any or all of these parameters result in changes to the value propositions offered and accepted (Vargo and Lusch, 2008). Any or all of these parameters influence the technology parameter within which specific technologies follow or enable specific performances (Layton, 2011; Perez, 2009). For example, the Agricultural Revolution and the Industrial Revolution were made possible by steam engine technology that increased production and transport efficiency and enabled rapid flows of information (Clark, 2001). As markets expanded, exchange became more dependent on services-dominant transvectional networks permitting rapid product transformation, trading, and services through intermediaries, transport over increasing distances, and the creation of new information, trading and credit services such as newspaper advertisements, auctions, and insurance (Casson and Lee, 2011; Lloyds, 2015). These market-transforming changes could be described as the “services revolution.” A more recent example of revolutionary market transformation through changes to information, value proposition, and technology parameters is the disintermediation of accounting services through cloud technology by information technology services providers.

Meanings: social and community meanings, needs, and space
Meanings include the symbolism, ideas, understandings and aspirations acceptable and important within the social (Shove et al., 2012). Geography or similar demarcation no longer applies to contemporary, perhaps global or virtual, markets. Space as a parameter implies
an equivocal or dynamic arena capable of change with the advent of new practices shaped by new and specific social and community meanings (Arnould and Thompson, 2005; Giddens, 1984; Humphreys, 2010; Layton, 2007, 2011; Lefebvre, 1991; Reckwitz, 2002; Scaraboto and Fischer, 2013; Shove et al., 2012; Thornton and Ocasio, 2008). Needs are thus not only socially defined and driven, but are also reflective of the space in which social acceptance is provided. Personal transportation by Uber, or virtual dating services such as Tinder, exemplify circumstances where geography has been supplanted by socially acceptable space bounded only by acceptance of the service itself within social and community meanings (Humphreys, 2010; Layton, 2011).

Redefining markets through the market practice model

We have described four streams of conceptualization and now bring these together as the market practice model (Figure 1). First, the market is: a social structure for the exchange of value; the aggregation of transvections and market performances; the center of integration of resources and relationships; the hub of practices that constrain and enable market activity; and the place where promises are kept. Second, the market’s functions are defined, contextualized, and stabilized by exchange, normative and representational practices (Kjellberg and Helgesson, 2006, 2007), which we describe as institutional practices (Giddens, 1984; Schatzki, 1996).

Third, the practices by market actors are market performances (Reckwitz, 2002). Market actors are all of the buyers, the sellers, and the offerings – collections of core competencies that are evaluated and priced (Callon and Muniesa, 2005; Miller, 2002; Vargo and Lusch, 2004a, b, 2008, 2014). The actors include all of the organizations, networks of industries, and facilitators of exchange, all of whom may exist in overlapping markets (Andersson et al., 2008; Vargo and Lusch, 2011). And fourth, the market boundaries are defined by practices described as parameters. A market’s parameters are defined and destabilized by practices from the categories of competitive intensity, legal and economic institutions, responsiveness, information, value propositions, technology, needs, social and community meanings and space.

Therefore, the market practice model describes a market entity of performances stabilized by a foundation of change-resistant institutional practices, and whose boundaries or parameters are described by clusters of practices that are by their nature evolving and destabilizing. As parameters change, the performances within the market change. As performances change, the institutional practices change to reflect the new paradigm, and thus enable and constrain future performances.

Discussion

An understanding of markets gives rules and contextual foundation for marketing. Such theoretical underpinnings are essential as contemporary marketing theorizing distances itself from the neoclassical economics conceptualizations of value-in-exchange and increasingly incorporates social practice theory perspectives of value-in-use. The market practice model reflects these theoretical shifts in markets and marketing, whilst respecting the neoclassical economics roots of marketing and progresses markets in terms of practices and performances whereby actors integrate resources and relationships to co-create value.

The market practice model allows descriptions of what happens in a market and who performs in a market, and provides for practices-based descriptions of market boundaries. The model enables new and dynamic perceptions of markets – “where exchange happens” – and provides an active framework from which to analyze marketing – “how exchange happens.” Further, the weakness of the neoclassical model in defining markets as economic constructs with boundaries defined in terms of price and geography suggests that alternatives are needed. Social practice theorizations of societies being distinctive and
identifiable by their practices, even when overlapping suggests that markets as social constructs can also be identified and their boundaries defined by their distinctive practices.

An important challenge for conceptualizing markets and market boundaries is the mechanism or process by which markets emerge, change, or cease to change. Contemporary conceptualizations envisage markets as inherently stable and unlikely to change substantially, unless through specific disruptive paradigmatic crises stemming from competitive intensity. Crises are often ignited from outside the market, and disruption in one market often sparks disruption in another market (Abernathy and Utterback, 1978; Giddens, 1984; Kjellberg and Helgesson, 2006; Layton, 2015; Lindeman, 2012; Nenonen et al., 2014; Perez, 2009; Storbacka and Nenonen, 2011b).

The market practice model informs market change by theorizing that the categories of practices influence one another. Critical to the model is plasticity (Nenonen et al., 2014), which implies that markets are conceptualized as perpetually dynamic, with tension between parameters, and between parameters and performances, even where the paradigm of the market is so firmly embedded by institutional practices that boundaries are relatively unshifting and performances adapt only incrementally (Leonardi, 2011). Market change occurs when a destabilizing force caused by tensions amid parameters has sufficient momentum that market performances overcome the resistance of institutional practices (Figure 2). The extent of change reflects the magnitude of change impetus. The institutional practices then change in ways that impact on one other in that, for example, the new performance of exchanges may change the understanding of actors as to how and what will be exchanged in what space. Buyers or sellers may change, the value propositions may change, or facilitators of exchange may be included or excluded or change the way they work. As market performances change, the institutional practices realign to reflect the new paradigm (Kjellberg and Helgesson, 2007).

To illustrate, retail stores once competed amid direct neighbors, all of whom provided similar services and used similar intermediated supply chains. Business was primarily face-to-face with customers whose information was limited to what value propositions were presented on shop shelves and whose decisions were affected by the amount of available cash provided from their accounts by a teller at a bank, by who would accept their check, or

![Diagram](image-url)

**Figure 2.** The extent of market change reflects changes within parameters having sufficient impetus to overcome the resistance of stabilising institutional practices.
by how far they were willing to travel. These market paradigms were supported, challenged, and then transformed by services practices. On the one hand, practice changes in the competitive intensity, responsiveness, and technology parameters in the physical retail space prompted banks to provide alternative cash and credit exchange payment methods. On the other hand, the physical retail space was challenged – internet technology changed the information and space parameters. Retailers were now disintermediated because customers could make direct connection with suppliers. Over time, social and community meanings legitimated this revision – exchange using the internet is now normal and banking services provide an instant supply of credit or transfer between accounts without reference to physical or human facilities. Retailers compete with providers of rival services wherever in the world they may be. Legal and economic institutions have changed to facilitate disintermediated global exchange, which has impacts on the services – the insurers, shippers, ports, border control authorities, and related infrastructure providers who facilitate exchange under the new transvectional paradigm. An example of such a paradigm shift is that postal services are in decline yet parcel services are experiencing growth as a result of internet consumer traffic.

Managerial implications
The market practice model has important implications for managers, first with the approach to strategy. Any number of templates, heuristics and models framed in neoclassical conceptualizations are employed in consideration of market environments and marketing strategies. Contemporary conceptualizations of markets, marketing and exchange compel practitioners to employ new lenses. The market practice model and an understanding of parameters would provide new insights into markets and market changes. An analysis of demand, for example, requires not only analysis of quantities and geographical space but also deeper understanding of consumer community-defining interpretations of space where needs are socially defined.

Figure 3 depicts where low cumulative change in market practices over extended time frames is reflected in the stability of market maturity. The emphasis in strategy development could be to look outside the market as it is currently defined by managers, at either what might change (e.g. the search engine – a change in the information and technology parameters) or how it could be changed to advantage (internet-based “cloud” services such as Xero or Uber – a change in value proposition, competitive intensity,
responsiveness, space, and needs parameters). A substantial cumulative parameter change over a short time frame suggests market volatility. For instance, mobile telephones which today provide data exchange as well, are both an example of volatility and a challenge for service providers. Cumulative changes over a longer time frame suggest evolutionary developments where market practices and therefore market boundaries have not been substantially challenged. Finally, within emergent markets, parameters are markedly plastic; thus, while change within these markets can be anticipated, the direction and extent of change is unclear. This phenomenon could be on a national scale; for example, Ghana’s development of non-mineral exports (value proposition, responsiveness, legal and economic institutions, and space parameters) (Sraha, 2015), or in product categories; for example, smart watches that today double as health monitors (value propositions, technology, information) but which tomorrow may replace the smartphone for mobile communication and computing, while enabling new service delivery opportunities such as real-time medical data exchange (information, technology, and social and community meanings).

Strategy development would track and predict changes to parameters through deconstruction in the changes of competencies, materials, or the meanings attached to each. Subsequent phases involve recognizing and understanding the service elements that define and enable the transvections being impacted by parameter change. A third phase would involve building in value through change-reflecting service definitions not only with immediate partners but across transvectional networks.

The market practice model has implications for policy. Market definition and market boundary definitions are critical for anti-competitive and merger-acquisition rules, and other policy considerations. To date, policies have centered on geographical and price boundaries even though this approach is notably deficient (Baker, 2007; Farmer, 2002; Geroski, 1998). The market practice model suggests that market boundaries and exchange processes within those boundaries may be more accurately and objectively described by considering all of the nine parameters. This requires further research and conceptualization.

**Conclusions and future research**

This paper presents a fresh approach to the discussion on a general theory of markets. Our review of market and marketing included literature from neoclassical economics, service-dominant logic, “markets as networks,” “markets as institutions,” and “markets as routinized practices.” We further reviewed the importance of belief structures in market construction through the lenses of consumer culture theory, institutional logic and the new institutional economics. We then reviewed contemporary conceptualizations of markets, social practice theory, and the components of practices. Markets provide context for marketing, thus the inclusion of marketing theorizing into a discussion on market theorizing was essential in determining the attributes that a revised model of the market must involve and the relationships between those attributes. Conceptualizations of markets (where and how exchange occurs) and marketing (activities undertaken to effect exchange) must reflect and enable one and the other. Indeed, an outcome of the review was an understanding of the extent to which previous theorizing of markets as economic structures is challenged by contemporary conceptualizations of markets and marketing. Further, the review of marketing and market theorizing provided a basis for conceptualizing of market boundaries from a social practice perspective. We have shown the importance of social practices to defining market boundaries, whereby markets as socially structured spaces are described by practices that reflect and impact upon the market actors. The development of nine categories of parameters denoting the boundaries of markets stemmed directly from this conception.

The market practice model reflects and advances contemporary conceptualizations of markets and marketing. Social practices form the model’s theoretical foundation and provide context for both theoretical and practical analysis. The model suggests a flexible
and generalizable approach to how markets form, function, stabilize, destabilize and change, and places services at the center of exchange. Moreover, the market practice model contributes a means of defining market boundaries through viewing markets as social structures demarcated by specific categories of routinized practices. Describing market boundaries in terms of practices reflects their porous and plastic nature. It also accounts for the market state, be it emergent, evolving, in revolutionary volatility, or in the innate stability of stasis or maturity.

The model however, is in its infancy, and is presented to further spur theorizing, research and debate. Future research should endeavor to refine our theorizations about the categories of market actors, the institutional practices that stabilize and define market functions, and the categories and parameters that define and destabilize market boundaries. Parameters are entangled and relational – information impacts on needs and space, for example. Empirical and situational-specific research would define these connections and the ways in which paradigms influence one another, such as how changes in social and community meanings reflect in changes to market boundaries, institutional practices and performances, as markets emerge, evolve, and decline.

To describe the market in terms of practices, we combined institutional practices comprised of representational, exchange and normative practices that define and stabilize a market, with parameters as categories of practices that define boundaries and enable plasticity. This suggests a hierarchy of practices. While the structure of institutional and parameter practice hierarchies may be generalizable, the practices and sub-categories of practices may be market specific. Social practices research should explore these critical aspects of hierarchy and specificity.

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**Corresponding author**
Martyn Gosling can be contacted at: martyn.gosling@vuw.ac.nz

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