

**TRANSLATION OF MARKET PRACTICES:  
A FRAMEWORK FOR UNDERSTANDING MARKET CO-CREATION**

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## STRUCTURED ABSTRACT

### **Purpose**

This paper contributes to the calls to develop a study of markets in the field of marketing. The main purpose of this paper is to provide a conceptual framework for understanding the creation and diffusion of markets.

### **Design/methodology/approach**

A model for understanding markets is developed by integrating three disparate but compatible views: institutional theory, the practice-based approach to markets, and service-dominant logic. The practice approach identifies the key practices that constitute markets while service-dominant logic situates these market practices within the context of resource integration and value co-creation. Additionally, institutional theory explains the institutionalization of market practices, thereby setting up the rules for value co-creation amongst market actors.

### **Findings**

A fractal model is introduced for understanding the shaping and diffusion of markets. The model consists of two main components: a set of market practices (normalizing, representational, and integration) and a process of translation (abstraction, concretization). Vertical translation explains institutionalization in terms of practices that are reproduced within and between individuals in a particular institutional field. Guided by a dominant institutional logic variation between practices is assumed to be minimal. Horizontal translation explains the diffusion of markets, in which practices are translated between distinct institutional fields. Due to distinct logics variation in practices are assumed to be relatively high.

### **Originality/value**

This model offers a new way for understanding markets which provides a less deterministic, more systemic, and culturally grounded view of markets. This model enables the study of practices at multiple levels of analysis by focusing on market practices as the core unit of analysis.

Theorists have underlined the importance of understanding markets to develop marketing theory and practice. McInnes (1964) once noted “the primary observable phenomenon for any theory of marketing is the hard practical fact of the market itself...It [the market] is also the ultimate criterion for either action or theory. The market is not only the point of communication between practice and theory, it is the ultimate judge of both” (p. 52). Nearly half a century has passed since this statement was made, yet researchers continue to note scarceness of market theories that emanate from the marketing field (Venkatesh, et al., 2006, p. 1; Venkatesh and Penaloza, 2006). Calls have been made to bring the study of markets into marketing (Venkatesh and Penaloza, 2006; Araujo, et al., 2010), particularly in the attempt to build a positive theory of markets as the foundation for establishing normative theories in marketing (Vargo, 2007; 2011).

Marketing theorists have begun to lay the groundwork in this effort. One approach has been to utilize practice theory (Schatzki, 2001; Reckwitz, 2002) from sociology to develop the notion that markets are constructed through concrete marketing activities (Araujo, 2007; Callon, 1998; Kjellberg and Helgesson, 2006; 2007a). A practice acknowledges highlights the performativity of markets, in which theories about markets shape and affect the way markets work (Kjellberg and Helgesson, 2006; 2007a). A systemic understanding of markets (Alderson, 1965) has also been revived, in which actors are understood as part of a network of networks (Layton, 2008). Distinctions between producers and consumers are eliminated to provide a view of that all market actors are value creating entities involved in the process of service-for-service exchange (Vargo and Lusch, 2011).

This paper builds on these foundations by offering a framework for explaining how markets take form and diffuse across time and space. To develop this framework, I utilize service-dominant logic (Vargo and Lusch, 2004) as the overarching perspective and synthesize it

with the practice-based (Kjellberg and Helgesson, 2006; 2007a) and institutional approach to markets (DiMaggio and Powell, 1991).

I begin by explaining how markets are conventionally viewed within the field of marketing. To follow, I present the foundations of service-dominant logic to argue for the need of a better understanding of markets. I then draw from practices and institutional theory to highlight the strengths and weaknesses of their contribution in explaining markets. Finally, I present a framework explaining the creation and translation of markets through a synthesis of these three perspectives. Using this framework I also provide insights as to what a market guided by service-dominant logic might look like.

### **Goods-Dominant Logic View of Markets**

The conventional view in marketing identifies markets as either a physical space or “the set of actual and potential buyers of a product” (Kotler and Armstrong, 2010, p. 7). Markets are perceived as being external to market actors and narrowly understood in terms of demand for a specific product category. Viewing markets as being “out there” assumes that the role of the firm is limited. Firms can only maneuver based on preexistent characteristics of the market and do not contribute to the process of creating such characteristics.

Using the jargon of marketing management, marketers segment and target markets, and then offer differentiated products that are uniquely positioned in the minds of customers. Markets are then persuaded to purchase these market offerings through enticing product, pricing, distribution and promotional strategies. In this view, manufacturers or producers create value and such value is embedded in products. Customers provide only exchange value contributing to the profitability to the producing firms. Customers do not participate in the production process, let

alone add value to the product. Instead they deplete value through the process of consumption—eating up, using, depreciating and destroying the value of market offerings. Based on this logic, it is unsurprising that marketers face the harsh criticism of dominating helpless consumers with seductive powers (Murray and Ozanne, 1991) and pacifying consumers with the pleasures of consumption (Ritzer, 2009)

The case of *Arm & Hammer* baking soda provides evidence that is contrary to this logic (Slater, 2002). Slater (2002) highlights how both customers and marketers contribute to co-creating the market. Marketers play influencing roles in shaping the market as well. Through their use and appropriation of market offerings, customers also participate in this process. Based on insights from customers, *Arm & Hammer* became redefined as a deodorizer and cleaning solution. By repositioning the function of *Arm & Hammer*, marketers introduced a new set of market practices leading to a new form of market altogether. A new product use was introduced, attracting a distinct set of customers, requiring change in promotion and even the place in which the product is shelved. Customers and marketers thus play a great part in determining the existence, shape, and outcome of markets. While products are an element of the market, they are not central to the exchange process and do not necessarily have to be used to define markets. Products change over time and as Aspers (2005, p. 13) mentions “[t]he commodity itself is to some extent a result of the market and cannot be understood as extrinsic to the market.” As will be explained in the next section, service-dominant logic offers a view of marketing that better incorporates the co-creative practices of market actors.

Meanwhile, conventional marketing continues to focus on firms as the central actors in markets and identify products as the core unit of exchange – a view Vargo and Lusch (2004) identify as a goods-dominant logic. The logic aims to provide marketers with practical guidelines

on how to sell products to the market. However, by identifying markets as potential and actual buyers of a product, markets become synonymous to consumers or masses with buying power. This narrow definition does not provide a thorough picture of the various actors involved in exchange. As a result, the field of marketing has generated abundant theory about consumers but not much about markets. We are still left oblivious to how markets come to be, how they change, and how they behave. What is needed is an explanation of markets that captures its dynamic and systemic attributes.

### **Service Dominant Logic**

The emergence of a service-dominant logic (S-D logic; Vargo and Lusch, 2004; 2008) initiated a move beyond the deterministic, unidirectional, firm-centric approach to markets. S-D logic highlights the importance of understanding exchange in terms of service –applied skills and knowledge–rather than goods.

Value is not solely created by the firm nor embedded in a product. Rather, value is determined phenomenologically by the subjects involved and is variable depending on use and context (Vargo, et al., 2008; Chandler and Vargo, 2010). Furthermore, exchange is embedded in the process of resource integration in which value is co-created by interacting actors. Within this framework, there is no distinction between “producers” who create value and “consumers” who deplete value (Vargo and Lusch, 2011). Instead producers and consumers are seen as equal market actors –who in performing their daily tasks to sustain quality of life- work in an interrelated system. As market actors perform individual efforts to integrate resources, they co-create value in effect. Service-dominant logic intimates a view of markets that is dynamic and systems-based (Vargo and Lusch), not one that is static and one-sided.

While S-D logic provides the fundamental perspective on how to approach markets, it does not provide a process nor micro-level explanation of how markets take form, function and diffuse. A more attuned explanation of how the market works is thus needed to improve our understanding of markets.

I turn to institutional theory and a practice-based approach to markets to provide insights about markets. I first focus on a discussion of markets as institutions (Fligstein, 2001) and then move on to explore how markets are explained as practices (Araujo, et al., 2010). I will then integrate these concepts with service-dominant logic to construct a framework for understanding markets.

### **Institutional Approach to Markets**

New institutional theory or neo-institutionalism is an approach that provides a cultural explanation for the way institutions work in society. “Institutions consist of formal and informal rules, monitoring and enforcement mechanism, and systems of meaning that define the context within which individuals, corporations, labor unions, nation-states, and other organizations operate and interact with each other.” (Campbell, 2004)(Campbell 2004, p. 1).

In organizational study, neo-institutionalism can be distinguished from old institutionalism in its move away from rational to cultural explanations of social structure ((DiMaggio and Powell, 1991; Thornton and Ocasio, 2008). To explain the behavior of institutions, a logic of appropriateness is utilized as opposed to pure economic or normative reasoning (DiMaggio and Powell, 1983). In other words, the extent that an action is considered proper within a social construction of meaning, or legitimacy (Suchman, 1995) as opposed to efficiency is used to explain how organizations survive and succeed (Tolbert and Zucker, 1983),.

When organizations are found to mimic each other in form new institutionalists agree it is because these organizations have no better option than to do so ((DiMaggio and Powell, 1983)Powell and DiMaggio 1983).

Institutional theory emphasizes how culture influences formal structures by underlining that individuals and the organizations they constitute are restrained by a set of values, norms, rules, beliefs, and taken-for-granted assumptions that are part of their creations ((Barley and Tolbert, 1997). Focus is on how the environment, namely organizational sectors or fields, such as industries, professions, or nations (Scott and Meyer, 1991) and cultural beliefs like that of norms, shape economic action (Nee 2005). The environment plays a subtle yet crucial role in the creation of institutions as “they penetrate the organization, creating the lenses through which actors view the world and the very categories of structure, action, and thought” (DiMaggio and Powell, 1991, p. 13).

Institutions are seen as durable social structures that manifest through regulative (formal rules and laws), normative (social rules for what is acceptable), and cultural-cognitive (shared logic) elements (Scott, 2008). At the micro level, new institutional theory is underlined by a theory of practical action (DiMaggio and Powell, 1991). Institutions are shaped by the individuals who sustain them and the recursive practices they perform. Institutionalization is explained through a process of structuration (Barley and Tolbert, 1997). In structuration theory, agents and structures are a duality. Structure of social systems are mediums and outcomes of practices (Giddens, 1984). Structures are defined as “rules and resources, or sets of transformation relations, organized as properties of social systems,” while systems are understood as “reproduced relations between actors or collectivities organized as regular social practices” (Giddens, 1984, p. 25). Sewell (1992) reframes Giddens (1984) duality of structure by



determining structure to consist not of rules and resources but of rules in the form of schemas. Resource, on the other hand, is repositioned as the effect of structure, “as media animated and shaped by structures, that is by cultural schemas” (Sewell,1992, p. 11). Structure is assumed to have a dual character: virtual in the form of schemas and actual in the form of resources. Resources are also the effects of schemas, “instantiations or embodiment of schemas” that “inculcate and justify schemas as well.” (p. 13).

Integral to the understanding of institutions are the concepts of *field* and *institutional logic*. Organizational field is defined as “those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products,” (DiMaggio and Powell, 1983, p. 143). While the definition provided is goods-based in the fact that it is contained in terms of product or service(s) offered, the essential idea of *field* is that it relates to a set of relevant actors (Scott, 2008).

A field is guided among others by an *institutional logic*, “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize over time and space, and provide meaning to their social reality” ((Thornton and Ocasio, 1999, p. 804). An actor’s interest, identity, value, and assumptions are embedded within an institutional logic (Thornton and Ocasio, 2008). A complementary notion is that of *field frame* which according to Lounsbury, et al. (2003) is endogenous to the actor rather than exogenous as in the case of institutional logic. Field frame is defined as “an intermediate concept that has the durability and stickiness of an institutional logic, but akin to strategic framing, it is endogenous to a field of actors and is subject to challenge and modification.”

Incorporating institutional theory in a discussion of markets is relevant. As economic structures that operate under formal laws and normative expectations that change over time and space, markets should be understood as an institution (Thornton and Ocasio, 2008). Fligstein (2001) identifies three elements needed for markets to exist: property rights, governance structures, and rules of exchange and highlights the importance of including politics including government policies as well as the views of other market actors to understand markets as institutions. Applying structuration in the context of markets, our practices create the structure for markets and the structure of our markets determines our practices. Market actors are agents and market practices are reproduced relations (systems) governed by rules and resources (structures) that serve as mediums and outcomes of these practices.

The advantage of institutional theory is that it allows us to understand the process through which market practices emerge to become institutions and the role of culture to influence this process. However, the institutional approach has at least two limitations. First, it emphasizes a macro-level approach and second, institutional theory is heavily firm and product-centric. As Suddaby (2010) criticizes, individuals often escape the attention of institutional researchers despite the assumption that institutions are constructed through the agency of individuals. Furthermore, institutional research does not pay enough attention to the connection between micro and macro levels of analysis (DiMaggio and Powell, 1991).

The common unit of analysis in institutional theory is the firm or groups of firms that operate in organizational fields. One of the key areas of interest in institutional research is how institutions take form and change. Questions asked include how and why firms mimic each other in practice (DiMaggio and Powell, 1983) and how external bodies such as states and other forms

of regulatory agencies influence the process of change (Clegg, 2010). At the macro level, they seldom analyze how individual actors and their routine practices contribute to this process.

Analyzing how key institutional researchers define and approach markets will uncover the extent to which their approach is firm centric. White (1981), for example, differentiates between exchange markets in which buyers and sellers play reversible roles versus *production* markets in which the role of sellers and buyers are not interchangeable. He argues that the notion of production markets is an improvement from the concept of exchange markets that is offered by neoclassical economists. Production markets is said to provide a more realistic depiction of most markets. He defines markets as “tangible cliques of producers watching each other. Pressure from the buyer side creates a mirror in which the producers see themselves, not consumers” (White 1981, p. 543). White (1981) focuses on how firms signal each other through their individual actions. In this perspective, the focus of markets moves away from general exchange to production, in which only sellers produce (and implicitly buyers consume). Emphasis is on firms as key players in a market, providing a distorted view of the actors that comprise a market.

Additionally, Fligstein (2001) builds on the notion of markets as fields and institutions and describes markets as “social arenas that exist of for the *production and sale of some good or service*, and they are characterized by structured exchange” in “that actors expect repeated exchanges for their products and that, therefore, they need rules and social structures to guide and organize exchange” (p. 30). Again, in this view, markets become limited in terms of a particular product or service category. These definitions highlight the role of the firm as a producer and what they do to produce and sell products. Emphasis on production and

competition among producers makes this perspective one-sided. Furthermore, market boundaries are narrowly determined by product categories.

The limitations of institutional theory mentioned above can be corrected by incorporating a practice-based approach to markets (Kjellberg and Helegesson, 2006; 2007) and service-dominant logic (Vargo and Lusch, 2004) as a key perspective. While the model offered in this paper will also emphasize on the institutionalization of markets, it uses practices as the key unit of analysis. Moving away from a firm-centric view, the focus will be on the practices of general actors as opposed to the actions of firms as producers.

Practice theory helps identifies the key practices that constitute markets, while service-dominant logic shifts the focus of markets from mere production or exchange to a process of resource integration and value co-creation. The following section introduces the markets as practices approach and integrates it with institutional theory and service-dominant logic to provide a better understanding of markets.

## **Markets as Practices**

Institutional theory explains how micro-level practices become institutionalized in the process of structuration. However it does not explicate the types of routine micro-level practices that contribute to the forming of markets. Recently, marketing researchers have begun to utilize practice theory to explain the shaping of markets ((Araujo, et al., 2010; Kjellberg and Helgesson, 2006; 2007a; 2007b). In this approach, practice is defined as “a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, “things” and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge.” (Reckwitz, 2002, p. 250). Practice theory involves the

integration of “images, artifacts and forms of competence” (Shove and Pantzar, 2005, p. 44).

This understanding is consistent with the notion of institutions as social structures that consist of symbols and meanings, social activities or practices, and material resources or tools (Scott, 2008). The alignment is not a mere coincidence as practice theory and institutional theory both take root in Giddens’ (1984) and Bourdieu’s (1977; 1990) theories of practice. They are two sides of the same coin.

Distinguishing the two are the idioms applied by the two approaches (Araujo, et al., 2008). Institutional theory uses a representational idiom with the primary objective providing a depiction of what occurs in markets through identification of different types of market. On the other hand, the practice approach utilizes a performative idiom in which focus is on the practices actors take part in to construct markets (Araujo et al., 2008). It supports the notion of markets as being socially constructed, and sets out to identify what markets do. It explains how our theories and notions of markets are enacted and in turn enact the reality of the market (Araujo, et al., 2010; Fourcade, 2007). A performative idiom sees markets as an ongoing process rather than something that is “pre-made” (Araujo et al., 2011). Conceptualizations of markets work both as models that depict how markets function as well as blueprints that guide the shaping and performing of markets. Essentially, markets are shaped through the simple everyday practices we perform, but those practices are influenced by our ideas about what markets are and how they work.

Kjellberg and Helgesson (2007a, p. 141) define market practice as “all activities that contribute to constitute markets” and identify three interrelated practices that create markets: normalizing, representational and exchange practices (Kjellberg and Helgesson, 2006; 2007a). Normalizing practice is the process of establishing rules, norms and guidelines of how markets

should work according to certain actors involved in the process. This includes among others formally or informally agreed upon contracts on what can be offered in the market, who can participate in the market, how exchange takes place, as well as the responsibilities a firm has to its customers. Representational practice is the practice of depicting markets and its workings. Market segments represent the whole set of customers in a more manageable and understandable form. Various sales statistics, market share figures, consumer research reports all help to reflect the form and state of a market. Exchange practice relates to actual activities that fulfill individual economic exchanges, such as presenting a product, setting a price, and terms of payment and delivery. These activities stabilize the conditions necessary for economic exchange to take place (Kjellberg and Helgesson, 2007a).

*Shifting focus: from exchange to integration*

In agreement with Vargo, there is a need to shift our focus from exchange to integrative practices. This shift will enable us to situate market-making beyond the limited understanding of short-term exchange between two parties. Important to note is that exchange should not be determined in terms of exchange of goods for money but rather with service for service (Vargo and Lusch, 2004). Furthermore, while markets facilitate exchanges, the underlying notion is that exchanges are embedded in the practice of resource integration. Understanding that all economic and social actors are resource integrators (Vargo and Lusch, 2008), exchange becomes a means of value co-creation. Value co-creation does not occur only between the two parties involved in exchange but is situated within an intricate network of networks.

The point of exchange is not simply to trade one service for another, but is part of a greater objective of value co-creation which manifests through the process of resource

integration. For example, integration occurs when we combine cooking skills, ingredients, and our specific taste and meaning to construct a breakfast. The process of exchanging of a couple dollars for a dozen eggs to prepare an omelet, is integrated in our daily routine of getting up in the morning, having breakfast, and going to work. The energy and skills we employ at work is exchanged for a salary to support our personal needs, such as buying new clothes or that of buying eggs for breakfast. Our work, purchases of clothes and eggs also sustain other individuals who work in the firm that provide these offerings that also make up an industry that sustains the livelihood of other individual actors. The exchange between money and eggs therefore is not just a simple affair, but is embedded in the process of value co-creation through resource integration.

To summarize, exchange is not just a one-time transaction between two-parties, but embedded in a web of other practices done for the purpose of integrating skills, artifacts, and meanings. Exchange is part of an integrative process that market actors engage in as part of their efforts for survival and increasing quality of life. Resource integration rather than exchange is the process that sets the gears in motion. As such, exchange practices should be subsumed under integrative practices.

### **Integrating institutions, practices, and service-dominant logic**

Service-dominant logic enriches the markets as practice approach (Kjellberg and Helgesson, 2006; 2007) by situating market practices within a greater network of practices. It shifts the focus from mere exchange to the process of exchange within the context of value co-creation.

Practice theory complements service-dominant logic by offering a micro-level explanation on what it is we do in the context of value co-creation. Building on the notion that markets are created through the everyday actions of market actors, the practice approach helps us

to understand that markets do not just serve as the *venue* of value co-creation but as a *process* of value co-creation. It identifies the practices that contribute to building markets as an institution.

The institutional approach complements this understanding by highlighting that practices are guided by institutional logic, implying that fields with distinct logics may show different manifestations of similar types of practices. Institutional theory explains that distinct logics establish distinct rules for value co-creation. Different contexts may place different meanings on the same set of actions and different actions may be performed with the same set of resources. Service dominant logic supports this view as it underlines how value is always uniquely and phenomenologically determined by the beneficiary (Vargo and Lusch 2008) and its arguments for the importance of value in context (Vargo, et al., 2008; Chandler and Vargo, 2010).

Service-dominant logic also contributes to our understanding of markets as institutionalized practices by suggesting shifting the focus away from producers, manufacturers, or production markets (White, 1981). Service-dominant logic would argue against the need to distinguish between exchange markets where buyer seller roles are interchangeable and production markets where the roles are not interchangeable. Instead all actors are producers and all markets are “production” markets in the sense that all actors contribute to the process of value or co-creation. All actors, buyers and sellers regardless of their roles, produce value in the market. The notion of production markets is perhaps even redundant because implied in the notion of market is the integrative practice to “produce” value. Markets exist to facilitate value co-creation.

Furthermore, by highlighting the role of service to encompass goods, service-dominant logic allows us to shift away from a limited view of markets as being determined by product categories. As earlier noted in the *Arm and Hammer* example, products are effects as opposed to



causes of markets practices. Markets thus need not be defined in terms of products but in terms of the solutions they provides.

### **A framework of markets as translation of practices**

Identifying normalizing, representational, and integration practices as the basic activities actors perform when constructing markets, I propose a fractal model to explain the process of market-making. Fractal is a term coined by mathematician Mandelbrot to identify “a geometric shape that can be broken into smaller parts, each a small-scale echo of the whole” (Mandelbrot and Hudson, 2006, p. xviii). For example, zooming in on a fern leaf we will find that each leaf has a shape similar to the whole leaf. Similarly, snowflakes comprise of multiple forms of recurring patterns. Following this analogy, I will show that market making can be depicted as a fractal-type model consisting of repeated patterns of the same set of practices.

The key components of this fractal model includes: 1) a set of market practices consisting of normalizing, representational, and integration practices and 2) a process of translation which involves a process of abstraction and concretization. This fractal set is reproduced within individuals, between individuals within a particular field, and between fields across time and space. Reproduction however does not result in identical outcomes as context plays an essential role in every instance of practice enactment. The term reproduction is supplanted with translation to incorporate the conscious or unconscious interpretation that occurs every time a practice is performed. Through this performance of practices at multiple levels and in distinct fields, the institutionalization and diffusion of market practices is explained.

As briefly mentioned, according to this framework markets take shape and diffuse through a process of multiple translations. Translation is defined as “a basic social process by

which something –such as a token, rule, product, technique, truth, or idea – spreads across time and space.” (Kjellberg and Helgesson, 2006). More specifically, it is “the spread in time and space of anything –claims, orders, artefacts, goods – is in the hands of people; each of these people may act in different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it” (Latour 1986, p. 267). In this case, it is the normalizing, representational and integration practices performed by individual actors that experience a process of translation.

Important to note is that these three practices are not necessarily distinct. Depending on context and interpretation, one action can be identified as either a normalizing or integration practice or both (Kjellberg and Helgesson, 2006; 2007).

Two types of translations are introduced with regard to these practices: vertical and horizontal. *Vertical translation* relates to the stabilization of practices between actors within a designated field. Field in this case refers to a market that consists of a set of relevant actors that facilitate the process of resource integration within the boundaries a dominant institutional logic. It is akin to the process of institutionalization in which individual level practices form institutional practices, all of which are enforced by actors that share a similar logic. This process requires the bridging of the symbolic and the material (Mohr and White, 2008) in which ideas manifest into concrete practices. Kjellberg and Helgesson (2006) identify this process of translation that links practices in the world of ideas to practices in the world outside as *performativity*, which involves a movement from abstraction to concretization in the form of concrete practices.

Connecting individual-level practices to field-level practices, if we identify markets as a community of practice, we can borrow Wenger’s (2008) process of negotiation of meaning.

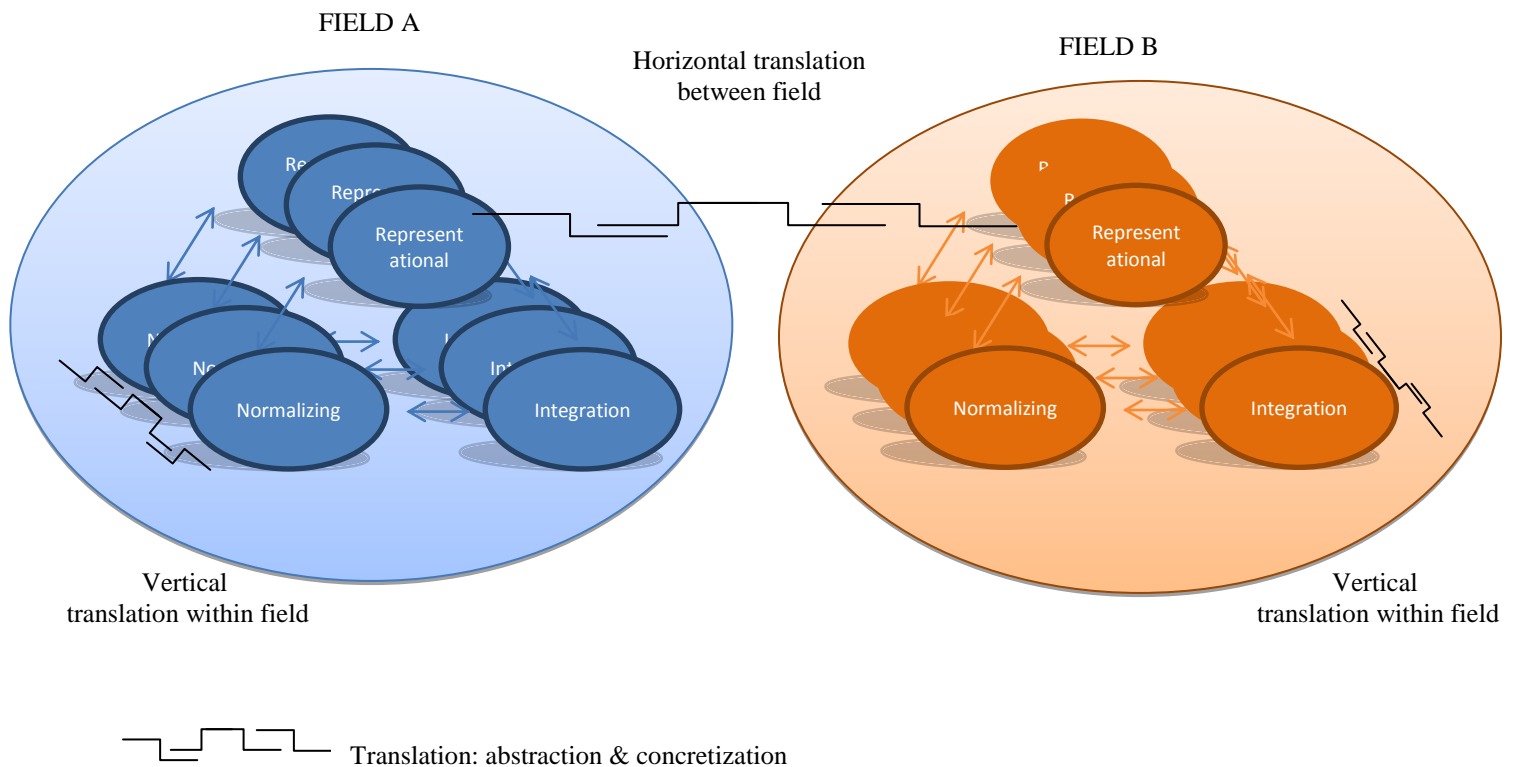
Negotiation of meaning consists of two processes: participation and reification. Participation refers to engagement in practice in a community. Participation is characterized by the possibility of mutual recognition which becomes a source of identity for actors who take part in it. It is “the social experience of living in the world in terms of membership in social communities and active involvement in social enterprises” (p. 55). Reification on the other hand relates to how “we project our meanings into the world and then we perceive them as existing in the world, as having a reality of their own” (p. 58) The process includes “making, designing, representing, naming, encoding, and describing as well as perceiving, interpreting, using, reusing, decoding and recasting” (p. 59). Reification comes in the form of “abstractions, tools, symbols, stories, terms, and concepts that reify something of that practice in a congealed form.” Similarly Barley and Tolbert (1997) identify the process of encoding and enacting as taking place in one point in time and replicating/revising and externalizing/objectifying to occur diachronically or over time. These concepts all point to a transformation between from the abstract to the concrete.

While the practices within and between individual actors may be distinct at any point in time, because they are guided and embedded by a similar set of logic, the variance between enactment of practices is minimal. The practices reinforce each other and explain the process of institutionalization within a given field.

*Horizontal translation* explains the travel of market practices across institutional boundaries. This relates to practices that become adopted in distinct fields guided by distinct logics. Corresponding to vertical translation there is a process of abstraction and concretization between fields of practices. Horizontal translation occurs when abstractions of what is assumed to occur in one field is concretized in another field. Thus the primary tool of translation is representational practices. Actors from one field identify and interpret the representational

practices of another field and represent it in a way adaptable in its own field. The variance in terms of enactment of practices between fields is proposed to be higher because of the distinct cultural frames carried by actors in distinct fields.

**Figure 1: Multiple Translations of Markets**



The figure above depicts the translation process. The large circles represent institutional fields, which need not be defined in terms of product categories but involve all relevant actors that sustain the exchange of solutions for customers’ integration process. The boundaries of this field are arbitrary. Chandler and Vargo (2010) propose that fields or context can be determined through the process of framing. This field is often characterized by a common governance

structure and institutional logic. While competing logics may exist in a field, there is usually one logic that dominates a stable institution. Competing logics are the antecedents to institutional change (Thornton and Ocasio, 2008) and therefore mark instable institutions. Within a field are individual actors who carry field frames, cultural frames embedded in institutional logic but more malleable to change as it is endogenous to the actor. These actors perform individual representational, normalizing, and integration practices enabled and constrained by the market structure to contribute to the shaping of markets. Through reproduced actions within and between actors, practices become institutionalized and stable forms of markets are co-created. This process of reproduction characterizes institutionalization and is defined as vertical translation.

The translation between fields exemplifies horizontal translation, the travel of market practices between distinct field boundaries. In this process ideas or markets in one field is concretized in a new field. In the adoption of a new market practice vertical translation also occurs within this new field. The same pattern emerges to explain institutionalization and diffusion of markets, thus creating a fractal model of markets. The power of this model is that it allows us to use the same units of analysis to study individual level, group level, or field level behavior: the core translated practices.

To summarize, this model offers a streamlined view of market making that consists of the translation of market practices within and between individuals within a field as well as between fields. The translation itself is a process of abstraction and concretization. Guided by similar logic variance in translation is minimal, but across logics hybridization, adaptation, may occur leading to larger variance in translation outcomes.

## **Service-dominant logic informed market**

While we have integrated a practice approach, institutional theory, as well as service-dominant logic to construct a model of markets, it is also important to highlight what a market informed by service-dominant logic might look like. The concept of performativity holds that our theories about market will determine the ways in which we practice the market and as a result the outcome of the market. Thus it can be expected that a market informed by a goods-dominant logic will differ from one that is informed by service-dominant logic. In service-dominant logic, the focus is on resolving customer issues with service-based solutions. Solutions can come in the form of a product (indirect service) or direct service in the form of applied skills and knowledge. A focus on service, however, enables actors to provide solutions that are not product based. In solving the problem of local transportation, the common solution proposed by a goods-dominant logic is the purchase and ownership of a car. Marketers compete to make bigger, faster, better cars. Innovation centers on the technological improvement of the car, such as making cars more fuel-efficient or shifting from fuel-based to solar/electric cars. Under service-dominant logic, the objective is to provide better solutions as opposed to better products. One alternative solution might be a market-managed carpool or as Kimbell (2010) explains, a pay-as-you-go car club named Streetcar. Streetcar connects members to a network of cars available for rent around town, offering a solution based on service as opposed to product ownership. Notice how a shift in the conceptualization about market practice, from a goods-dominant to a service-dominant representational practice results in a distinct set of integration practices (i.e. exchange for product ownership vs exchange for product use), which may result in a distinct set of normalizing practices (i.e rules regarding ownership rights vs. usage rights) as well as what consists as the acceptable solution to transportation (normalizing practice).

## **Conclusion**

This paper offers a fractal model to describe markets by integrating institutional and practice theory and adopting a service-dominant logic. Markets, though often seemingly chaotic or complex in form, can be broken down into fractal pieces that consist of a simple set of practices. By identifying these key practices and translation as the link between practices, it is expected that one can study multiple level of markets and the interactivity between them by using practices as the underlying unit of analysis.

In marketing, this model may be extremely useful in explaining the internationalization of market practices or the globalization of markets. Going beyond the simple strategies of standardization versus adaptation this model offers a contextually grounded approach to understanding markets and international marketing (Cayla and Arnould, 2008).

This model offers a simplified way of understanding and describing markets. While empirical studies need to be conducted to support the arguments of the proposed, this framework points us towards the questions of the interrelationship between t representational, normalizing, and integration practices and the need to uncover the detailed process of translation. Insights from consumer culture theory and literature on the cultural economy can help to substantiate this model even further. Taking a closer look at the context in which market practices and translations occur will provide a culturally rich understanding to the various practices involved in market co-creation.

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