

## **Scientific report**

Exploratory Workshop on

### **Exploring Symbolic Value Creation in Organizations**

**September 6<sup>th</sup> - 8<sup>th</sup> 2007**

**Bocconi University and SDA School of Management  
Milano, Italy**

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## **1. Executive summary**

Innovation is one of the primary mechanisms through which organizations create value and compete in markets. However, despite the growing relevance of fashion dynamics and symbolic consumption across a broad range of industries, limited attention has been paid to the socio-cultural fit between product innovations and the meanings they create for the purchaser.

The focus of our workshop mirrored a growing trend in consumer goods, service, and technology-based industries, where players move away from competition based strictly on price or functionality and towards competition based on style, design, and other product intangibles. This type of competition, a standard fare in fashion industries, is quite novel for more traditional ones, from consumer electronics to household goods. Generally speaking, this trend suggests the growing importance of understanding the processes that influence the symbolic value of products.

This seems to be of particular relevance for European companies and industries – from textile to automobile, from electric appliances to furniture, etc. – as, in the face of rising competition on cost from Far Eastern countries, the capacity to endow products with a valuable set of meanings (embedded in design and stylistic choices) may as well be a long-standing, hard-to-imitate distinctive competence.

This workshop has brought together scholars from various disciplines within the social sciences to discuss how symbolic attributes of technological products affect their adoption and evolution and to understand the array of actions implemented by firms to create and transfer symbolic value to their products.

## **2. Scientific content of the event**

When one buys a product, what one sees is not really what one gets. Scholars working in areas as diverse as business history (McKendrick, Brewer & Plumb, 1982; Williams, 1982; Mukerji, 1983), sociology (e.g. Bourdieu, 1984; Baudrillard, 1988; Wernick, 1991; duGay, 1997), anthropology (e.g. Douglas & Isherwood, 1979; McCracken, 1988), and consumer behavior (e.g. Hirschman & Holbrook, 1980, 1982; Belk, 1985, 1988; Holt, 1998) have documented that products are increasingly purchased and valued not merely for what they do, but also for what they mean – i.e. for their symbolic value.

Cultural anthropologists (Sahlins, 1976; Douglas & Isherwood, 1978; McCracken, 1988) and sociologists (Bourdieu, 1985, 1986; DiMaggio, 1997) provide an explanation to this phenomenon: in relatively affluent societies, where the problem is not how to get enough but how to select amidst plenty, objects provide a silent but powerful way to convey social messages. As these researchers showed, the system of goods that circulate in society is “an object code for the signification of persons and occasions, functions and situations,” a system that “becomes a vast scheme of communication.” (Sahlins, 1976: 178, 203). Shared interpretations inherent in a system of material symbols facilitates interaction as products convey information (product cues) that help define and clarify social roles and influence the related behavioral patterns (Solomon, 1983).

These studies collectively suggest that products that are the companions of our everyday life have both a functional and a symbolic value: they do things, but they also say a lot about their users (see Table 1). As consumers, we value goods because they perform practical functions (sheltering from the cold, quenching the thirst or mowing the lawn), but also because they can be used to signal individual or social identity and obviously both simultaneously. Accordingly, value creation by firms can be understood as unfolding at two levels: a material level, where resources are combined according to specifications of available product and process technologies; and at a cultural level, where resources are combined to reflect cultural categories and trends (Rindova & Fombrun, 1999).

**Table 1. Functional and symbolic dimensions of value**

<b>Functional dimensions</b>	<b>Symbolic dimension</b>
<b>Functionality</b> A set of technical properties of an object that determine its capacity to perform certain functions	<b>Symbolic capacity</b> A set of identity-related meanings ascribed to an object within a given cultural context ( <i>semantic space</i> )
<b>Functional value</b> Congruence between the functionality of an object and a user's practical needs	<b>Symbolic value</b> Congruence between the symbolic capacity of an object and a user's self-concept
<b>Functional value creation</b> Rests primarily on technological innovation – i.e. improvements in the underlying technologies or in the way they are combined in product design	<b>Symbolic value creation</b> Rests primarily on signification – i.e. the purposeful attempt to imbue objects with meaning through the utterance of material signs (e.g. design) or verbal signs (e.g. advertising)

This seems to be of particular relevance for European companies and industries – from textile to automobile, from electric appliances to furniture, etc. – as, in the face of rising competition on cost from Far Eastern countries, the capacity to endow products with a valuable set of meanings may as well be a long-standing, hard-to-imitate distinctive competence.

Organizational, strategy, and technology scholars view the development and commercialization of novel technologies as a primary mechanism through which firms create value (Moran & Ghoshal, 1999) because technological innovations enable firms to disrupt a market's status-quo and to displace entrenched competitors (Schumpeter, 1934; Grimm & Smith, 1997). Through technological innovations firms renew the value of their asset endowments (McGrath et al., 1996) and discover novel uses for their existing resources. Empirically and conceptually product innovation has been associated with firm profitability (Roberts, 1999), market share and value (Chaney & Devinney, 1992), survival (Banbury & Mitchell, 1995), and adaptation to changing market and technological conditions (Brown & Eisenhardt, 1995; Eisenhardt & Tabrizi, 1995; Schoonhoven, Eisenhardt & Lyman, 1990).

The extant research on how firms develop and commercialize new technologies is voluminous. However, this research has focused primarily on studying what organizational processes support different levels and types of innovation (e.g. Leonard-Barton, 1992; Cohen & Levinthal, 1990), whether these processes are sustainable (e.g. Rosenkopf & Nerkar, 2001), and how firms can appropriate the value-created through innovation (e.g. Teece, 1986). Overall, extant research has

focused on how the innovation process is impacted by the evolution of technologies within and across industries (Benner & Tushman, 2003; Dewar & Dutton, 1986; Henderson & Clark, 1990; Hill & Rothaermel, 2003). Much less attention has been directed toward understanding other market factors that affect the evolution and adoption of technologies, such as customer expectations, customer preferences, and changes in general cultural trends (see Drazin & Schoonhoven [1996] for a critique of the focus of extant innovation research).

Yet, we know that small causes can have big effects. There is growing evidence that products that incorporate incremental (rather than radical) technological changes and modest degrees of improvement in functional usefulness generate significant changes in demand and create advantageous positions for the firms that introduce them. For instance, a dazzling new look, rather than the improvements in its processing power and software functionality, is credited for the unprecedented market success of the Apple iMac – the most popular personal computer of all times, sold in more than 6 million items. Similarly, the mere redesign of the outer shells of hearing aids – introducing sleek lines, translucent plastics and a range of colors and patterns instead of the usual flesh color – helped Oticon, a Danish leader in the production of hearing aids, relieve hearing-impaired children from the psychological burden associated to carrying a hearing aid. Ten years after its launch, OtiKids were still the hearing aid of choice of most support groups for parents of hearing impaired children.

These examples and the trend they reflect has led marketing scholars to re-conceptualize consumption as a process of identity construction, through which consumers construct their personal and social identities by purchasing objects that they view as expressive of culturally determined meanings that they value (Hirschman & Holbrook, 1980, 1982; Belk, 1988; McCracken, 1988; Richins, 1994a).

People, thus, may well be defined (and define themselves) by what they buy. Research in sociology has suggested that consumption patterns reflect individuals' desire to express and demonstrate wealth (Veblen, 1912), social class (Bourdieu, 1984), individual identity (Davis, 1991) and social identity (DiMaggio, 1987). Collectively, these studies suggest that products are used not only for their practical function but also as identity markers through which individuals construct and, perhaps more importantly, display their identities to the world. (Sirgy, 1982; Solomon, 1983). However, while research in consumer behavior, anthropology of consumption and sociology of culture has widely investigated the “consumer side” of the phenomenon, how firms actually contribute to the production of symbolic value is still largely unexplored.

In fact, while the dual nature of products – functional and symbolic – is widely acknowledged in many branches of the social sciences, research in management has tended to overlook this distinction (for a notable exception see Lawrence and Phillips, 2002). Thus, while scholars in business history, sociology, anthropology, and consumer behavior have been studying issues related to symbolic consumption since the 1980s, management research has not addressed how these novel patterns of demand may affect the dynamics of developing and commercializing new products. Understanding the role of symbolic consumption becomes a more central issue in research on innovation as various technologies becomes more pervasive and more directly integrated in consumers' lifestyles, and as firms producing technology products seek to impact the relentless pace of the technology races in their industries by deploying non-technological means for product differentiation.

The focus of our workshop mirrors and also anticipates a growing trend in consumer goods, service, and technology-based industries, where players move away from competition based strictly on price or functionality and towards competition based on style, design, and other product intangibles. This type of competition, a standard fare in fashion industries, is quite novel for more traditional ones, from consumer electronics to household goods. Generally speaking, this trend suggests the growing importance of understanding the processes that influence the symbolic value of products.

The central viewpoint underpinning this workshop is that if consumption is increasingly incorporating concerns with the cultural meaning of products, firms in an increasing range of industries also need to understand better the mechanisms through which meanings are attached to their products and we, as scholars, need to understand better the mechanisms used by firms to generate, transmit and manipulate symbolic value. To address this question the workshop has focused on the growing role of style, fashion and aesthetics in determining how products are designed and commercialized even in non traditional, hi-tech industries. This growing trend in technology markets suggests that researchers and managers can benefit from the development of theoretical and empirical work that accounts for the processes that influence the symbolic value of technological products.

The workshop was organized around paper development sessions, where each author had around 15 minutes to introduce her work. Two previously appointed discussants had about 7 minutes for a brief comment and 7 additional minutes were allotted for a response and a broader discussion involving all the participants. On the final day, a concluding session was dedicated to summarize the main insights emerging from the workshop and to devise plans for initiating

collaborations on joint research activities and for the expansion of the academic community investigating the focal phenomena. Abstracts of papers presented during the workshop are enclosed in Appendix A.



### **3. Assessment of the results and contribution to the future direction of the field**

Compared to previous community-building efforts (two Academy of Management Symposia in 1999 (Toronto) and in 2005 (Honolulu), and a first workshop on Symbol Intensive Organizations, held at Bocconi University in 2003, co-chaired by some of the organizers of the present workshop), this ESF Exploratory Workshop marked an increased convergence of interests, terminology and conceptualization, even in presence of multiple perspectives. Participants seemed to widely acknowledge the potential influence of artistic expression and symbolism on business and organizational practices – although much is still to be understood about how this happens.

In scientific terms, the studies that have been presented seemed to converge around some common threads, which, taken together, help circumscribe a field of research and provide direction for further efforts.

1. First of all, several studies pointed at *symbolic value creation as a process that cuts across industry boundary* and it is not limited to fashion or luxury goods, but comes to affect industries as diverse as toys, food, films, financial services and pharmaceuticals.

2. Second, a number of studies emphasized how *the meaning of objects* (products, resources, or else) *is co-created by and/or subject to contestation among different actors*; business firms participate to this social process through design, advertising, and other forms of communication.

3. In this respect, many presentations pointed at the crucial role of consumers in shaping symbolic value and at the importance of *incorporating more explicitly consumers and consumption in managerial models*.

4. Another relatively shared concept is the notion of *cultural codes*, understood as the social conventions that shape the meaning of an object; while the term was repeatedly employed by presenters, more research is to be done in order to improve our understanding of how cultural codes operate, how they are formed, etc.

5. Several presentations highlighted the role of identities (organizational, collective, and individual) in explaining symbolic processes in and around organizations.

6. Some presentations suggested how objects may not only be the outcome of a creative process, but also to support it and influence it in different ways.

7. Finally, some presentations traced a connection between arts and business, hinting at different ways in which art and artistic behavior may improve business action.

In themselves, these common threads seem to outline an agenda for future research. Among the next steps that participants are planning to undertake are:

1. The co-organizers will explore the possibility of a special issue of a scholarly journal such as *Research in the Sociology or Organizations*, which might stimulate further theoretical and research efforts and provide a forum for continuing the conversation.

2. Some of the co-organizers and some of the participants will explore the possibility of an edited volume with a primary academic publisher; the volume may gather – although not exclusively – some of the work presented at the workshop.

3. Two of the participants volunteered to set up a website that can be used both as a repository of files and papers to be shared among participants, and as a forum for facilitating further conversation.

4. During the workshop, the intensification of some collaborative relations has brought to the set up of at least two proposals for symposia aimed at reflecting more deeply on specific issues related to symbolic value creation, to be submitted to the Academy of Management Conference (Hatch, Schultz, Rindova, Ravasi) and the European Group for Organization Studies (Eisenman and others to be defined).

5. The co-organizers, along with some other European partners, have prepared a proposal for funding further research efforts, submitted to the ESF Cost program.

## 4. Final programme

### Thursday 6th

16.00-16.30: Welcome Coffee

16.30-17.00: Introduction

Giuseppe Soda, Director of the Claudio Demattè Reserach Center, Bocconi School of Management Greetings

Davide Ravasi Introduction and outline of the workshop

Roundtable Personal introduction

### 17.00-19.00 Paper development: “The dynamics of symbolic and economic value”

Presenter	Title	Discussants
Violina Rindova, Davide Ravasi	More than meets the eye: Products as culturally meaningful artifacts	Hatch, Rafaeli
Diego Rinallo and Stefania Borghini	Brands and the appropriation of symbolic meanings: Insights from Dolce & Gabbana's branded rosaries	Maurer, Vilnai-Yavetz
Mary Jo Hatch and Majken Schultz	The value of symbolic duality: Noir: fashion = Corporate social responsibility	Eisenman, Rinallo

20.00: Dinner - “Osteria La Madonnina”

### Friday, 7<sup>h</sup>

9.00-9.15 Introduction

Official ESF representative Presentation of the ESF

### 9.15-10.45: “Symbolic dynamics in market creation and competition”

Shazad Ansari and Kamal Munir	The social construction of market value	Fiss, Meisiek
Peer Fiss and Mark Kennedy	‘What is going on here?’ A framing approach to the creation of new markets	Rindova, Weber
Klaus Weber	Forage for thought: Mobilizing codes in the movement for grass-fed meat and dairy products	Ansari, Durand
Marc Ventresca	Cultural institutionalism and value creation	Munir, Rindova

10.45-11.00: Coffee Break

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**11.00-12.45: “Understanding designers’ work”**

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Victor Seidel	Crafting innovation in ambiguous contexts: Entrepreneurial teams and the collective development of novel product concepts	Elsbach, Ravasi
Ileana Stigliani.	Objects and creativity: a study of product designers	Barry, Seidel
Kimberly Elsbach	Putting your stamp on it: How "signature" products affect symbolic value and professional identity	Rafaeli, Stigliani
Rodolphe Durand	The reuse of practice on institutional order	Ansari, Ventresca

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**13.00: Lunch**

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**14.30-16.30: “How do firms produce symbolic value?”**

Mary Jo Hatch and Stefen Meisiek	The social sculpting of symbolic value: the case of Apple products	Munir, Ventresca
Jonathan Schroeder	Snapshot aesthetics in strategic brand communication	Barry, Eisenman
Ralph Maurer	Iconic resources and the cultural life of the firm	Martin de Holan, Ravasi
Daved Barry and Stefan Meisiek	From valuable to invaluable: Artful approaches to producing symbolically rich artefacts	Rinaldo, Schroeder
Antti Ainamo and Micki Eisenman	Fashion as strategy: Communication competences and offering portfolios in the cultural-goods business	Phillips, Meisiek

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**17.30-19.00: Company visit: Luxottica**

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**20.30: Dinner - “Trattoria Toscana”**

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**Saturday, 8<sup>th</sup>**

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**9.00-10.30 “Symbolic dynamics in and around organizations”**

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Anat Rafaeli	Logos and compliance: A strong case of mindless trust	Ravasi, Schroeder
Iris Vilnai-Yavetz	Why does dirt matter? The impact of instrumentality, aesthetics, and symbolism of cleanliness in the servicescape	Borghini, Elsbach
Eric Abrahamson	Weak entry barriers as a source of sustainable competitive advantage	Martin de Holan, Phillips
Anna Canato and Davide Ravasi	Constructing organizational identities: The influence of technology	Ainamo, Hatch

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**10.30-10.45: Coffee Break**

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**10.45-12.45 - Concluding remarks**

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Nelson Phillips, Davide Ravasi

Summary & discussion:

- Why study the production of symbolic value?
- What are its methodological implications? How should we study the production of symbolic value?
- What are its practical implications?

Pablo Martin de Holan

A research agenda and discussion of potential future collaborations

Violina Rindova

Conclusion and dissemination

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**13.00: Lunch**

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**Personal time**

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**To be defined: Visit to Museo della Triennale (optional)**

**18.30: Closing cocktail at Coffee Design**

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## 5. Statistical information on participants

	Number	% (27 participants)
<b>Demographics</b>		
Female	10	37%
Males	17	63%
<b>Academic Position</b>		
Full Professors	8	30%
Associate Professors	8	30%
Assistant Professors	9	33%
PhD	2	7%
<b>Country of appointment</b>		
Europe	18	67%
<i>Denmark</i>	2	7%
<i>Finland</i>	1	3,7%
<i>France</i>	1	3,7%
<i>Italy</i>	5	19%
<i>Netherland</i>	1	3,7%
<i>Portugal</i>	2	7%
<i>Spain</i>	1	3,7%
<i>UK</i>	5	19%
US	7	26%
Other (Israel)	2	7%

## 6. Final list of participants

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## **7. Appendix. Abstracts of the papers presented in the workshop**

### **Workshop on Symbolic Value Creation**

#### **List of abstracts**

#### **Weak Entry Barriers as a Source of Sustainable Competitive Advantage**

**Eric Abrahamson, Columbia Business School**

In extant theorizing about fashion setting industries, fashion is largely demand driven rather than supply driven. The history of these industries is replete with instances of fashion setters trying to force fashion in a particular direction, only to find their products rejected en masse.

Symbolic intensive organizations, rather must correctly sense the incipient taste of their clientele. Repeated failures to do so cause symbolic organizations' market failure. It is a misnomer, therefore, to state that fashion setters set the fashion that fashion followers follow; to the contrary, the greater the number of followers of a symbolic intensive organization, the greater its reputation as a fashion setter.

The demand driven formation of fashion-setters' reputations creates dynamic in fashion setting industries that set them at odds with the dynamic of non-fashion driven industries in one particular respect. In non-fashion driven industries, the absence of barriers to entry by other firms erodes a firms' sustainable competitive advantage. As supply grows with the number of entrants into the industry, assuming stable demand, profitability will drop for the incumbent firm. To the contrary, the absence of entry barriers for in fashion driven industries may have the opposite effect for symbolic intensive organizations--it may increase the sustainability of their competitive advantage. This because the greater the number of followers of a symbolic intensive organization's fashionable products, the greater its reputation as a fashion setter. This greater reputation allows it to charge premium prices and make it more likely to succeed in the next round of fashion setting.

If correct, this thesis would suggest that first mover advantage in desirable and easily imitable product may provide a base of sustainable competitive advantage for symbolic intensive organizations. It would explain why many symbolic intensive organizations fortunes have grown with the illegal imitation of their products by foreign competitors. It would explain why the downloading of illegal content from the web may help, rather than harm certain fashion setters. I

could explain why a company like Apple computer, has thrived despite attempts to imitate the aesthetic of its computers, allowing it to leap frog competitors, and to set fashions in other product arenas – Ipod, Iphone, etc...

A theory that posits that imitators build fashion setter's reputation allowing them to spawn still more imitators has to explain what would limit such a virtuous cycle. Does an aesthetic reach a point of over saturation which destroys that aesthetic? Do competitors become wise to the dangers of imitation, and different their products aesthetically? Does the market for a particular kind of aesthetic reach capacity, limiting further rounds of the virtuous cycle? Only a more elaborated theory of competitive dynamic of symbolic intensive organizations in fashion driven industries can begin to provide answers to these and other questions concerning the innovative and imitative behavior of such organizations.

### **Fashion as strategy: Communication competences and offering portfolios in the cultural-goods business**

**Antti Ainamo, Micki Eisenmann**

Generally, abnormal returns follow from "innovation, shocks in supply or demand, or changes in tastes" (Jacobsen 1988, 415). In studying abnormal returns, many industrial organization researchers have argued that innovation is the key (e.g. Porter, 1990). Organization theorists have argued that shocks in supply or demand are the key (e.g. Cyert and March, 1963). As for changes in taste, these have gone largely without research attention in terms of analyzing abnormal returns. Nonetheless, the work of scholars such as Hargadon and Douglas (2001) suggests that abnormal returns rise due to the taste changes that go with new technologies, symbolic production that provide spin on these new technologies, and acts of institutional entrepreneurship that serve to balance forces of innovation with human needs for conformity with cultural institutions that exist. In a way that is well-founded in sociology and classic works such as those by Maslow's hierarchy of needs, companies used to succeed by producing consumer commodities, services, or experiences. More recently, they have succeeded on the basis of providing consumers with memorable experiences in terms of their aesthetic, escapist, educational, or entertainment value (Pine and Gilmore, 1999; cf. Goffman, 1974). Now, for the last 25 years, leading companies of this trend such as Apple, Nokia, or Alessi have been moving not only from search goods but also from experience goods to goods and services that provide them with status in the perception of others (Peters, 1987). The inherent quality of these kinds of

“cultural goods” (Hirsch, 1972) cannot in many cases be analyzed even after offering delivery. Analysis of quality demands analysis against the background of the cultural context of the offering and against the cultural credence of the professional or other person chiefly associated with the process of delivery (cf. Zeithaml, 1981).

In this paper, we look at the above kinds of cultural goods and the kinds of firms that deliver them. We argue that such firms are “fashion setters”. There are few industries more “cultural” or symbol intensive than the luxury fashion industry (Crane, 1997; Djelic and Ainamo, 1999). Tom Peters (1992) presented the seminal idea that companies in the luxury fashion industry provide other industries with ideas and techniques about “fashionization”. Others have argued that in highly developed markets such as those in the United States, Japan and Europe, companies now make a critical distinction to their rivals less by competing efficiently within their served market and more by escaping the tyranny of the served market (Hamel and Prahalad, 1994). Companies must discover unknown market spaces and provide consumers with memorable and thus meaningful experiences. As a result, companies that operate in industries not traditionally perceived as fashion related, such as personal computing or mobile telephony, as also operating as fashion setters and engaged in the “fashionization” of their goods. We begin by discussing the particular facets of markets that operate as fashion systems and the strategic activities that characterize firms operating in these markets. We analyze how, in detail, ideas and techniques related to organizing in the luxury fashion industry (Crane, 1997; Djelic and Ainamo, 1999) work as a model of strategy for symbol intensity and fashion beyond the luxury fashion industry. We show how expensive fashion shows are free entertainment for consumers, while accessories and classics provide the essential funding for the fashion products and shows. Through studying the histories of several firms who operate as fashion setters (specifically Apple and Nokia) and conducting interviews with key employees in Nokia, a firm which uses the concept of fashion strategically, we illustrate how fashion products represent educational experiences for both consumers and the fashion setting firms. We conclude the paper by exploring the extent this kind of competence and portfolio management might be useful for strategizing and organizing also in industries involved in the production of commodities, goods, services, and experiences.

## **From Valuable to Invaluable: Artful approaches to producing symbolically rich artifacts**

**Daved Barry & Stefan Meisiek.**

What separates a Campbell soup tin from Warhol's painting of it? Both can be purchased. Both are the product of a careful creation process. Both can be consumed, one by heating it and then eating it, the other by looking at it. Both involve appreciation: One might learn to appreciate the soup or pop art. And though they are more alike than one would think, few of us would think they are the same thing. The art piece suggests artistic value, while the Campbell soup tin suggests utility. Pressed by the market demands of a creative economy, today's companies desire products and services that combine the Campbell soup tin and Warhol's painting of it.

However, we suggest that symbolic value creation is not a task for the craftsman (in the manager and product designer), but for the fine artist (that is, the manager and product designer acting in this role). While much of today's innovation and design efforts go into the utility of new products and services, it becomes increasingly clear that the success of a new product or service also depends on its ability to generate symbolic value. From an artistic perspective, this means its ability to be rich, suggestive, invite play, defamiliarize, reaffirm and renew aspects of consumers' lives by revaluing the disregarded, unusual, and ignored signs, actions, thoughts and environments.

The question of how organizations might simultaneously be focused on utility and artistic value creation leads us to re-examine management and design practices. While much effort is at the moment directed toward conceptualizing the differences between scientific-rational management and design thinking (Boland and Callopy), we want to approach symbolic/artistic value creation from the opposite direction by conceptualizing the differences between artistic and design thinking.

A first step into this direction is to understand how so-called "art firms" produce value that lies beyond the functional value of their products and how their success depends on exactly this ability (Guillet de Monthoux). We suggest that it would be helpful for designers and product developers to look at those companies to learn how artists bring symbolic possibilities into their work.

However, beyond art firms, we need to explore how such processes are also applicable in traditional industries. As a first step, we present the cases of a conference centre that improved their service with the help of a poet, and a quilts producer who reshaped its product with the help of a visual artist. These case studies give first clues as to how a company might bring utility and

artistic value together; how to bring the virtues of the art firm to management and design in more mundane industries.

### **The ruse of practice on institutional order**

**Rodolphe Durand, HEC School of Management, Paris**

**Bérangère Szostak Tapon, Université Lyon 2**

Institutions are defined as social structures, which are both multifaceted and durable. They impose their rules and norms and induce behavior by defining legal, moral, and cultural limits to organizational action. Organizations abide by the isomorphic principles even though they can offer several strategic responses to these pressures, such as compromising, avoiding, defying, or manipulating (Oliver 1991; Lounsbury 2001; Durand and McGuire, 2005). In turn, institutional order changes due to the variety of organizational responses (Barley & Tolbert 1997; Kieser 1989; Ventresca and Lounsbury, 2003; Rao, Monin, and Durand, 2003). In this paper, we conjecture that organizations perform an instrumental role in displaying vividly i.e. in epitomizing and reshuffling the available institutional and symbolic logics.

Firms project symbolic images in their field to relate with stakeholders, prospects, and clients. We take these symbolic images as the markers of the institutional logic prevalence. More precisely, we seek to explain the nature of the choices made by French design agencies over a decade (1990-2002; 966 spells) in terms of symbolic images. We relate design agencies' practices to either selection-preserving changes (that respect the extant order among institutional logics) or selection-transforming changes (that do not respect the order among logics) in the agencies' projected symbolic images. By practice, we refer to five domains of expertise for each agency: product design, graphical design, environmental design, integrative design, and experiential design. We conclude that far from solely conveying isomorphic pressures on organizations, institutional logics necessitate organizational practices to redefine their boundaries and content.

## **Putting your stamp on it: How "signature" products affect symbolic value and professional identity**

**Kimberly D. Elsbach, University of California, Davis**

A common problem for creative workers (e.g., artists, designers, photographers, writers) in large, corporate contexts is their limited ability to express their own creative visions through their work. In these contexts, creative workers are routinely constrained by practical business concerns (e.g., cost constraints, marketing needs) that remove much of their autonomy in producing creative output. In this paper, however, I describe findings from a qualitative study of toy car designers that show how some of these creative workers developed "signature styles" that allowed them to express individual creative visions through their work, while working within the practical constraints of their business. These signature styles were not intentionally advertised, or even recognized in official corporate marketing communications, but were, nonetheless, identified and sought after by specific groups of consumers (e.g., toy car collectors), whose own social identities were linked to the recognition of signature products and their creators. As a result, these signature products provided symbolic value to both the creative workers who produced them and the consumers who acquired them. I discuss how these findings extend theories of professional identity in organizations, and provide practical insight to managers of creative workers in corporate contexts.

## **‘What is Going On Here?’ A Framing Approach to the Creation of New Markets**

**Peer C. Fiss, Marshall School Business, University of Southern California**

**Mark T. Kennedy, Marshall School Business, University of Southern California**

A central question in the sociology of markets is how supply finds demand. In particular, the job of creating a new market requires relating its central ideas and objects to each other in a symbolic order that connects it to other pre-existing symbolic orders, thereby identifying and delimiting the new market. In this paper, we turn to that symbolic dimension of market formation to propose a more culturally grounded approach to markets. Specifically, we explain markets as the products of framing activity meant to allow market actors to jointly understand the limits of the market, the nature of the exchange, and the roles and relationships of the various market actors and outside audiences. In providing these symbolic orders, frames allow the various market actors to overcome the sensemaking and legitimacy problems that plague new markets



and make them risky for buyers and sellers and harder to understand and delimit for regulators, related markets, and other outside audiences. Drawing on the work of Erving Goffman and the literature on social movements, we develop a framing perspective that extends current theories of markets to better account for the sensemaking and sensegiving processes involved in the construction of new markets.

### **The social sculpting of symbolic value: the case of Apple products**

**Mary Jo Hatch and Stefan Meisiek**

To compete successfully in an experience economy, companies need to design and manage the symbolic value of their products and services. Since symbolic value ultimately rests in the hands (quite literally, in the case of iPod) of product users, it is necessary to consider the social aspects of consumption to discover how symbolic value is created, exchanged and maintained. Conceptual art, and especially the work of Joseph Beuys, offers an interesting approach to understanding how symbolic value is created by the producers and users of a company's products.

In this paper we will apply Beuys' theory of social sculpture to analyze how products and services are taken up, played with and used to reshape social environments and the human relationships that constitute them. Our research question based on his theory will be: how do the uses of products socially sculpt their users' social lives? Well-known Apple products like Mac computers and the iPod will serve as analytical examples to help us articulate the process we hope to transcribe from Beuys' theory of social sculpture onto the artful social worlds Apple users create from the possibilities designed into their products.

At the core of Beuys' theory rests the assumption that everyone is an artist. Beuys believed that we all live our lives in artful ways, even though we may not be conscious that we do so. In his view playfully asking questions, posing and confronting problems, tackling new ideas, and developing and using artifacts, all contribute to thinking and acting as an artist in (and of) daily life. His artwork, done primarily as installations that often involve performances, was designed to bring out artfulness in those who participated with him or viewed the artifacts of his art in the context of a story about how it was produced. By participating or viewing in a storied manner what remained thereafter, you transformed the conditions, thoughts and thought processes that form the social sculpture that is human social life.

Beuys developed the concept of social sculpture in the 1970s as an interdisciplinary and participatory process in which questions, thoughts, and discussions replace the traditional hard materials of sculpting (e.g., clay, wood or stone). Beuys described social sculpture as never fixed nor finished; it is constantly re-visited and re-shaped and therefore in a process of perpetual becoming. A finished artwork with its sounds, colors, shapes or words can symbolize the process of artfully sculpting social reality, but the artwork is only an artifact; the process alone is of consequence in Beuys' view. It is in this sense, according to Beuys, that the concept of social sculpture relocates aesthetics from its historical confines within the world of Art to the collective, imaginative domain in which everyone is the artist of his or her life as well as of the larger social world of which that life is a constituent part. One implication of his approach is that artistic playfulness (creativity) gains recognition as an essential condition of human social existence.

In our view, artfully crafted products like the Mac or the iPod make the idea of social sculpture sensible and tangible. Analyzing their uses will provide us with a way to look at how products acquire symbolic value. For example, the iPod has created types of human relationships that never existed before this product was put on the market. To provide just one of instance consider the iPod wars that broke out in the New York City subway system. A battle in this war consists of iPod users show one another what is playing on their iPod and the person who is listening to the most radical or coolest song wins (see appendix for one participant's description of this game). For iPod users in New York, the wars morphed the experience of riding the subway into something more social in spite of the seeming isolation of creating a musical accompaniment for your private world (isolation is another and more widely claimed social experience of iPod use). To put a Beuysian frame around it, products like the iPod change the social sculpture of human existence (or, put in more dynamic terms, the iPod socially sculpts everyday life through its many uses).

### **The Value of Symbolic Duality: Noir: Fashion = Corporate Social Responsibility**

**Mary Jo Hatch, University of Virginia/Copenhagen Business School**

**Majken Schultz, Copenhagen Business School**

Women's clothing designer Kathrine Hammett became one of the first to embrace socially conscious branding when her luxury label offered a popular line of T-shirts displaying political slogans such as "No Nukes". More recently, rock band U2's lead singer Bono and his wife Ali Hewson founded Edun, a socially conscious clothing company that helps the developing world

create viable commercial relationships with the developed world. But, in adhering to the funky aesthetic of environmentalism, none of these early efforts produced anything remotely approaching competition with trendy fashion labels such as Dolce & Gabbana or Balenciaga. That is, not until Noir came along and wedded “socially responsible” to “sexy” with its visionary luxury fashion brand using its dual symbolism to generate value for all the involved stakeholders. The dedication to social responsibility is enacted by setting up Illuminati II that provides Noir and other companies with fabrics made from sustainable cotton produced in Uganda, where the company developed production methods with local farmers to meet standards set by the Global Compact and other international corporate social responsibility groups.

Noir taps right into the heart of what Boston Consulting has labeled The New Luxury – where consumers are engaging in meaningful consumption. According to BC this is the fastest growing segment in the world of retail. Also, The Financial Times recently proclaimed “Green is the new black as designers embrace fair trade”, describing how Noir stretches the boundaries of fashion to include social responsibility without losing any of the style associated with high fashion for women.

The Noir vision thus emerged from the contradictory combination of sexy fashion and social responsibility. This dualistic symbolism expresses the overall dynamic of the brand that constantly must redefine its balance. Like the Yin and Yang of Chinese philosophy, in order to create value Noir must combine the sex of trendy fashion with the morality of sustainability; the luxury demanded by the developed world with the subsistence the developing world seeks. Noir’s organizational culture also reflects the duality of the brand. This is a matter of symbolism as much as it is of the practical economy of the company. For example, in order to authentically represent its identity to its multiple constituencies, Noir nurtures cultural diversity. It attracts talent that is both credible in the fashion world and fully dedicated to social responsibility in order to fulfill its promise while also fulfilling expectations built into its identity.

This paper takes a closer look at the Noir brand and Illuminati II, the company it started to supply its textiles in a socially and environmentally responsible way. It shows how the dualistic symbolism of these two companies influences the multiple stakeholders of the Noir brand and argues that the ability to reach alignment between them is the foundation for its value creation in both symbolic and economic terms. Though we will focus on symbolic value creation in our analysis of this exemplary company, we remain mindful that symbolic value readily transfers into economic value, even if it is difficult to trace the transformation using traditional social science methods. Our methodology will be interpretive and our methods text analysis applied to the data

we have on this case (interviews with the founder and CEO, articles in the press, discussions with CSR specialists).

### **Logos and Compliance: A Strong Case of Mindless Trust**

**Anat Rafaeli, Rellie Rozin-Derfler and Yael Sagi.**

In four studies we examine the relationship between the presence of an organizational logo and compliance, and document higher compliance rates in the presence than in the absence of the logo. Study 1 verified this relationship in the field and Study 2 replicated the field findings in a lab setting. Study 2 also confirmed trust as a mediator and risk as a moderator of this relationship, showing that trust and greater compliance are produced by the presence of a logo in high-risk but not in low-risk situations. Study 3 confirmed the moderating effects of risk on these findings in a field setting. Study 4 then used a lab set-up to confirm generalization of the findings to different logos. The findings hold important implications for research and management of symbols, trust and compliance in organizations and for organization theory on trust and compliance.

### **Brands and the appropriation of symbolic meanings: Insights from Dolce & Gabbana's branded rosaries**

**Diego Rinallo, Università Bocconi**

**Gary Bamossy, McDonough School of Business, Georgetown University**

**Stefania Borghini, Università Bocconi**

This paper employs the case of Dolce & Gabbana's branded rosaries to shed light to the actions through which firms may transfer symbolic meanings to their products. Our view of branding is informed by the family of theoretical perspectives in consumer behavior recently labeled consumer culture theory (Arnould & Thompson, 2005), according to which symbolic meanings are culturally constituted and can only be transferred to brands through product design and integrated marketing communications (McCracken, 1986).

The empirical context in which we situate our study is the fashion system's appropriation of religious symbols, and more specifically the rosary. For centuries, the traditional use of the rosary was a religious one, inexorably linked to the symbolism of the Christian Church (Winston, 1993) Today, however, the rosary – never meant to be an adornment – is also employed as a fashion

accessory. In the 1980s, Madonna was the first to start a craze for rosaries. More recently, the use of rosaries as necklaces was also promoted by Italian fashion designers Dolce & Gabbana, starting from their 2003 spring/summer fashion show. In this study, we explore consumer interpretation of this phenomenon through long, phenomenological interviews (McCracken, 1988; Thompson et al. 1989) with 25 Italian informants of various ages (i.e., 9 to 78 years old), genders (both women and men), degree of religiousness (practicing Catholics, believers but not practicing Catholics, non believers) and uses of the rosary (as a prayer instrument, as an adornment, not using it). Pictures of fashion show models, celebrities and advertisement were also employed to elicit interpretations from our informants.

Our research findings illuminate the different meanings attributed to rosaries by consumers. Our more fashion conscious informants, adopted rosaries as fashion accessories, who interpret branded rosaries as objects devoid of religious significance. These ideas resonates with Durkheim's (1912) and Belk et al.'s (1989) view that sacred and profane correspond to opposing and distinct realms of social life. Branded rosaries are just stylish accessories whose provocative nature and 'out-of-context'ness, however, enable wearers to stand out in a crowd and direct attention to their "nice" physique. The rosary thus partakes of the transformative power of fashion: it makes you look beautiful, it makes the other look at you and see how beautiful you are. This idea resonated in the narratives of both male and female consumers, both straight and gay: our informants show considerable agency in the manner they use fashion in order to transform themselves in a spectacle for the gaze of desiring others. We believe that underneath the surface the case of branded rosaries permits to extend our understanding of the processes through which brands acquire meanings. Symbolic meanings are not free-floating in the culturally constituted world, free to be exploited by any marketer. Our empirical evidence shows that there are differences between different brands in their ability to transfer meaning from the culturally constituted world to their brands and products. In our study Dolce & Gabbana are more powerful as cultural producers compared to other competitors, like H&M, which would not be able to do the same. We thus highlight the fact that competition may exist among marketplace actors for the appropriation of given cultural meanings. Moreover, our finding show that the meaning transfer process may be contested: by consumers, by other marketplace actors, and by non-marketplace institutions like the Church. Our paper thus contributes to a finer-grained view of symbolic meaning transfer processes.

## **Snapshot Aesthetics in Strategic Brand Communication**

**Jonathan Schroeder, Exeter University**

The snapshot, a straightforward, generally unposed photograph of everyday life, has emerged as an important style in contemporary marketing communication. This project investigates what I call snapshot aesthetics and the growing use of snapshot-like imagery in marketing and online communication. Many contemporary ads consist of photographic images with little or no ad copy, few verbal or text-based brand claims, and minimal product information of the traditional sort — technical specifications, performance claims or text-based arguments. Recent ads often portray models in classic snapshot poses — out of focus, eyes closed, poorly framed — in contrast to more traditional and historical patterns of formal studio shots or highly posed tableaux. With the rise of Websites that allow users to post their own photographs and videos, such as Facebook, Flickr, MySpace, and YouTube, the snapshot enjoys higher circulation than ever, and the aesthetic regime of the snapshot plays important roles in strategic brand communication.

Questions addressed in the project include: What associations do snapshot aesthetics help consumers build? What products and brands are appropriate for this style of promotion? Should companies utilize consumer-generated imagery that draws upon snapshot aesthetics? — And will this transform the advertising industry? What are the cultural connections of the snapshot, and how might these work within visual communication to create value? What is the visual genealogy of snapshot aesthetics?

### **Why does dirt matter? The Impact of Instrumentality, Aesthetics, and Symbolism of Cleanliness in the Servicescape**

**Iris Vilnai-Yavetz, Department of Business Administration, Ruppin Academic Center**

The main contribution of this work is the suggestion and validation of the idea that cleanliness of the servicescape is a physical artifact by itself and has a strong impact on customers' responses in multiple service contexts. Following Rafaeli and Vilnai-Yavetz (2004) it is argued that cleanliness and dirtiness can be analyzed based on three dimensions: Instrumentality, aesthetics, and symbolism. This project integrates 6 separate studies for studying the relationship between the cleanliness and dirtiness of the servicescape and the emotions, attitudes, and behaviors of customers in multiple service contexts. Four experimental studies were conducted. A first

experiment investigates the influence of the cleanliness of a taxi on the tendency of the passenger to affiliate with the driver and on the intention of the passenger to ride this taxi in the future. A second experiment examines the impact of the cleanliness and neatness of the toilets in a restaurant on customers' feelings of pleasantness, trust, and intentions to patronize the restaurant in the future. A third experiment studies the influence of the cleanliness of an apparel store on customers' attribution of prestige, feelings of pleasantness and intentions to purchase. And a fourth experiment examines the impact of the cleanliness and neatness of a grocery shop on customers' intentions to buy in this shop. Additional two survey-based studies were also conducted. A first survey investigates the relationship between the perceived cleanliness and neatness of waiters' dress and customers tipping behavior. And the second and final survey investigates the perceived importance of cleanliness in fast food counters versus restaurants. Findings support (a) the positive influence of the cleanliness (or the negative impact of dirtiness) of a servicescape on the intention to buy/pay, (b) the positive relationship between the cleanliness of a servicescape and feelings of pleasantness, c) the mediating effect of feelings of pleasantness on the impact of a cleanliness on the intention to buy.

**Forage for thought: Mobilizing codes in the movement for grass-fed meat and dairy products**

**Klaus Weber, Kate Heinze & Michaela DeSoucey, Northwestern University**

Although new markets are central to economic and cultural change, little research has directly examined how central market processes are accomplished in nascent markets. We suggest that social movements fuel solutions to three challenges to the creation of a new market: entrepreneurial production, the creation of collective producer identities, and the establishment of regularized exchange between producers and consumers. We use qualitative data on a grass-roots movement that spurred a market for grass-fed meat and dairy products in the United States since the early 1990s. Our analysis shows that movement participants mobilized broad cultural codes, which shaped the cognitive, emotional and moral understandings of participating producers and consumers. These cultural codes and resulting movement alliances motivated producers to enter and persist in a yet-to-be recognized market, shaped their choices regarding appropriate production and exchange technologies, enabled a collective identity, and formed the basis of exchange value and channels that joined producers and consumers. Specifically, grass-fed farmers used conceptual oppositions like "natural" vs. "artificial" to connote "good" and "evil"

approaches to farming, while consumers used these same dimensions to value their products. Market creation is therefore more moral and political than often portrayed. The study illuminates how new markets emerge, and how movements affect cultural change in a market society.