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Abstract

Whereas marketing scholars have explored firms' market-driven behaviors, relatively limited attention has focused on firms' market-driving behaviors. Early writings on the subject suggest that market-driving behaviors serve as an important complement to market-driven behaviors. The purpose of this paper is to develop a framework for studying market-driving behaviors and their antecedent conditions. We develop a taxonomy for classifying the different ways in which a firm can drive markets, and delineate the major classes of antecedent conditions under which market-driving behaviors are likely to be observed. An illustrative set of propositions is developed in an effort directed at building theory on the subject. Our framework offers managers a way to structure their strategic thinking in actionable terms. Additionally, the framework offers a platform for further developing theory about market-driving behaviors.

Market-Driving Behaviors: A Framework for Developing Theory and Practice

Over the last decade or so, there has been a steady stream of research on market orientation (e.g., Day 1994; Deshpande, Farley and Webster 1993; Kohli and Jaworski 1990; Narver and Slater 1990). While providing considerable insights, this research seems to have led to an overemphasis on a reactive stance to markets (Jaworski, Kohli and Sahay 2000 – hereafter ‘JKS’). As such, many have come to view ‘market-oriented’ to mean a firm reacting to adapt to its changing markets. As JKS (2000) note, market orientation entails reacting to a changing market as well as proactively changing the market in order to realize a competitive advantage. That is, a market-oriented firm engages in “market-driven” (reactive) as well as “market-driving” (proactive) behaviors.

The literature, however, sheds little insight into the broad array of firm behaviors that can drive markets. Whereas some scholars allude to one or another behavior that could be viewed as driving markets, a number of other behaviors are not recognized as having the potential to drive markets. For example, the literature recognizes the role of influencing consumer preference structures (Dickson and Ginter 1987; Hoch and Deighton 1989) and PR and lobbying (Varadarajan, Clark and Pride 1992); however, the role of many other behaviors such as licensing, alliances, pricing, and signaling in driving markets has largely been underdeveloped. Moreover, we lack a conceptual structure for organizing these and other disparate market-driving behaviors in a coherent manner. As Hunt (1983, p. 360) notes, developing a classificational schemata represents the first step in theory building. The relative paucity of theory on the subject is partly attributable to the lack of a coherent taxonomy of market-driving behaviors of firms.

The first objective of this paper, therefore, is to develop a taxonomy of market-driving behaviors (hereafter, ‘MDBs’). The taxonomy helps organize the different MDBs in a parsimonious fashion and enables a systematic explication of the different types of MDBs. Briefly, the taxonomy developed in this paper organizes MDBs into four cells depending on whether they are contractual in nature or not, and whether they are announcements of impending contractual actions or non-contractual actions. The second objective of this paper is to identify the major classes of antecedent factors that influence the extent to which a business will (or should) engage in MDBs. Briefly, these

antecedent factors relate to the firm, the market players, the firm-player inter-relationships and the context in which the firm attempts MDBs. An initial and illustrative set of propositions is developed using the framework as a platform.

The intended contribution of this paper is twofold. First, the framework comprising the taxonomy of MDBs and four classes of antecedent factors offers researchers and managers a way to structure their thinking about market-driving behaviors. For example, using this framework, a manager can review the different options available to him or her to drive markets, and also evaluate the appropriateness of one or another market-driving behavior. Second, the framework offers researchers a platform for developing richer and more comprehensive theory about market-driving behaviors. The taxonomy delineates two key dimensions that differentiate MDBs, and the four classes of antecedent factors that provide a guide for identifying relevant constructs for incorporation into theoretical propositions. The illustrative set of propositions developed in the paper represents an initial effort toward theory development.

Market-Driven vs. Market-Driving: A Review of the Distinction

Market orientation has been conceptualized in somewhat different but complementary ways (e.g., Deshpande, Farley and Webster 1993; Kohli and Jaworski 1990; Narver and Slater 1990). At its core, the construct deals with a firm listening and responding to its markets. The term ‘market-driven’ has come to denote a firm reacting to the existing preferences of a given set of market players (cf. Houston 1986 p.85; JKS 2000). Although several scholars caution against reacting myopically to current customers and competitors (Day 1994; Hunt and Morgan 1995; Narver, Slater and MacLachlan 2000), the term ‘market-driven’ frequently has been used interchangeably with ‘market-oriented.’ For this reason, the term ‘market orientation’ seems to have acquired a somewhat reactive flavor. Jaworski and Kohli (1996) make this observation and argue that conceptualizations of market orientation should incorporate both a reactive (market-driven) and a proactive (market-driving) stance towards markets.

A market-driven firm takes a market structure and behavior as a given (JKS 2000). In other words, the firm’s customers, competitors, channels, complementors, their roles and, preferences are

considered exogenous by the firm. The market-driven firm tries to understand the market structure and preference structure, and then tailors its marketing actions to elicit favorable player behavior. In contrast, when a firm drives the market, it changes the market structure or market behavior or both (JKS 2000, p.46). Stated differently, MDBs are firm behaviors (a) that are intended to change the structure of a market and/or (b) that are intended to change the role of market players and /or (c) that are intended to change market players' behavior through (i) imposition or removal of constraints, and/or (ii) developing new preference structures or reversing existing ones. MDBs lead market players in a direction they would not otherwise have gone.

Market-Driving efforts shape trends in the market and encourage, even force, customers, competitors and other players to take actions that further the market-driving firm's goals. Market-driving behaviors may ignore customers, destroy channel relations and co-opt competitors—behaviors that are consistent with creative thinking (Levitt 1960) and new game strategies (Buaron 1981; Markides 1997; Rajagopalan and Spreitzer 1996). A market-driving firm seeks to shift the demand function (see Dickson and Ginter 1987; Smith 1956) and create new demand functions.

For example, manufacturers of mobile telephony equipment, worldwide, are trying to persuade other technology providers, cellular operators and individual users of mobile telephony to adopt 2.5G and 3G technology, though no perceptible demand for 2.5 G and 3G mobile telephony exists today. Ericsson is licensing its technologies to its competitors and complementors as part of this process to encourage vendors and operators to enter the market and develop complementary products and services. Their goal is to change market structure by encouraging the entry of complementary services providers that, in turn, will create new preference structures and demand functions and speed adoption at the end-consumer level.

Similarly, in the early 1990s, Procter & Gamble implemented 'value pricing' or EDLP (Every Day Low Pricing), going against the expressed desires of many retailers and consumers. Ailawadi, Lehman and Neslin (2001) document the cuts in deals and coupons and the increase in advertising – a policy that ran counter to the then prevailing trend in the packaged goods industry – that produced a clear change in the behavior of retailers (p.49). MDBs sometimes shape behavior by creating new preference structures on the part of players. For example, Kellogg 'educated' French consumers to

have cereal for breakfast; over a period of time, many consumers changed their long-standing behavior of having croissants and coffee to having cereal for breakfast. Table 1 provides some examples of MDBs and their (probable) intent.

Table 1: Examples of Market-Driving Behaviors

Market-Driving Firm	Market-Driving Behavior	Intent	Target Player(s)	Desired Behavior of Target Player(s)
Netscape	License browser source code (January 1998)	Increase number of market players developing products based on the Netscape browser	Independent Software Vendors (Complementors)	ISVs develop products based on the Netscape browser. In absence of Netscape's actions, ISVs will develop applications on any number of browsers - principally Microsoft's browser.
Toshiba	Alliances to exchange technology; cross licensing of technology (July 1995 to December 1997)	Get sufficient number of market players committed to a DVD technology to increase adoption rates for Digital Video Disk players and records by consumers	Competitors and Complementors	Competitors and complementors develop and make DVD products that are compatible with those made by Toshiba. In absence of Toshiba's actions, many incompatible technologies are likely to arise slowing consumer adoption
P&G	Value Pricing or Every Day Low Pricing (EDLP) (Early 1991 onwards)	Halt slide in brand strength due to persistent promotions that had trained distributors, retailers and consumers to buy on promotions. Reduce promotional expense.	Distributors, retailers and consumers	<ol style="list-style-type: none"> 1. Consumer start to buy P&G products on EDLP rather than on promotions 2. Retailers and distributors accept lower margins because these are offset by reduced inventory costs due to EDLP <p>In absence of P&G actions, its brand equity will continue to erode, manufacturing inefficiencies will continue, and promotion costs would continue to rise.</p>
Artist Direct	Channel selection – remove player (1998)	Develop a faster less expensive way of getting music to the consumer	Consumer and Channel member	<ol style="list-style-type: none"> 1. Consumer is persuaded to buy from a new channel 2. A channel member is 'disintermediated'
Gillette	Planned cannibalization (1993 and 1998)	Discourage firms from entering the market; encourage consumer to move to the next level of functional performance	Competitor; Consumer	Competitors are left behind technologically (the Sensor Excel blade had 20 patents ring fencing the technology) and face an uphill task catching up. Consumers are encouraged to switch to a technology that is much better than previously available (Gillette repeated the strategy in 1998 with Mach 3)
P&G – Folgers Coffee	Advertising (1980s)	Focusing on "irrelevant" attributes	Consumer	Consumers evaluate instant coffee on using the coffee crystals that are an irrelevant attribute as far as coffee flavor is concerned

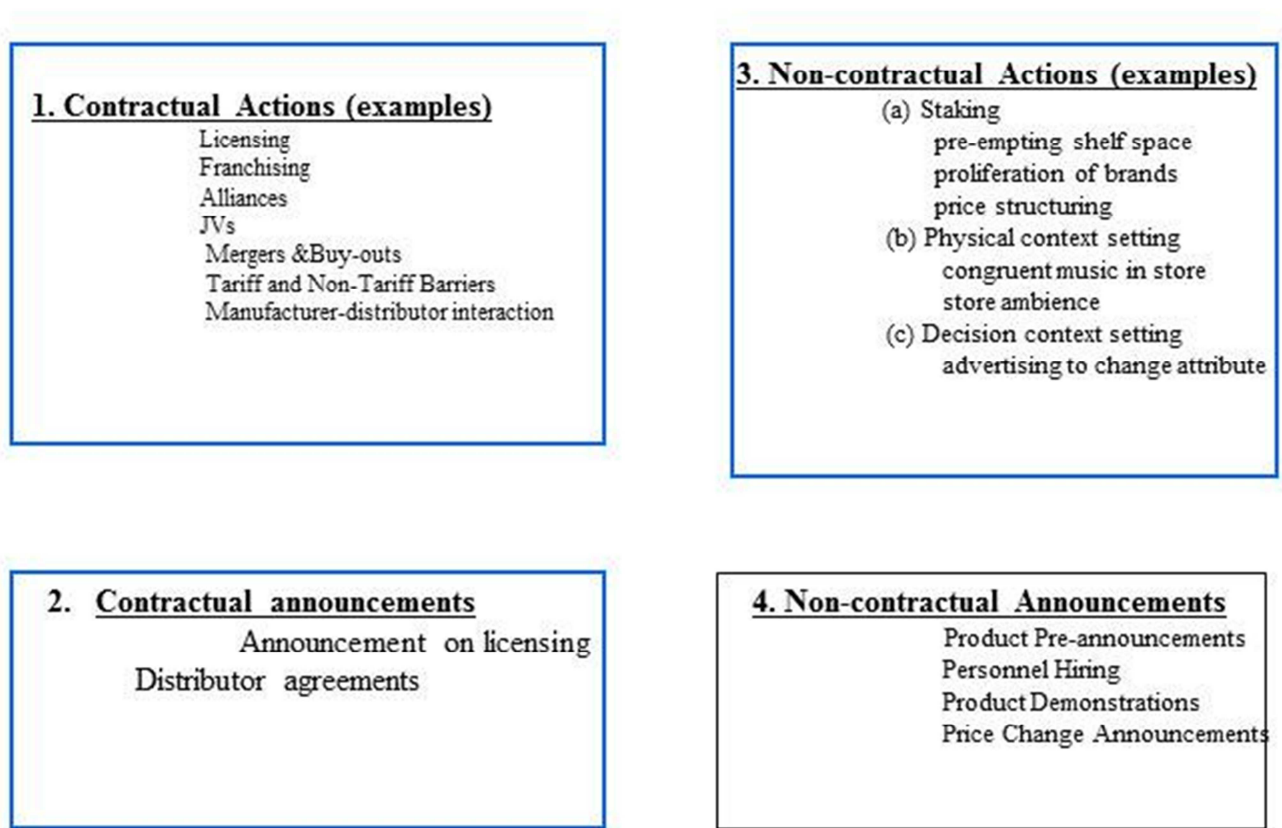
A Taxonomy of Market-Driving Behaviors

We draw on the logical partitioning procedure discussed by Hunt (1983) for developing a taxonomy of market-driving behaviors. Briefly, logical partitioning has three qualities that make it appropriate for developing a taxonomy of a phenomenon about which preliminary knowledge exists:

1. It contains monothetic and polythetic classifications – objects are classified by multiple criteria, but all members of a category may or may not possess all characteristics used to identify the category,
2. It can result in a single-level or a multi-level schemata (such as hierarchical classifications), the latter being preferred because of their greater explanatory power, and
3. It permits some of the categories to be null sets. That is, the application of the criteria may generate a category to which no phenomenon belongs (Harvey 1969, p.334; Sokal and Sneath 1963 p. 13).

Drawing upon the logical partitioning procedure, we develop a hierarchical classification system of MDBs. Based on a review of anecdotal examples, concepts discussed in the literature, and the possibilities suggested by the ‘driving markets’ conceptualization proposed by JKS, we suggest that MDBs may be classified into four categories using two key criteria: (a) whether a firm’s market-driving behavior entails entering into a contract with another organization or not, and (b) whether the firm’s market-driving behavior is an announcement about a contractual or non-contractual action. These two classificatory criteria suggest there are four major classes of market-driving behaviors – contractual actions, non-contractual actions, contractual announcements and non-contractual announcements (see Figure 1). Each of the four classes of MDBs are elaborated upon in the following discussion.

Figure 1: Categorizing Market Driving Behaviors



Contractual Actions

Contractual actions refer to the contracts entered into by a firm with the intent of driving its markets. These actions may be of many forms and include mergers, acquisitions, technology licensing, brand name licensing, franchising, alliances, distributor agreements, retailer agreements, and so on. Although there is widespread awareness of these type of contracts, the role of such contracts in helping a firm drive its markets is less well developed. A firm may enter into contractual arrangements with another organization for the primary purpose of driving its markets, i.e., changing the structure and/or behavior of market players. Contractual actions may be categorized into two main groups; (a) arms length contractual actions, and (b) interactive contractual actions

An arm's length contractual action keeps organizational boundaries separate and the identities distinct as in technology licensing, brand licensing, distributor and retailer agreements and franchising. The market driver normally uses the arm's length contractual action to influence the

other party in the contract. For example, Ericsson has licensed Bluetooth technology to competitors such as Nokia and complementary product providers such as Toshiba and IBM in an effort to develop Bluetooth as the technological standard for short-range wireless LAN connectivity (Kiel 2002). In this context, widespread licensing of technology is a market-driving behavior because it encourages key players to enter the LAN connectivity market, thereby changing the structure of the market and stimulating end-user demand. Additionally, widespread adoption of the Bluetooth technology influences the market players' preferences in favor of the Bluetooth technology, thereby changing their buying behavior. Ericsson's objective in engaging in this MDB is to derive licensing revenues as well as exert a strong influence on direction of the future market.

Interactive contractual actions involve the blurring of organizational boundaries – as in mergers, buy-outs, joint ventures and alliances where the partners in the contractual action together affect other players in the market. Pfizer's initial alliance with, and later acquisition of, Warner Lambert were MDBs intended to change the structure of the market in its favor; the change in market structure enabled Pfizer to influence perceptions of target players (doctors) to change their prescribing behavior about the cholesterol drug Lipitor.

Contractual actions are generally used between organizations and take a relatively long time to implement (as compared to other market-driving behaviors) and to achieve the desired outcome. For example, Ericsson's initiative to spread its Bluetooth technology standard started in May 1998 and continued till April 2001, by when a sufficiently large number of firms was committed to the standard, had entered the market, and the diffusion process had become self-sustaining (Kiel 2002). Another important feature of contractual actions is that they are legally binding and help reduce moral hazards through prescribed enforcement mechanisms.

It is important to note that a given MDB may be used to realize different types of goals related to shaping market structure and/or behavior. For example, a contractual action like technology licensing can be used to shape the market structure by encouraging the entry of new players of the desired type (Rockett 1990). The same class of behavior (technology licensing) can also be used by a firm to erect entry barriers (Gallini 1984); alliances can be used to block or limit competition from other quarters (Parkhe 1993, p. 827). A firm can use licensing to spread technology standards (Shepard 1987) and

help other players enter the market; it can use alliances and licensing to shape the preference structure of existing players and their product designs (see Anand and Khanna 2000, p. 300; Rockett 1990). By choosing the timing of the licensing or alliance activity and the identity of the target player(s), a firm can use the same behavior to realize different market-driving objectives.

Non-Contractual Actions

Non-contractual actions refer to actions taken by a firm that are not contractually binding on other market players. These include a large number of possible behaviors such as lobbying, advertising, making business investments, setting price structures and so on. While many of these behaviors are commonplace, they are considered to be MDBs if the intent of the behaviors is to change a given market structure or to change the behavior of market players in a direction that represents a reversal of their existing preferences or the formation of new ones. The potentially large number of non-contractual actions may be categorized into three main groups; (a) Staking, (b) Physical context setting, and (c) Decision context setting.

Staking behaviors are non-contractual actions that directly raise or lower the stakes for a market player to engage in a particular course of action. One form of staking behavior deals with pre-emption of resources to deter or delay entry by rival firms. Such pre-emption raises the cost of entry by rivals. For example, a firm may pre-empt shelf-space in grocery stores for a product category in order to deter or delay the entry of competing brands in that product category. Pepsi managed to delay the re-entry of Coke into India by effectively locking up capacity in the intermediate part of the supply chain – the bottlers.

Similarly, a firm can attempt to deter market entry through proliferation of brands (or brand extensions), which makes it harder for new entrants to find a niche for themselves (Schmalensee 1978). Brand and product line extensions are commonplace today (Aaker and Keller 1990; Park, Jun and Shocker 1996). A survey by Smiley (1988) shows that this is the most widely used entry deterrence approach in the packaged goods sector.

A second and perhaps the most direct form of staking behavior is price-structuring. As Dutta et al. (2002) note, pricing increasingly must be viewed as a strategic capability. For example, during

the internet boom years of the late 1990s, Mercata.com developed a pricing structure that encourages consumers to buy as a group rather than as individuals. In this transaction system, multiple consumers congregated in cyberspace at one point in time at one place to together buy large numbers of a single item. If, for example, up to 5 people register to buy a Palm VIIx, they pay \$299 each; if between 5 and 8 people register, the price drops to \$269. For 9 or more people the price drops to \$249. The 'sale' ended at a designated time; the price paid by a customer was a function of the number of customers who registered to buy the product. This transaction system encouraged customers to buy as a group and at the same point in time.

Similarly, Procter & Gamble's move in the early 1990's from high-low pricing to 'value pricing,' an EDLP structure ran contrary to the expressed preferences of market players and helped reduce the forward buying and stockpiling behavior of retailers as well consumers. As is well known, penetration pricing not only can help expand market size but, in its extreme form, also alter market structure by driving out competitors. Such predatory pricing is, of course, illegal in the U.S., but underscores the power of pricing structures in driving markets. At a more tactical level, a firm can use price-matching refund policies to discourage the extent of price search that would otherwise have been conducted by a consumer (Srivastava and Lurie 2001). Firms can also increase purchase rates by restricting the consumer's flexibility through an expiring discount that reduces the time available to make a decision for an offer (Amir 2002).

A third form of staking behavior entails what may be termed enlightened 'planned cannibalization.' For example, Intel periodically introduces new generations of microprocessors with new features and functionalities and encourages customers to migrate to these by educating them about the new functionalities and their criticality (see also Sethi 1979). A fourth form of staking behavior entails designing products in a manner that lowers the risk for market players. For example, by modularizing a product's components, a firm can reduce the time taken to repair the product, thereby reducing customers' perceived risk and encouraging them to adopt the product (see also Garud and Kumaraswamy 1993).

Physical context setting behaviors aim to drive markets by altering the physical context or environment of market players. For example, the use of congruent music and fragrance in stores

increases impulse buying behavior by consumers (Mattila and Wirtz 2001). Similarly, by varying the level of pleasantness experienced in an in-store environment, retailers can significantly influence the willingness of customers to spend time in the store and their likelihood of spending more money than originally planned (Donovan et. al. 1994). Grocery stores often design their shelf placements to encourage customers to behave in a desired manner. For example, many grocery stores place frequently purchased items like milk on shelves at the rear of the store, so as to increase consumers' exposure to other products displayed at the front of the store.

The physical context that a firm can alter is not limited to retail environment or location. Consider the design of a consumer product's packaging. The work of Wansink (1996) suggests that by simply increasing the package size of a consumer product, a firm can increase the consumption level of the product. Similarly, product placements in movies may be used by firms to form or change viewers' beliefs about, say, the appropriateness of using a product in a particular situation (e.g., having red wine with white meat).

Decision context setting behaviors aim to drive markets by reframing a market player's decision rules – i.e., encouraging a player to focus on certain considerations or attributes it otherwise would have ignored, or to pay greater (or lesser) attention to considerations than would have been 'normal,' or to reverse the valence associated with an attribute from positive to negative (or vice versa). In this regard, consider the use of low-cost "meaningless attributes" by firms to achieve real differentiation in the minds of consumers (Carpenter, Glazer and Nakamoto 1994). Folger's coffee may have been differentiated through the use of a patented process to form 'flaked coffee crystals' and the use of advertising that implies but does not state that the flaked crystals improve taste. In fact, the shape of the coffee crystal is irrelevant for instant coffee because the crystal simply dissolves in the water. (The shape, however, is relevant for ground coffee because greater surface area exposed during brewing extracts more flavor.)

Similarly, a firm can change market players' decision rules in favor of attributes on which it is strong, thereby influencing the behavior of the players in the firm's favor. For example, a low-cost firm may try to encourage customers to pay a disproportionate emphasis on pricing as a consideration, and lead to favorable purchasing behavior. Price advertising can successfully be used by a firm to

increase consumer price sensitivity (Kaul and Wittink 1995), as several low-cost airlines have demonstrated. When price comparisons are not easy, firms can create perceptions of greater price cuts through frequent but small price cuts (Alba et. al. 1999) In some cases, a firm can attempt to reverse the valence associated with an attribute from positive to negative or vice versa. For example, cause-related advertising has been used to reverse 'customer' preferences and behavior (e.g., smoking cessation and safe sex).

Finally, a third form of decision context setting entails altering the legal and regulatory constraints under which market players must operate. Altering laws and regulations impacts market players' decision-making process, thereby altering their behavior. For example, multinational firms often lobby to alter government trade policies (Yoffie and Milner 1988). Such efforts can, for example, effectively increase or reduce market entry and exit barriers for market players (Farrell et al. 1992; Varadarajan, Clark and Pride 1992).

Contractual Announcements

Firms use deliberate announcements as cues to inform (and elicit reactions from) market players (Harvey, Lusch and Richey 2002). Contractual Announcements refer to announcements made by a firm about its impending contractual arrangements such as distributor agreements, licensing, and acquisitions. Senior managers spend a fair amount of time on the signals they send out to a market because of their potential impact (Harvey, Lusch and Richey 2002). As noted earlier, contractual arrangements such as alliances and licensing can potentially affect the structure and behavior of a market. Announcements about impending contractual arrangements can help a firm to accelerate the intended changes in market structure or behavior (Hultink and Langerak 2002; Lilley and Walters 1997).

For example, a firm may wish to grow a market by licensing its technology to a large number of players including competitors and complementors. By announcing its intention to license its technology to all interested, a firm can accelerate interest in its technology, predispose players favorably to the technology, as well as dissuade other players from investing in rival technologies.

Similarly, by announcing its intent to acquire a major competitor, a dominant firm can potentially speed up the consolidation process in the remainder of its industry.

Non-Contractual Announcements

Non-contractual announcements refer to impending actions of a firm that are not contractual in nature. Such announcements (or pre-announcement or signals) can revolve around the initiation of a new product development effort, the launch of a new product, an impending change in price-structures, and other similar non-contractual actions. Several scholars have noted the influence of announcements of price changes and product pre-announcements on the behavior of other players in a market (Heil and Walters 1993; Mitchell 1989; Prabhu and Stewart 2001; Robertson, Eliashberg and Rymon 1995).

Microsoft has routinely used product pre-announcements to encourage independent software vendors to come on board its product development efforts. Such pre-announcements can also signal to potential competitors that they might perhaps be better off not entering that market, or exiting the market, if already in it (Bayus, Jain and Rao 2001; Gruca and Sudarshan 1995). Product pre-announcements can also be used by a firm to get customers to delay their purchases till such time as the product is released, and in certain cases to encourage other players to alter their product design plans (see Bridges, Yim and Briesch 1995; Gruca and Sudarshan 1995). Lilley and Rockney (1997) find that firms make product pre-announcements significantly in advance of the new product launch to signal complementors, suppliers and customers and give them time to align their efforts. The New York Post has used announcements of intended price changes to influence its competitor, New York Daily News, to raise its prices (Brandenburger and Nalebuff 1995).

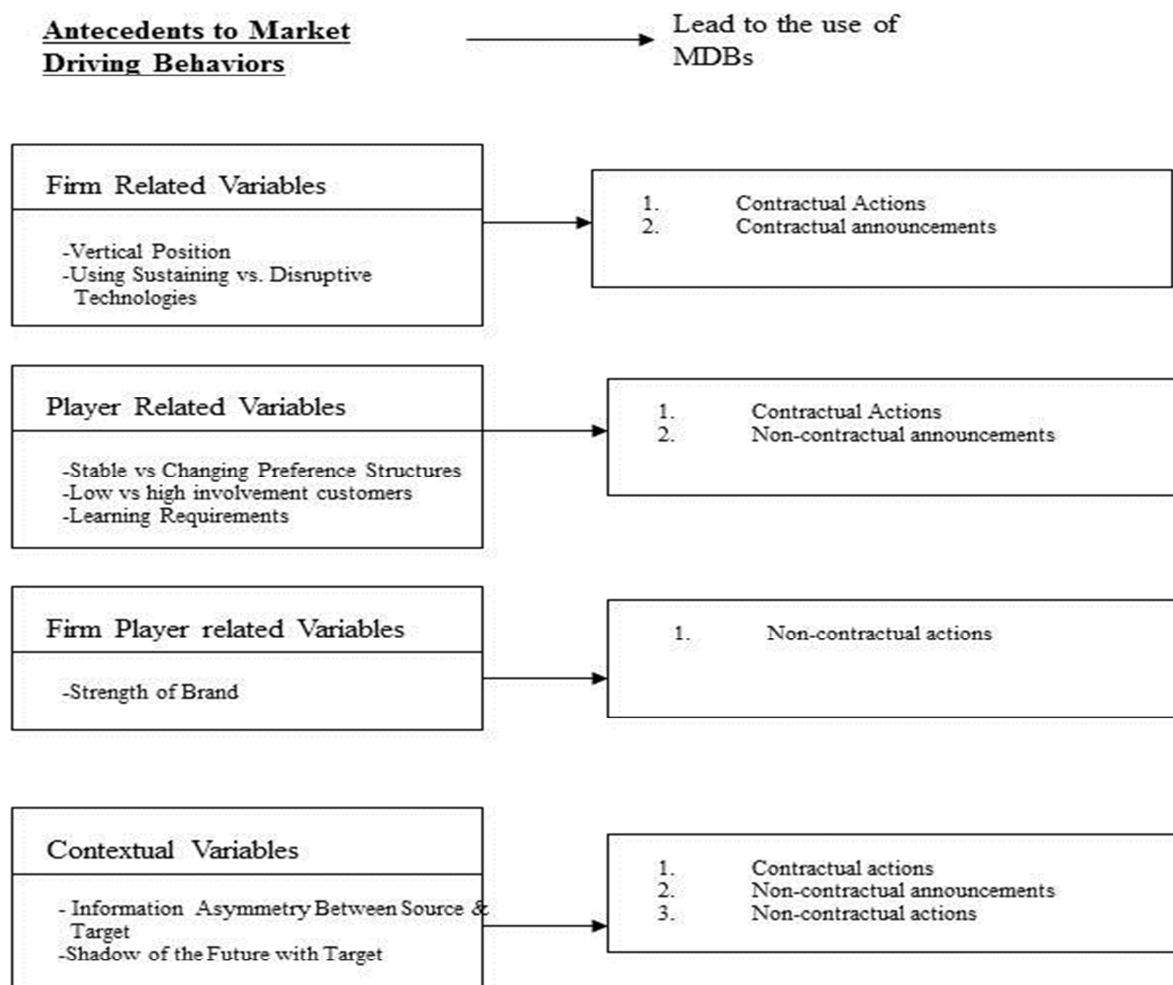
It should be noted that the efficacy of announcements is likely to depend on the reputation and position of the firm making the announcements. Robertson, Eliashberg and Rymon (1995) show that the influence of price increase announcements depends on the characteristics of the signaling firm. Bayus, Jain and Rao (2001) found that vaporware announcements by dominant software firms deter competitor market entry.

To summarize, MDBs may be categorized into four categories – contractual actions, non-contractual actions, contractual announcements and non-contractual announcements. Contractual actions try to shape markets by entering into agreements with other organizations at an arm's length (e.g., franchising) or across organizational boundaries (e.g., JVs), whereas non-contractual actions aim to persuade by raising or lowering the stakes for a market player (staking), altering the physical context of a player (physical context setting), and altering a player's decision framing (decision context setting). Announcements about impending contractual or non-contractual actions can accelerate the effect of these actions respectively. We now turn to a discussion of antecedents of MDBs.

Antecedents of Market-Driving Behaviors

Our proposed framework (see Figure 2) includes four classes of antecedents: Firm-related variables, Player-related variables, Firm-Player relational variables and Contextual Variables. A complete discussion of all possible antecedent variables is beyond the scope of this paper. We include an illustrative set of antecedent variables in our discussion, and develop theoretical propositions concerning their impact on MDBs. In developing our arguments, we largely focus on the level of the four categories of MDBs. In future research, it would be useful to examine the influence of other antecedents as well as MDBs at a more granular level. We adopt the perspective of a protagonist firm operating at the product-market level.

Figure 2: A Framework for Analyzing Market Driving Behaviors



Theories of social influence conceptualize the phenomenon as one comprised of a ‘source’ that attempts to influence a ‘target’ through the use of ‘influence attempts’ (e.g., Bachman, Smith, and Slesinger 1966) within a context. A similar framework termed the Persuasion Knowledge Model (PKM) is used by Friestad and Wright (1994) in a business context to frame the implementation of changes in the target’s actions. These conceptualizations suggest that the extent and type of influence attempts used by a source are a function of characteristics of the source, the target, their inter-relationships and the context in which the influence attempt is implemented. Drawing on these conceptualizations, we argue that the extent and type of MDBs (influence attempts) used by a firm (source) are a function of four classes of antecedents: Firm-related variables, Player-related variables, Firm-Player Relational variables and Contextual variables.

We discuss in turn each class of antecedents and develop two types of propositions that describe the relationships between each antecedent and market-driving behavior. The first type of proposition pertains to the association between an antecedent and the overall extent of market-driving behavior engaged in by a firm. The second type of proposition pertains to the association between an antecedent and a particular type of market-driving behavior (e.g., non-contractual announcements). It is important to note that the second type of propositions do not speak to the relative use of each of the four types of MDBs; rather they are limited to linking an antecedent with the extent to which a firm with engage in a particular type of market-driving behavior.

Firm-Related Variables

The resource-based view of the firm suggests that a firm's capabilities and constraints profoundly influence its choice of marketing strategy as well as the effectiveness with which it executes the chosen strategy (Barney 1991; Cavusgil and Zhou 1994). We consider three firm-related resources that affect the need for a firm to drive its markets and its ability to drive markets, and as such, influence the extent to which the firm is likely to engage in MDBs. These firm-related variables are: (i) vertical position, (ii) disruptiveness of technology employed, and (iii) strength of (firm's) brands. Clearly, many other firm resources can be argued to affect a firm's MDB; however, our intent is to offer an illustrative set of theoretical propositions suggested by the framework developed in this paper.

Vertical Position. John, Heide and Dutta (1999, p.83) suggest that firms occupy a certain vertical position in their markets. A high vertical position indicates that the firm is distanced from the final users, and significant additional expenditures are required before final users can realize the benefit of the firm's product or service. Contrarily, a low vertical position indicates that relatively little expenditure is required before the final users can realize benefits of the firm's product/services. For example, the microchip maker Intel is at a higher vertical position than the retailer Circuit City. A firm's position in a market chain reflects the resources available to it (Achrol and Kotler 1999; John, Weiss and Dutta 1999).

Bower and Christensen's (1995) findings suggest that firms at a high vertical position run the risk of becoming technologically obsolete if they listen and respond closely to articulated needs of their customers. This is because customers generally cannot see the world through the eyes of the technologist and therefore cannot know what solutions, functions, enhanced features, or capabilities a new technology can offer (Leonard-Barton and Doyle 1996). Moreover, firms at a high vertical level, by definition, interact more with complementary product/service providers and other organizations than with end-users. These intermediate market players are generally reluctant to switch to a new technology because of technical, organizational and psychological switching costs (Weiss and Heide 1993). For this reason, firms at a high vertical position have a greater need to engage in MDBs to shape the preferences and behaviors of suppliers, complementary product providers (and through them, those of end-users). These efforts, for example, can entail the formation of partnerships with complementary providers for sharing mutual gains through the development and adoption of new technologies, solutions and ways of doing business.

As noted earlier, firms at higher vertical positions interact with relatively few end-users; rather, most of their interactions are with suppliers, competitors, complementary product providers, industry associations and so on. Such entities are generally smaller in number than end-users, which makes the use of contractual actions more feasible – it is easier for a firm to enter into a dozen contractual arrangements than with millions of end-users. Moreover, these intermediate players often have significant clout of their own, which again calls for the use of contractual actions because these are legally enforceable and reduce the moral hazard by providing for structured monitoring. There are many examples of firms at high vertical positions using contractual actions to drive markets – of firms educating complementary providers through JVs, alliances and industry associations (Dekimpe et. al. 1997; Parkhe 1993), and shaping standards and encouraging market entries through technology licensing and alliances (Besen and Farell 1994; Kotabe, Sahay and Aulakh 1996). Based on the above, we expect that:

- P_{1a}: The higher the firm's vertical position, the greater the firm's market-driving behaviors.
- P_{1b}: Firms at a higher vertical position are likely to use contractual actions to a greater extent than firms at a lower vertical position.

Disruptiveness of technology employed. There are two broad types of technologies that a firm can employ in its products and services— sustaining technologies and disruptive technologies (Bower and Christensen (1995). Sustaining technologies are those that do not call for a major change in the behaviors or investments of end-users, complementary providers and other market players. In contrast, disruptive technologies require major changes in the behaviors of market players. For example, the transistor was a disruptive technology for the vacuum tube and required major changes on the part of complementary providers (e.g., TV manufacturers), as did the integrated chip which replaced the transistor (Golder and Tellis 1993).

Because a disruptive technology requires that market players alter their behavior, it is important for a firm employing such technology to be opportunistic in shaping the behavior of the players toward adopting the new technology (Srinivasan, Lilien and Rangaswamy 2002, p. 54). Indeed, it may often be difficult for a firm to do so successfully, and in certain cases the firm may have to encourage new players to adopt the disruptive technology and enter the market, thus altering the market structure. As Robertson and Gatignon (1986, p. 3) note, “suppliers of a new technology affect the diffusion potential and speed of diffusion based on their allocation of resources to the innovation.”

Disruptive technologies often require complementary product/service vendors and suppliers supporting the technology such that a ‘whole product’ can be offered to end-users (Garud and Kumaraswamy 1993; Moore 1995). The technological environment pertaining to disruptive technologies is typically very turbulent, with improvements and enhancements appearing frequently, making it imperative to successfully manage the interdependencies among providers of individual components of the ‘whole product.’ This requires greater interaction and cooperation with other firms (Clark 1985; Garud and Kumaraswamy 1993; Langlois and Robertson 1992). Importantly, the development paths, capabilities and potential uses of disruptive technologies are frequently unknown, which makes sharing information with other organizations fraught with moral hazards. Formal mechanisms such as contractual arrangements minimize the moral hazard when firms cooperate around a disruptive technology that is still being developed (Kiel 2002). Firms seek strategic

alliances, joint ventures and general partnerships with a wide array of businesses in such turbulent environments (Glazer 1991, p.12). The history of disruptive technologies such as IC engines, electric vehicles, transistors, and mobile telephony suggests that when firms obtain the support of complementary providers through formal mechanisms, they are successful in providing a 'whole product' to consumers (Haug 2002; Kirsch 2000; Rostky 2000). Based on the preceding discussion, we expect that:

- P_{2a}: The more disruptive the technology employed by a firm, the greater the firm's market-driving behaviors.
- P_{2b}: Firms employing disruptive technologies are likely to use contractual actions to a greater extent than firms employing sustaining technologies.

Strength of Brands. Brands are increasingly being recognized as major assets by firms, and there is considerable effort on their part to safeguard the value of these assets (Aaker and Keller 1990; Keller 1993; Srivastava, Fahey and Shervani 1999). A strong brand represents credibility with end-users, and this affords the brand owner leverage over other market players such as retailers and distributors.

A major threat to strong brands is the introduction of competing offerings that provide better performance and or lower cost to buyers. For this reason, firms with strong brands have a powerful incentive to discourage the entry of strong competing offerings. This may be accomplished by making it more expensive for competitors to acquire raw materials, capital, and other resources for successfully entering a market. A critical resource in many markets is marketing channels. Firms with strong brands have more power over distributors and retailers, and can use this to pre-empt distribution channels and shelf-space in retail outlets (see Rao and Burnkarnt 1991; Sethuraman and Tellis 1991).

Firms with strong brand are in a particularly strong position to deter new market entry by introducing brand extensions that fill niches in their market that otherwise might be available to a new entrant (see Schmalensee 1978). The power of this approach is striking in light of the finding that repeated advertising improves evaluations and usage intentions of even incongruent extensions of strong brands (Lane 2000).

End-users compare competing products/services and purchase the ones they find most attractive. Firms with strong brands that also have demonstrably better offerings are likely to want to encourage this information search behavior of customers. There are many instances, however, in which a strong brand does not necessarily represent a superior product or service. In such cases, firms with strong brands have little to gain from consumers doing extensive searching or shopping. In these cases, firms are more likely to want to drive customer buying behavior in the opposite direction. It would be in their interest to discourage comparison shopping by making it harder to access comparative information. This may be accomplished via such means as using exclusive dealerships, using exclusive locations within a retail store, and/or using different product identification numbers for different retail chains (e.g., a Black and Decker drill with a unique model number for K-mart). Another way to discourage comparison shopping would be to question the value of the search process itself: “Why Change if it Works” is the implication of the Kellogg’s Corn Flakes campaign that stresses the value of the tried and true to consumers (Hoch and Deighton 1989).

As the preceding suggests, the focus of a firm with strong brands interested in driving its market is deterring new market entry, and reducing buyers’ interest in and ability to compare competing offerings. The strength of such a firm’s brands enables it to engage in non-contractual actions such as proliferation of brand extensions, preemption of shelf space, use of exclusive retail spaces and distributors, and so on, to raise the stakes for potential competitors and alter the buyers’ physical and decision context as discussed above. We therefore expect that:

P_{3a}: The stronger a firm’s brands, the greater the firm’s market-driving behaviors.

P_{3b}: Firms with strong brands will use more non-contractual actions than firms with weak brands.

Player-Related Variables

A firm is more likely to engage in MDBs if it believes its efforts to drive markets will be successful. The Persuasion Knowledge Model developed by Friestad and Wright (1994) suggests a firm’s ability to successfully drive its markets depends on the nature of market players involved. Some market players are likely to be more open or interested in altering their behaviors, others less so. Several player-related variables can be argued to affect the players’ receptivity (or susceptibility) to

MDB (Alba and Hutchinson 1987). We discuss three such variables: (i) Strength of belief structures, (ii) Player involvement, and (iii) Player expertise, and develop propositions linking them to the extent to which a firm is likely to engage in MDBs.

Strength of Belief Structures. One way for a firm to drive a market is by altering the attributes considered by a player in reaching a decision, and the weight and valence placed on individual attributes. When a player has firmly-held beliefs about appropriate decision rules and the attractiveness of alternative actions, it is harder for a firm to get the player to change its beliefs or preferred course of action (see also Keller 1993). On the other hand, when a player's conviction about the appropriateness of a preferred course of action is low, a firm can more readily influence its behavior in its favor.

Consider the case of belief structures of consumers for a new product category. As Carpenter and Nakamoto (1989) note, consumers tend to 'tilt' their preferences toward the attributes of a pioneering firm's product. The pioneering firm effectively becomes the product category exemplar and thus shapes or drives the beliefs of consumers about the importance of individual attributes. Consumers are able to recall a pioneer brand years after the original launch even if the pioneer is no longer the market leader (Alpert and Kamins 1995). Thus, there is a greater incentive for firms to engage in MDBs when market players' belief structures are relatively ill formed (see Dickson and Ginter 1987).

A target player's belief structures readily lend themselves to alteration by non-contractual means such as comparative advertising (Wansink and Ray 1996) and product demonstrations (Heiman and Muller 1996). Additional approaches for altering players' beliefs include the use of "meaningless attributes" to achieve real differentiation (Carpenter, Glazer and Nakamoto 1994). The preceding discussion, therefore, suggests that:

- P_{4a}: The weaker the belief structures of market players, the greater a firm's market-driving behaviors.
- P_{4b}: Firms use non-contractual actions to a greater extent when belief structures of market players are weak than when they are strong.

Player Involvement in Product/Service Category. We discuss below why a firm's level of efforts to shape a market player's preferences and behavior concerning a product/service category is likely to be a function of the player's involvement with the category. Importantly, involvement is likely to play a complex role – it is likely to serve as an enabler at very low and very high levels, but as a barrier at intermediate levels.

Consider the research on involvement levels of customers (see Alba and Hutchison 1987). In instances of low involvement purchases, customers have very little motivation to process any information, preferring instead to rely on choice heuristics. For instance, Dickson and Sawyer (1990) found that less than half of the customers of the more than 600 shoppers who were questioned seconds after picking an item from a supermarket store shelf could accurately recall the price (i.e., within 15% of the actual price). Hoyer (1984) found that that was no within-brand size comparison by 95 percent of the customers, and shelf tags were not examined by 89 percent. Retailer grocers (who sell mostly low involvement goods) routinely overestimate price comparison behavior (Urbany, Dickson and Sawyer 2000).

In these type of low-involvement situations, consumers rely on heuristics such as the presence or absence of a red arrow on a retail shelf next to an item that often does not reflect any break in price (Inman, Hoyer and McAlister 1990). That is, they are open to influence even by cues lacking in meaningful content. For low involvement items, retail stores can use appropriate ambient conditions to increase impulse buying (Mattila and Wirtz 2001). Reversals of preferences are more likely when involvement levels are lower (Slovic and Lichtenstein 1982). In other words, when market players are not deeply involved with a product or service, they tend to behave as cognitive economizers by relying on external, potentially meaningless cues because the consequences of poor decisions or actions are small. In such cases, a firm is more likely to engage in MDBs because it is likely to view the odds of succeeding as being relatively high.

When a market player is very involved with a product or service category, it seeks to make best possible decisions because the consequences of making poor decisions or taking the wrong actions can be severe. It is therefore more receptive to external information, and processes such information more carefully. A consumer, for example, processes advertising information much more

carefully when she is highly involved with a product or service category (see Hawkins and Hoch 1992). Thus, players who are very involved with a product category are also more amenable to altering their beliefs and behaviors. In contrast to high and low involvement players, those with intermediate levels of involvement are neither interested in life-simplifying cues, nor in rich information that might help them make optimal decisions, and hence are least amenable to external influence.

When player involvement is high, they are more open to complex contractual arrangements, and indeed, may prefer to use contractual arrangements as a way of safeguarding their interests. In contrast, when player involvement is low, contractual arrangements are likely to be perceived by the market players as being too cumbersome and not worth the time and effort it takes to put these together. We therefore expect a firm to use non-contractual actions to drive market player behavior. In sum,

- P_{5a}: Player involvement with a product or service category has a U-shaped relationship with the extent to which a firm engages in market-driving behaviors.
- P_{5b}: The higher the player involvement, the greater a firm's use of contractual actions.
- P_{5c}: The lower the player involvement, the greater a firm's use of non-contractual actions.

Player Expertise. An extensive body of literature suggests that a player's expertise level has a significant influence on its behavior (e.g., Alba and Hutchinson 1987; Moreau et al. 2001). Low levels of expertise about a product/service limit a player's ability to process information (Achrol and Stern 1988), and lead to uncertainty about the right course of action for the player. For example, a business customer with low level of expertise may feel uncertain about how a new technology might help improve productivity; a consumer may be unsure about how to evaluate competitive offerings.

Players with low expertise who are uncertain about issues surrounding a product or service are likely to be more receptive to a firm's attempts to educate the player because these have the potential to reduce the player's uncertainty. Bettman and Sujan (1987) found that the deliberate priming of an attribute such as reliability affected product choices of novices but not those of experts when they were asked to choose from among comparable alternatives (either cameras or computers). Novices have a higher learning requirement and can be induced to spend more time on the

information related to the primed product feature, which then affects their preferences (Mandel and Johnson 2002). This suggests that firms are more likely to engage in MDBs when player expertise is low. In such cases, the firm can (i) provide information that builds up the players' expertise or (ii) take actions that reduce the adverse effects of low expertise as discussed below.

Non-contractual actions ranging from education efforts to staking behaviors help provide information that increases expertise and lowers uncertainty. For example, Intel organizes developer forums by commandeering entire hotels where engineers from different complementary product vendors learn how to use the latest advances in Intel technology and other firms' technologies. In a packaged goods context, using mobile vans and projectors, UniLever ran small educational films in remote Indian villages in an effort to encourage consumers to switch from soap to detergents for washing clothes. Texas Instruments used widespread demonstrations of its digital signal processor chip invention over a period of six years before the DSP chip began to be widely adopted.

Alternatively, a firm can shape the decisions and behaviors of players with low expertise by taking actions that minimize the effect of low expertise. For example, a firm can attempt to minimize the effect of low expertise by modularizing product designs (Garud and Kumaraswamy 1993) and standardizing user interfaces to reduce user-error (see Nielsen 1989; Mitta and Packebush 1995; Vicente and Rasmussen 1992). The foregoing suggests:

P_{6a} : The lower the expertise of market players, the greater a firm's market-driving behaviors.

P_{6b} : Firms use non-contractual actions to a greater extent when market player expertise is low than when it is high.

Firm-Player Relational Variables

In the preceding discussion, we explored examples of source (Firm) and target (Market Player) variables that are likely to have a bearing on the source's MDBs. We turn now to the influence of source-target inter-relationships and the role of two relational variables that are likely to affect the ability and the need of the firm to use MDBs and, therefore, the extent to which a firm will engage in MDBs.

Firm-Player Information Asymmetry. The presence of information asymmetry between a firm and a market player in favor of the firm sets up the basic condition for the firm to potentially exploit the asymmetry to its advantage. For example, by providing or withholding information about the

nature of downstream consumer demand from a complementary product provider, a firm can alter or reverse the preferences of the complementor. Thus, as information asymmetry increases in favor of a firm, there is a greater incentive for the firm to engage in MDBs.

At the same time, the asymmetric information creates two difficulties for contractual arrangements – adverse selection and moral hazard. Adverse selection is a form of pre-contractual opportunism that arises when one party in a transaction has private information that affects the other party's net benefit from the transaction. Moral hazard is a form of post-contractual opportunism that arises when actions required or desired under a contract are not freely observable (Milgrom and Roberts 1992). When information asymmetry is very high, the difficulties of adverse selection and moral hazard are correspondingly high. For these reasons, the disadvantaged party is less likely to enter into contractual arrangements with another firm. The informationally advantaged firm, however, can freely engage in non-contractual actions ranging from staking to physical context setting to decision context setting; it can also use non-contractual announcements such as product pre-announcements to reduce competition (Gruca and Sudarshan 1995; Bayus, Jain and Rao 2001) and to persuade customers to wait before buying a product (Bridges, Yim and Briesch 1995). Thus:

- P_{7a}: The greater the firm-player information asymmetry in favor of the firm, the greater the firm's market-driving behaviors.
- P_{7b}: The greater the firm-player information asymmetry in favor of the firm, the lower the firm's use of contractual actions.
- P_{7c}: The greater the firm-player information asymmetry in favor of the firm, the greater the firm's use of non-contractual actions.
- P_{7d}: The greater the firm-player information asymmetry in favor of the firm, the greater the firm's use of non-contractual announcements

Shadow of the Future. Shadow of the future refers to the expectation by a firm that it will interact with another organization or person in the future. The greater the probability and extent of interaction in the future, the longer is the shadow of the future. Experimental evidence suggests that although non-cooperation emerges as the dominant strategy in single play (transaction) situations, under iterated conditions, the incidence of cooperation rises sharply (Parkhe 1993). As the importance of future interaction rises, the temptation to cheat is reduced and cooperation becomes

easier, since both sides know that an exploitative move can invite retaliatory behavior from the other party in the future. In addition, both parties recognize that engaging in opportunistic behavior can result in a sullied reputation that may make finding future partners difficult (see Axelrod 1984; Schmidt and Fellerman 1993).

The nature of market-driving behaviors is such that some work in an open and transparent manner whereas others work without the knowledge of the target players. For example, acquisitions, pricing structures work in a manner that is transparent to target players. In contrast, physical context setting or decision context setting may or may not be fully transparent to target players. Furthermore, whereas some MDBs work to the advantage of both the MDB firm and the target player (e.g., speeding up the diffusion of an innovation), others may be advantageous to the MDB firm but disadvantageous to the target player (e.g., making it difficult for consumers to switch to a competing product or service). In instances in which a firm's MDB is transparent and advantageous to a target player, we do not expect any effect of the shadow of the future. In contrast, in instances in which a firm's MDB is disadvantageous to or exploitative of a target player, the shadow of the future is likely to discourage the firm from engaging in that MDB.

The shadow of the future is expected to affect the nature of MDBs employed by a firm in a relatively straightforward way. Firms are likely to view future interactions as providing the opportunity to correct for ongoing transactions that disproportionately favor one or another party. The expectation of future interactions, thus reduces the need for formalizing transactions via contractual arrangements, which specify the roles and responsibilities of each party (see Heide and John 1990). We therefore expect fewer contractual arrangements when the shadow of the future is long. Thus:

- P_{8a}: The longer the shadow of the future between a firm and a market player, the lower the firm's market-driving behaviors that are disadvantageous to the market player.
- P_{8b}: The longer the shadow of the future between a firm and a market player, the lower the use of contractual actions by the firm.

Contextual Variables

In the preceding sections, we explored examples of source (Firm), target (Market Player) and relational (Firm-Player) variables that are likely to affect a source's MDBs. Implicit in PKM

(Friestand and Wright 1994), and as Dolan (1997) suggests, a source firm influences a target within a context. We, therefore, turn now to the influence of the context in which the firm is operating and discuss the influence of (i) pace of technological change and (ii) stage of product life cycle on the firm's likelihood of engaging in MDBs. The pace of technological change and the stage of the product life cycle have been shown to be significant predictors of firm behavior (Sethuraman and Tellis 1991; Weiss and Heide 1993).

Pace of Technological Change Defined as the rate at which the focal product and its features are changing (Weiss and Heide 1993), the pace of technological change captures the idea that improvements in current technology influences player behavior. The faster the pace of technological change, the more customers will expect changes and these expectations affect current behavior (Holak, Lehman and Sultan 1987). When the pace of technological change is high, players decrease the duration of their search efforts, perceive greater uncertainty and postpone adoption decisions (Weiss and Heide 1993; Weiss 1994). Firms that limit their activity to responding to these behaviors of the market players would be at a disadvantage.

Firms would, therefore, need to actively manage expectations and adoption, perhaps, through announcements that can persuade customers to wait to buy from them (Bridges, Yim and Briesch 1995) or through announcements that signal that newer technology is now a better option (Gruca and Sudarshan 1995). Such announcements frequently block the competition and impose constraints on customers through increased switching costs. Firms also need to manage other organizational players through contractual actions that reduce adverse selection and moral hazard and quickly extract rents from their technology before the technology becomes obsolete.

For example, Intel uses price change announcements and product launch announcements to move relevant market players through its range of microprocessor chips downward from the top end Pentium IV to the low end Celeron. Simultaneously, Intel works out contractual arrangements with other organizations to facilitate incorporation of its cascade of processors in products that ultimately go to the end-user. Contractual arrangements with appropriate monitoring mechanisms ensure that players enter the market to support the Intel agenda. With fast technological change, therefore, we

can expect activities like announcements, licensing, alliances and franchising that are designed to manage other players. In summary,

- P_{9a}: The higher the rate of technological change, the greater the firm's market-driving behaviors.
- P_{9b}: Firms will use contractual actions more when the rate of technological change is high than when it is low.
- P_{9c}: Firms will use non-contractual and contractual announcements more when the rate of technological change is high than when it is low.

Stage of Product Life Cycle: Where the product life cycle is at the product category level, research suggests that firms should tailor their marketing strategies according to the stage of the product life cycle (e.g., Hofer 1975, p. 798; Sethuraman and Tellis 1991). In the early stages, firms need to increase awareness of the product among different players; they need to create preference structures, and they need to make the product available to the customer. Firms change the market structure by putting together relevant coalitions of players to get the whole product into the market (Moore 1995) by using actions like licensing and alliances (Parkhe 1993; Shepard 1987). Entry by new players can be used to change behavior of other players. Firms also use non-contractual announcements to signal intentions to interested players (Lilley and Walters 1997) who can then be encouraged to contribute to the growth of the new category.

By contrast, in the mature stage of a PLC, the focus of competition for all product categories shifts to determining and targeting market segments with the appropriate product differentiation (Samiee and Roth 1992, p. 4). However, firms that restrict themselves to responding to customer cues face a danger of falling behind. Differentiation requires the use of non-contractual actions like staking, physical context setting and decision context setting to influence market players to the advantage of the focal firm. For example, the higher price elasticity in the later stages of the PLC suggests the use of price structuring behaviors within decision context setting (Sethuraman and Tellis 1991); retailers of consumer electronic items like DVD players and mobile phones use expiring discounts to push customers to make a quick decision on buying the product. In mature markets, affect based and positive advertising has been found to be more effective in increasing sales (Chandy et. al. 2001; MacInnes, Rao and Weiss 2002). We, therefore, expect that,

- P_{10a}: The stage of the product life cycle has a U shaped relationship with the extent to which a firm will use market-driving behaviors.
- P_{10b}: The use of contractual actions will be higher in the earlier stage of the PLC as compared to later stages of the PLC.
- P_{10c}: The use of contractual and non-contractual announcements will be higher in the earlier stages of the PLC as compared to later stages of the PLC.
- P_{10d}: The use of non-contractual actions will be higher in the later stages of the PLC as compared to earlier stages of the PLC.

Conclusion

The purpose of this research is to develop a framework for thinking about market-driving behaviors. The framework developed in this research includes a typology of market-driving behaviors and four classes of antecedents of MDBs. Whereas earlier efforts have alluded to some of MDBs noted in this research, they have been relatively fragmented, and the role of some of the behaviors in driving markets has been either unacknowledged or underdeveloped. To the best of our knowledge, ours is the first attempt to organize the different MDBs into a single comprehensive taxonomy.

Our typology of is derived from two criteria – contractual versus non-contractual arrangements, and actions versus announcements of impending actions. Contractual actions include acquisitions, technology licensing, distributor agreements, and so on, which are legally binding and also serve to reduce moral hazards. Non-contractual actions include staking, physical context setting, and decision context setting. MDBs may or may not be transparent to target players, and may or may not work to their advantage. Announcements, whether of contractual or of non-contractual actions accelerate the effect of the two types of actions.

The typology of MDBs can help managers structure their thinking about how they may be able to drive their markets in an advantageous direction. It is parsimonious – four complementary types – but encompasses a broad class of options (e.g., staking, decision context setting) available to them. Depending on managers' objectives, one or another MDB may be more appropriate for their purposes. To this end, the present research alerts managers to be sensitive to variables related to their firm, the market player, and their inter-relationships. The specific variables identified in this research

represent a start in developing theory about market-driving behaviors that managers can consider when making strategic choices.

The theoretical propositions advanced in this research are based on conceptual considerations and examples of firms' behaviors. It would be useful to broaden out the theorizing by identifying additional firm-related variables, player-related variables, firm-player relational variables and contextual variables that influence MDBs. While the propositions in this research are focused at a relatively macro level (e.g., non-contractual actions), it would be useful to consider developing additional propositions at a more granular level (e.g., staking behavior or price structuring behavior or even further franchising or licensing or price structuring). Empirical examination of the veracity of these propositions at different levels of granularity is yet another direction that needs to be pursued in future research. Finally, it would be useful to examine the effectiveness of the different types of MDBs in successfully driving markets and their relationship with firm performance. Market-driving strategies entail high risk but also offer significant rewards (Kumar et. al. 2000).

Whereas being market-oriented calls for a firm to be reactive as well as proactive, the pre-dominant focus in the literature has been on the reactive aspects of market orientation. As Achrol and Kotler (1999) note, there is a strong need for marketing theory to shift from predicting success of products given (exogenous) consumer preferences to predicting how (endogenous) consumer needs will, or can be made to, evolve. The present research is responsive to this call and offers a framework for building theory and guiding managerial action. We hope this work will stimulate interest in this important but underdeveloped area.

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