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Where Do Market Categories Come From and How? Distinguishing Category Creation From Category Emergence

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This paper reviews several streams of research on market category formation. Most past research has largely focused on established category systems and the antecedents and consequences of categorical positioning (i.e., categorical purity vs. spanning; combination vs. replacement) but relatively ignored the formative processes leading to new categories. In this review, we address this lacuna to posit that scholarship would benefit from clearly disentangling category emergence from category creation. We analytically describe the differences between the two and elaborate the boundary conditions that guide and define which process is more likely to occur in a given market. Our review contributes to illuminating the role of organizational agency and strategic actions in market categories and their formation, which deserve greater attention as a result of their theoretical and practical implications.

Keywords: *market category; category formation; strategic agency*

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Management scholars investigate the behaviors of organizations in various contexts but typically do not question the cognitive and institutional underpinnings of market exchanges. However, understanding how market actors come to agree to trade products and services is of fundamental importance and explains the surge in research on market categories over the last two decades (e.g., chronologically: Zuckerman, 1999; Rosa, Porac, Runser-Spanjol, & Saxon, 1999; Hsu, 2006; Hannan, Polos, & Carroll, 2007; Ruef & Patterson, 2009; Navis & Glynn, 2010; Negro, Koçak, & Hsu, 2010; Durand & Paolella, 2013; Vergne & Wry, 2014). Categories are the cognitive and normative interface among parties enabling market exchanges (Granqvist, Grodal, & Woolley, 2013; Pontikes, 2012). Existing research explains that categories act as disciplinary mechanisms that bring order to organizational interactions and existence (Goldberg, Hannan, & Kovacs, 2016; Hsu, Koçak, & Hannan, 2009; Rao, Monin, & Durand, 2005; Wry, Lounsbury, & Jennings, 2014). Authors refer to a "categorical imperative" that places a limit on organizations' maneuvering capacities since categorical membership both protects producers from audiences' neglect and misinterpretations and constrains them to reside close to prototypical features (Hsu et al., 2009; Hsu, Negro, & Perretti, 2012; Paolella & Durand, 2016).

However, extant research shares two limitations that restrict its relevance, impact, and promise and that this review attempts to address. First, most studies deal with existing categories within stable classification systems, but none has yet fully reviewed where the categories come from in the first place (for reviews, see Cattani, Porac, & Thomas, in press, and Durand & Paolella, 2013; for a typology of past works and common vocabularies, see Vergne & Wry, 2014; see Navis & Glynn, 2013, for a call for the study of category formation). Second, as interfaces, market categories both inform and are informed by social structures and are malleable enough to be morphed, defended, and preserved by organizations that operate in markets: producers in their relationships with their buyers but also third parties that analyze, evaluate, and rank producers and their offerings. As a result, category formation reflects as well as shapes economic and social transformations. Although management and organization studies are ideally located to contribute to understanding these issues surrounding category formation, this has not been systematically done so far. This paper, therefore, offers a review of the processes of formation of market categories. For the sake of presentation, we distinguish two types of category formation—category emergence and category creation—depending on whether the new category is formed from elements outside the existing category system or from within.[1] We then detail the antecedents of each type, the conditions favoring one or the other, and the consequences for organizations, industry, and market exchanges.

More precisely, we define category *emergence as the formation of categories that emerge from elements extraneous to an existing market*. Categories *emerge* when the existing classification system and categorical structure of markets do not sufficiently account for material novelties sponsored by innovators. For instance, minivans combined truck features alien to the auto industry, as did smartphones that merge independent functions (camera, personal digital assistant, etc.) with a mobile phone to generate new competitive arenas (Rosa et al., 1999; Suarez, Grodal, & Gotsopoulos, 2015). On the other hand, category *creation* refers to a situation where a new category consists in *redesigning cognitive boundaries around a subset of elements within a preexisting category system*. For instance, producers redefined category-specific criteria and created new categories in the cases of modern Indian art (Khaire &

Wadhwani, 2010), "grass-fed beef" (Weber, Heinze, & DeSoucey, 2008), and functional food (Granqvist & Ritvala, 2015). Category creation thus takes place within an industry in the form of rearrangement or cognitive reinterpretation of existing cues to benefit the actors that initiate these processes in material and symbolic ways.

In this review, we emphasize that not only do the origins and underlying processes of categorization differ in the cases of category emergence and creation but so do the outcomes and strategic implications of each process of category formation. Whereas category emergence crosses over categorical systems and hierarchies and results in the existence of new actors and organizational forms, category creation contributes to the rejuvenation of existing category systems but preserves the social structuration of markets. Therefore, the type of category formation affects which actors in the industry are more likely to benefit from the exchanges, where the economic value is created, and where it is appropriated. The paper also offers a move towards a more agency-oriented approach, aiming to redirect scholarly emphasis away from thinking of categories largely as a constraint or as being ascribed ex ante and homogeneously to whole portions of the market, that is, producers, audiences, and intermediaries. Instead, we suggest, scholars should reimagine categorization as an intentional process at the level of each actor (*this* producer, *this* audience member, *that* intermediary) motivated by strategic and competitive considerations. Moreover, this review has broader implications because category emergence and creation are distinct means of gaining advantage over market rivals and have consequences that extend far beyond economic gain all the way to profound sociocognitive and institutional impact.

Blind Spots in Category Formation Research

In a nutshell, categories are "conceptual tools for understanding organization-environment relationships" (Negro et al., 2010: 4). More precisely, "in the context of markets and organizations, categories provide a cognitive infrastructure that enables evaluations of organizations and their products, drives expectations, and leads to material and symbolic exchanges" (Durand & Paolella, 2013: 1102). Categories group and separate entities either in terms of common or similar physical or material attributes (Carruthers & Stinchcombe, 1999; Douglas, 1986; Zerubavel, 1997) or in a more ad hoc fashion (Casasanto & Lupyan, 2015). In the latter case, the membership of the category is determined not simply based on similarity relative to a prototype but as achieving a goal (Barsalou, 1983) or with an underlying causal relationship for a given actor (Durand & Paolella, 2013; Rehder, 2003). For instance, a chicken and a robin belong to a same prototypical category based on similarity (bird), a chicken and a bread to a goal-based category (food), and a robin and a drone to a causal-model category (ability to fly). Categories matter since they have a status-ordering influence on markets (DiMaggio, 1987; Lounsbury & Rao, 2004), and any market classification that exists at a particular time and context exerts valuation effects through the categorical imperative (Zuckerman, 1999). Therefore, category formation—which requires rearranging, reinterpretation, and revaluation of existing elements and attributes—is a process that challenges the status ordering of actors in an ecosystem. As a consequence, it is important to pay attention to the kind of organizational agents—incumbents, start-ups, entrants, producers, or intermediaries[2]—that initiate the process, control its unfolding, and in some cases own the categories just formed.

Category systems must be maintained in practice and in spirit as much as new categories need discourses and narratives that distinguish their members from other categories. Different actors participate in the narrative elaboration of categories and category systems. Producers, indeed, but also market intermediaries influence significantly the meaning construction and maintenance processes. Identification and evaluation through categorical membership affects how an actor is perceived in terms of quality, legitimacy, and capabilities. It is therefore likely that depending on the type of categorical formation, the different actors involved will benefit differently from market exchanges and, as a consequence, should develop different strategies.

However, traditional research in strategic management and organization studies takes for granted that economic exchange occurs in markets without considering that there is no necessary (cognitive and normative) consensus between producers and their clients. Some producers and some audience members come up with material and symbolic new features that disrupt market consensus. We do not question that producers and clients understand each other or that the market mechanism is a source of coordination. We are interested in the various conditions that make these exchanges possible despite the fact that actors in markets constantly recombine cues, rearrange meaning, and generate new offerings that upend the existing market order (Durand, Szostak, Jourdan, & Thornton, 2013; Fleischer, 2009). It is therefore crucial to clarify the sources of category formation to better understand the consequences for market efficiency, actors' behaviors, and resulting business and societal outcomes.

Category formation precedes and conditions the phenomena studied in management research, which implies that actors identify, assess, and transact with others. Several traditions have explored the case of category formation, notably in sociology.[3] Among them, organizational ecologists focus on market categories and schematize the process by which audience members come to agree on labels and their content. The main driving force behind the acceptance of given labels and types resides in "enthusiasts" who define the identity and memberships of categories and disseminate them among their peers (Hannan et al., 2007: 75). The second source is action of authorities that impose classification schemes and categories.

Building on early work by organizational ecologists, a growing body of research has examined how labels and categories arise and exist in different niches within the ecosystem (Hannan, 2010) and the various conditions that influence exchange in markets with already established categories. At the core of this ecological perspective lies a principle of prototypicality: Organizations closer to the exemplary features that represent a category fare better than others that are more distant, partial members or that combine categorical memberships. Indeed, categorical spanning confuses audiences and is indicative of lower competence in the spanned domains relative to specialized and purer rivals. Several factors have been studied that amplify or mitigate this effect, such as categories' lenience, the presence of multiple audiences with distinct expectations, and the appeal of multiple category membership (Hannan, 2010; Hsu, 2006; Hsu et al., 2009; Negro, Hannan, & Rao, 2011; Pontikes, 2012).

Like the ecological perspective on categories, most studies that adopt the institutional view take categories and classifications as given. Categories, being institutionalized, summarize key features of reality and help actors attend to, classify, and order organizational entities (Navis & Glynn, 2010; Schneiberg & Berk, 2010; Zuckerman, 1999). Categories are here too viewed as a disciplinary creed that correspond to practices and expected behaviors, partaken of by both audiences and producers, which minimize unnecessary information exchange and search for consensus. Navis and Glynn (2010) propose a view whereby the new category is sanctified by audiences (professions, analysts, and media) who then turn their attention to category members. Ruef and Patterson (2009) study emergence of industrial classification in the post–Civil War period and the need for firms to belong to crisp categories as they become institutionalized. Kennedy (2008) stresses the importance of referring to existing and legitimate rivals to carve out a category and be acknowledged as a new category member. These works and others (Jones, Maoret, Massa, & Svejenova, 2012; Wry, Lounsbury, & Glynn, 2011) are important as they put in perspective the agentic nature of organizations that not only are disciplined by categorical systems—both cognitively and normatively—but also can individually or collectively reshape the category boundary and membership conditions and influence key outcomes (Hsu & Grodal, 2015; Kennedy, Lo, & Lounsbury, 2010; Kim & Jensen, 2011). However, these works conflate the characteristics of category emergence and category creation and do not offer a general view of the various dimensions and factors that affect either formation.

Putting agency front stage, from the strategic management angle, several papers have started to examine the consequences of category crossing and bundling (Granqvist et al., 2013; Wry et al., 2014) or the best timing for action (Suarez et al., 2015). In particular, a main focus of attention is the presence, under the same roof, of categories with opposed valence, which leads to the question of the consequences of such a situation for the performance, reputation, or strategic actions of such firms (e.g., Vergne, 2012; Wry et al., 2014). This research shows that belonging to, or being associated with, a tainted category induces firms to revisit their strategic positioning and to act to create new categorizations; however, the categorical systems in these studies preexist, and firms tend to navigate with the implied constraints emanating from these systems. Further work is needed to answer such questions as: What are the strategic trade-offs associated with the formation of new categories in markets? Are all new categories coming into existence alike? Along what dimensions can we compare them? And how do the types of category formation affect organizational outcomes and, beyond that, shape market structure? Our review attempts to address these questions.

Category Formation Processes: Separating Category Emergence and Category Creation

At the core of the paper's insights is the distinction between the two processes of category emergence and category creation, which have hitherto been implicitly conflated despite their distinct ontologies and theoretical and empirical implications. We review and illustrate the fundamental differences between these two notions in a framework—the main pillars of which are depicted in Table 1.

To begin to understand the two distinct processes, consider two examples of new categories, both subjects of previous studies: nouvelle cuisine (Rao et al., 2005) and postcolonial fiction (Anand & Jones, 2008). The emergence of nouvelle cuisine was the result of chefs in France building on external movements in literature (nouveau roman) and cinema (nouvelle vague), which resulted in the implementation of new techniques and use of different ingredients to create a novel experience for consumers or food critics (Rao et al., 2005). There were

Table 1
Category Creation and Emergence: Ideal-Typical Description and Illustration

	Category Emergence	Category Creation
Nature of the novelty	Essentially material, that is, new physical attributes *New cooking techniques, kitchen roles, presentation of dishes, and service*	Essentially cognitive, that is, preexisting attributes and features redefined and reinterpreted *Interpretation of postcolonial fiction writing as a unique kind of literature*
Origin	Importation of new attributes not part of the current category system Labeling follows material innovation *Ingredients alien to traditional cuisine; "nouvelle cuisine" label given by outsiders to new restaurants' chefs*	Carved out of existing consideration sets from the current category system Labeling precedes material recombination and innovation *Books by writers in Commonwealth countries existed but the creation of the new category increased books' salience and production*
Organizational agency	Category promoters: typically, new ventures, can be unconventional incumbents willing to upend established order *New restaurants as rule breakers* Intermediaries: low capacity to make a category emerge; reflectors of changes *Michelin guide followed (slowly)*	Category promoters: could be new entrants but more likely to be incumbent players reframing offerings *Booker Foundation established to highlight postcolonial fiction* Intermediaries: high capacity to influence; actors of valuation *Booker Foundation was the main architect of creation*
Mechanism for distinction	Transfer and opposition *Opposition to classical cuisine (Decalogue: the 10 rules to be a nouvelle cuisine chef)*	Combination and distinctiveness *Definition of postcolonial fiction writers as having unique voice*
Basis of discourse	Analogy import and contrast *Analogy with nouvelle vague and nouveau roman; chef as artist, not interpreter*	Resonant framing *Highlighting of historical ties and similar cultural experiences of writers living in Commonwealth nations and writing in English (language of colonizer)*
Legitimacy acquired through	Explication of meaning of the category, criteria of evaluation to be used, and establishment of order of worth *Explanation given by critics and media; new criteria of quality diffusion*	Authority of market actors in redefining identity and boundaries; intermediaries' validation *Booker Foundation had legitimacy as an intermediary*
Outcome	New market actors, organizations, products; intrafield changes in hierarchies *Diffusion of nouvelle cuisine restaurants, chefs; artist-chefs become role models*	Mostly same actors; maintenance of existing order but value capture to the benefit of newly created category's promoters *New category created but publishing industry genres otherwise unchanged*
Other examples	Minivans, nonkosher wines, smartphones, nanotechnology	Independent cinema, modern Indian art, organic foods, light cigarettes

Note: Nouvelle cuisine and Booker Prize examples are shown in italics.

material innovations in ingredients and techniques; nouvelle cuisine did not emanate as a sub-branch of traditional cuisine or revert to existing components and proven practices. By contrast, as the study by Anand and Jones (2008) shows, the Man Booker Foundation, by instating a prize for works of fiction written by writers living in the former Commonwealth of Nations, carved out a new market category within existing literature; such writers and their works of literature had always existed and, indeed, there may not have been much in common among these works other than the geography of the writers bound by a common colonial past. The prize, however, significantly increased the visibility of those works, defined category boundaries, set criteria for evaluating the works that constituted the new category, established standards, and, thus, helped consumers understand their value, with the winner of the prize often seeing a nearly tenfold increase in sales after the win. In this way, a new market category was created from within an existing set of items already in existence and in the market.

Our integrative framework emphasizes the different dimensions of either type of category formation (see Table 1) and proposes that understanding these distinctions has significant implications for researchers and practitioners alike. Note that for definitional purposes, we position each type as ideal types, that is, we stylize the attributes of each type: the nature of novelty, the origin of the new category, the organizational agents most likely involved in its formation, the mechanism of categorical distinction, the kind of discourse employed by formative agents, and the outcomes of the specific category formation process.

Category Emergence

When category formation proceeds from components and features exogenous to the main categorical system in use by incumbent producers and audiences, we call it category emergence. Emergent categories are founded on account of new, hard-to-classify (within existing systems) attributes of a good. Novelty proceeds from the insufficiency of current categories and categorical features to address, express, represent, and communicate the essence of material distinction brought about by innovators. Imports or additions of physical observable features from an adjacent or distant category system generate a need to label and make cognitively acceptable and valuable these differences. For instance, the minivan emerged as a category of cars that possessed features that crossed over adjacent but impervious categories: sedan and station wagon versus van and truck (Rosa et al., 1999).

In category emergence, labeling succeeds material innovation. For instance, the Internet in the mid-1990s was not recognizable as a category and was given multiple labels, just as it took several years for a smartphone to come to be labeled and accepted as such (Suarez et al., 2015). When technology develops, material possibilities to export and import, employ, and combine its potentialities increase, as do the odds that new categories emerge. When technology made it possible to exchange stored content from one PC to another, PC users built platforms to facilitate file exchanges, and organizations and firms launched services related to these “peer-to-peer” exchanges. Napster and its followers emerged as a new category of producers that contradicted legal principles of asset ownership and that revenues derive from intellectual property. Hence, in the case of category emergence, fundamentally novel and distinctive technical, physical, and material elements preexist the discourse and labeling contests. Today, while having actual, distinctive material and observable features, “bitcoin” is still uncategorized, being simultaneously considered a digital asset, a unit of account, a virtual currency, or a store of value (Vergne & Swain, in press).

The most frequent carriers of an emergent category are new organizations, upstarts pushing their way in between existing producers.[4] Promoters of category emergence aim at generating new criteria for product selection that gives them an advantage over rivals in terms of attractiveness and value capture. Category emergence promoters grow fast, are aspirational for others, and give birth to new organizational models, with identifiable traits and distinct characteristics that enable them to upend established consensus and economic value. For example, molecular cuisine restaurants obey a distinctive identity and organization from other cuisine places, all geared toward respect of ingredients' characteristics and cultivation of established techniques. Molecular cuisine restaurants import chemistry into cooking, design and use new utensils and protocols, and rely on star chefs heralded as artists, whereas their counterparts repeat learned traditions (Svejenova, Mazza, & Planellas, 2007). Symmetrically, kosher wines obey tradition and rites, and the emergence of the nonkosher wine category in Israel in the 1980s and 1990s led to the formation of a new organizational form: The five kosher wineries in 1982 witnessed the entry of 138 new wineries, mostly nonkosher, by 2004 (Simons & Roberts, 2008). Hence, the market identity and the economics of category emergence promoters obey rules and principles that make them stand apart from more static incumbents and explain how and why they bear fruit and profit.

Market intermediaries (media, critics, rating agencies) react to rather than elicit category emergence. As noted by Rao et al., "Producers are not subservient to critics, but instead, redefine boundaries for the critics to recognize. So critics are midwives of boundary change rather than zealous guardians of genres" (2005: 989). Therefore, intermediaries respond to category emergence promoters' spur of material and discursive novelties. They reflect the new competitive realities in an attempt to protect their own position as facilitators of market exchanges (Fleischer, 2009).

In category emergence, the cues and elements solicited to recombine, build, and narrate the story around the novelty belong to alien repertoires and vocabularies; as a result, the emergent category is more likely to be fought against, rejected, demoted, and vilified by incumbent actors that defend and benefit from existing orders and economic models. For instance, in the architecture profession, the "modern functional" category opposed essential features of "revivalists" and "modern organic"; as Jones et al. note, "Categories that seek to alter radically a profession's logic are likely to encounter stiff resistance, because the new category also alters identities, interests, and statuses for both producers and audiences" (2012: 1539). The mechanisms of distinction for an emergent category involve both the adaptation of language, symbols, and vocabularies from exogenous sources and an opposition from local actors to mark a rupture with existing typologies.

As a result of these mechanisms of distinction, promoters of emergent categories describe and defend their novelty analogically. They import entire systems of vocabularies, associations, and causal arguments that create a rupture with existing discourses. The attempt is to attach to the material novel meanings and symbols that are integral in a distant realm of activities but may contrast sharply with the existing labeling and symbols corresponding to the available categories. In architecture, modern functionalism imports the "Taylorized beauty of the mechanical" in what used to be a Beaux Art discipline (Guillén, 2006; Jones et al., 2012). Hence, a system of rationalism, technique, and efficiency migrated from science and engineering into a domain of art and tradition. In the same vein, Internet vendors need to use analogies from the real world to help customers understand the new categories of service they offer by referring to "baskets," "delivery time," and "pickup spots."

Category emergence promoters need to develop not only the appropriate analogical discourse that helps audiences comprehend the new category but also the criteria to evaluate it.

For instance, in the case of minivans, new criteria have been used to qualify the modularity of internal car space: number of seats available (five to seven), ease of seat removal, total available volume with and without seats, and so forth. Intermediaries play a key role in this process; as reflectors of change, they use and disseminate these criteria, granting legitimacy (or not, in case they oppose them) to the new offering and producers. Ruef and Patterson (2009) describe how firms' credit raters emerged as a new category of market actors, facilitating the financial fluidity of markets through the professionalization of its agents and the institutionalization of some financial metrics and ratio as predictors of a firm's creditworthiness. Therefore, legitimacy of an emergent category depends on how industry players use the criteria and metrics that define category membership, valuation, and performance.

Category emergence's sponsors defend and sustain the category's autonomy vis-à-vis extant categories and strive to impose new selection criteria in markets (Durand, 2006, 2012). The most significant outcomes of category emergence are the switch in value creation models they offer and how much value they capture out from incumbent players. Notably enough, the new discourses, often in opposition with the current symbols and meanings that are widespread and used by traditional incumbent players, are capable of modifying substantially not only audiences' perceptions of existing offerings but, by inference, also those of existing producers. When the PC and word-processing applications emerged as new categories, rival products such as typewriters could just not compete, either discursively or strategically, as their resources and assets were losing value every day (see the Smith Corona case developed by Danneels, 2011). As a consequence, when emergent category promoters compete against traditional incumbent players, they often face a discount in the established categories, which can be partially compensated by some prior experience accumulated in the traditional sector. Simons and Roberts (2008) find that preexperience enabled nonkosher wineries to receive relatively better evaluations for their wine quality while Roberts, Simons, and Swaminathan add that crossing the kosher categorical boundary exposed nonkosher wineries "to experience-based penalties that are reflected in lower product quality ratings" (2010: 153). Overall, category emergence promoters aim at reshuffling value creation models and at appropriating value out from conservative incumbent players by transferring material novelties and unconventional identification from exogenous fields and by aligning intermediaries' and audiences' expectations with the new category features. Simultaneously with the capture of value from conservative or stable incumbents, category emergence, with the novelty it entails (e.g., material improvements, facilitated processes) leads to value enhancement for consumers or society as a whole by replacing established practices with more efficient ones.

Category Creation

Category creation stems from a process whereby existing components in a market are rearranged, reinterpreted, and relabeled to generate new meanings and associations. Categories are constructed from within an operative category system through iterative processes of reinterpreting attributes and redefining boundaries to instantiate a new category (Casasanto & Lupyan, 2015; DiMaggio, 1987). Novelty does not lie so much in an account of new, hard-to-classify attributes as it does in category emergence and, instead, is based on redrawing boundaries among preexisting elements and/or entities. While the minivan is an emergent new category of vehicles, "luxury automobile" is a created market category that encompasses certain distinctive attributes. Various automobiles might possess the features that make them a "luxury sedan" or a "luxury SUV" because "luxury" is a cognitive definition that groups together existing intangible and tangible aspects.

Category creation produces and justifies distinctions among offerings (Karpik, 2010; White, 1981) by formulating new discourses and generating new framings (Sauder, 2008; Weber et al., 2008). The origin of category creation lies in a motivation to herald a new order in the existing market, to galvanize and transform economic value and exchanges. In short, labeling precedes material changes in category creation, whereas it succeeds them in category emergence. The discourse in category creation deliberately involves positioning certain entities or goods that were previously disparate or scattered in the market space as having certain common features that when present together in a particular way, have value potential that is different from goods that do not possess those features. Thus, for instance, the Sundance Institute created a new market category of independent cinema by delineating a boundary around films that told diverse, authentic stories and were not produced by major studios; the films existed, but until they were identified and classified together, they failed to reach the perceived critical mass that would garner them attention and value in the market and among audiences (Khaire, in press).

Unlike emergence, which occurs chiefly as a result of novel entrants upending existing market structures, category creation is mostly undertaken by both existing producers and market intermediaries. Given that these two types of agents have particular goals and roles in the marketplace, the motivations behind and the outcomes of category creation vary accordingly. The more significant driving force behind category creation for producers is the prospect of acquisition of a strategic advantage by expanding their market's total value and the number of coexisting categories rather than the substitution or replacement of part of it through category emergence. Creating a new category and establishing its value and thereby stamping it indelibly with its own label grants the producer a selection advantage (Durand, 2006, 2012). This selection-transforming strategy is most profitably undertaken by incumbents wishing to reposition themselves in the market hierarchy. Studies that describe creation of market categories—postcolonial fiction (Anand & Jones, 2008), independent cinema (Khaire, in press), or merger in the medical industry (Vaara & Monin, 2010)—stress how the central actors (respectively, the Booker Foundation, the Sundance Institute, and two industry leaders in theranostics) use their social status to promote consensus around the new discourse and establish their competitive position.

The need for intersubjective acceptance of the newly constructed category places restrictions on the extent of financial rewards a producer stands to gain from strategically creating market categories. Owing to their vested interest in constructing and conveying the value of a new category in the market, producers' discursive attempts at category creation are liable to be discounted and viewed with suspicion by other constituents, especially consumers, in a market (Vaara & Monin, 2010). Consumers' overall beliefs about market processes—their marketplace metacognition (Duncan, 1990; Friestad & Wright, 1994; Wright, 2002)—influence their knowledge that producers' discourse is an attempt to "sell" them goods. An intuitive response to such persuasion is often to discount producers' discourse about new categories that the producers are trying to create. When independent third parties (Glynn & Lounsbury, 2005; Jolson & Bushman, 1978; Pollock & Rindova, 2003) lend them support, producers' category creation efforts are more impactful in the market (see the case of organic food in Lee, Hiatt, & Lounsbury, 2016).

Nevertheless, even with the financial gains from category creation being primarily and substantially channeled towards category creators, market intermediaries benefit from not only sponsoring incumbents' category creations but also initiating the process (Espeland & Sauder, 2007; Fleischer, 2009; Khaire, in press; Wadhwani & Khaire, 2015). Intermediaries provide assessments of quality of goods, comparison criteria, and endorsements that carry significant weight in influencing audiences' perceptions of the validity and value of the new category. Intermediaries that define a new category and remain associated with its market and cultural success and impact stand to consolidate their status as "influencers" of economic and cultural trends (Granqvist & Ritvala, 2015; Mokyr, 2013). Being known as originators of key market evolutions—versus reflectors of change in category emergence—has significant reputational advantage for intermediaries vis-à-vis producers and other intermediaries (Sauder, 2008; Sauder & Fine, 2008). As a consequence, intermediaries who enter the realm of category creation look for bold and innovative ideas that will take cultural and social norms in a new direction and look to champion and herald them into the market as new categories (Pontikes & Kim, in press).

Whether the process of category creation originates in the actions of an incumbent producer, a new entrant, or an intermediary, the originating entity actively pursues, as a mechanism of distinction, the rearrangement, reinterpretation, and reframing of particular existing and familiar attributes. For category creation, choosing certain attributes to include within the purview of the new category is constitutive of the cognitive process of demarcating the boundaries of the category and defining its identity. Yet this distinction does not upend the entire hierarchy of categories in the system. In contrast with category emergence, the creation of valuable categories in a market is often a matter of amplification of existing differences or of reinterpretation and recasting of existing features. Promoters of category creation ensure that while enhancing the inherent newness of the category, it preserves the broader categorical system within which they operate (Anand & Jones, 2008; Khaire & Wadhwani, 2010). For instance, the founder of the Sundance Institute, Robert Redford, believed in the societal significance and narrative power of diverse stories, which led him to emphasize "diversity" as an integral element of what constituted independent cinema. At the same time, the U.S. film industry was predominantly focused on special effects and larger-than-life depictions, so the competitive context in which the Sundance Institute was founded led the Institute to also emphasize "plot" in order to distinguish the new category from the majority of products in the context, which in turn opened the possibility for Hollywood producers to develop their own line of look-alike independent productions (Khaire, in press).

To gain legitimacy, creators of new categories engage in cultural entrepreneurship and storytelling (Lounsbury & Glynn, 2001). The use of the appropriate and adequate narrative elements leads to greater intersubjective agreement around the created category and to its uptake and acceptance. Thus, the sanctification of new categories in an institutionalized market is a distributed process requiring acceptance among a wide range of organizational entities (Khaire, 2014). Hence, the discourse of category creation adopts a framing (Benford & Snow, 2000) that resonates across multiple market actors (producers, intermediaries, and clients). A framing that is not identifiable or resonant across these multiple entities is unlikely to gain the needed critical momentum and acceptance. In generating a resonant frame and the corresponding communication, category creation's sponsors highlight how the new category fits in and aligns with the prevailing structural and symbolic systems (Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015; Weber et al., 2008). They emphasize culturally congruent attributes, mobilize appropriate symbols, and adduce economic value in support of the new classification.

Successful category creation does not entail an overthrowing of the market categories' hierarchy but rather an adjustment to the categorical system. The outcome of category creation, therefore, is a market where large portions of the prevailing order are more or less maintained, albeit with additional distinctions and categories added to the system and with the potential for new positions of power occupied by the primary organizational agent of category creation. This process is more likely to result in increasing the size of the existing market than is the process of category emergence. Not being about overturning or replacing existing hierarchies, category creation may not lead to complete upheaval of the industry but to a reorientation of meaning systems and a reconfiguration of value scales. As a matter of fact, as in the creation of modern Indian art, described by Khaire and Wadhwani (2010), the upheaval to the system was only temporary with incumbents gradually but eventually gaining ground even in the new category.

Distinguishing Category Formation Types

Category emergence and category creation are two variants of the process of category formation in markets. There exist contingencies to the extent to which these ideal types will manifest. Understanding the bounds of applicability of the ideal types described in our framework is crucial to advancing theory and promulgating a research agenda. On the basis of the extant literature, we identified four dimensions (see Table 2) that influence the likelihood of occurrence of either type of category formation: Category systems, agents, intermediaries, and industry symbols all pose constraints and conditions that favor either the emergence or the creation of new market categories. For each of these four dimensions, we present two factors, one that favors emergence (and hinders creation) and the other that hinders emergence (but favors creation). Note that at the level of each dimension, these conditions are likely not exhaustive; other characteristics may exist that explain why new categories are constituted (see Hannan et al., 2007; Lounsbury & Rao, 2004). We report here on the factors that appear to have been relatively underresearched and to be most promising for future research.[5] Neither do we formulate propositions about the interaction among these factors, leaving this for future research. However, we believe the factors operate in an additive fashion, with greater numbers on one side or the other increasing the likelihood of occurrence of a specific type and reducing the likelihood of the other; these are probabilistic rather than deterministic assessments. Finally, it is theoretically possible that certain settings would face the co-occurrence of category emergence and creation. This would be the case when a high number of characteristics favorable to either type of category formation will equal roughly the number of characteristics equal to the other type.

Category system. Category formation does not occur in a vacuum, and depending on the preexisting category system's characteristics, one type will be more likely than the other. Every category must belong to a categorical system and is recognizable as a member of this system (Barsalou, 1991; Murphy, 2004; Paolella & Durand, 2016). Within the food category system, fruits are separated from vegetables, and some entities belong more or

Table 2
Dimensions and Factors Influencing the Likelihood of Category Emergence Versus Creation

Category Emergence Likelihood	Dimension	Category Creation Likelihood
	Category system	
+	Exclusiveness	−
−	Depth	+
	Innovative agent	
+	Population of entrants and imitators	−
−	Central incumbents	+
	Intermediaries	
+	Diversity	−
−	Concentration	+
	Industry symbols	
+	Broad repertoire	−
−	Intense references	+

Note: The dimensions are not mutually exclusive. For instance, take the dimension of "innovative agents": An industry can have central incumbents and few entrants (e.g., the breakfast cereal industry is highly centralized and highly imitative) or central incumbents and many small entrants (e.g., the pharmaceutical industry is rather centralized with lots of local quasimonopolies but also allows a population of small entrants). In addition, effects need to be taken together and are cumulative. For instance, an industry with central incumbents is more likely to host a category creation, but if all the other factors are favorable for category emergence, the latter is more likely (i.e., if in this industry, the category system is exclusive and not deep, if many peripheral entrants sponsor a new category, if several diverse intermediaries reflect and popularize the new category, etc.).

less to these categories, such as tomato, avocado, or rhubarb. Past research has emphasized the conditions explaining the processes and outcomes that make horizontal associations between categories more or less valuable. When categorical boundaries become porous and nonenforceable, categories have lenient definition. Categorical leniency therefore affects the propensity to span categories and to self-identify with many distinct attributes, which results in known consequences for producers' typicality and expected behavior from their audiences (Pontikes, 2012; Pontikes & Barnett, 2015). When categories are repeatedly associated, the penalty for combining them recedes (Durand & Paolella, 2013; Lo & Kennedy, 2015).

More recent research has started to consider the vertical layers of category systems. While the horizontal dimension of a category system accounts for the consequences of category spanning, its vertical dimension leads to important consequences for new category formation. Category systems have two major vertical dimensions, inclusiveness and depth. Inclusiveness characterizes the degree with which categories from the system can be combined in a meaningful way at multiple levels of aggregation. An entity combining inclusive categories is still identifiable and coherent as long as the combinations that constitute its identity at the category pair, trio, or quartet levels remain highly represented and identifiable. For instance, Paolella and Durand (2016) show that the categorical system of corporate law practices is inclusive, such that law firms can combine different practices in a meaningful way without compromising their clients' perception of them. In this inclusive system, they found, for instance, that the trio litigation/merger and acquisition/tax practices was more inclusive (i.e., more represented as a trio and as corresponding pairs) than the quartet competition/tax/merger and acquisition/employment (for which the combined frequency of occurrence of the quartet, the corresponding trios, and pairs was low). In contrast, the categorical system for classifying species is exclusive, such that combinations of entities are not well recognized and identified in the existing system: For instance, a bee could be taken in conjunction with other Hymenoptera like wasps and with Lepidoptera like butterflies to represent flying insects, but many other Hymenoptera do not fly (ants), and Lepidoptera are not social insects like most flying Hymenoptera, which renders difficult the establishment of meaningful associations among categories.[6] Therefore, while some categories "pile up" coherently as do practices in corporate law, others do not.

Category emergence is more likely to occur when the system is exclusive. Because emergence relies on physically distinctive features and novel functionalities and usages, sponsors of emergent categories use terminologies that are less compatible with a structured and inclusive category system. They position their novelty outside the focal categorical system, relying on analogies from alien systems of meaning to underline their distinctiveness vis-à-vis the focal exclusive category system. The incumbent market actors that implement and embody the current cognitive and institutional order are likely to put up resistance to the inclusion of the emergent category, thereby reinforcing the emergent category as an autonomous variant. When the categorical system is inclusive, chances are that novelty and corresponding discourses representative of a new category will be framed and constructed as an additional but not-so-distinct variant of the categorical system, which is favorable to category creation (see also the notion of "robust identity" described in Hargadon & Douglas, 2001).

Depth characterizes the number and embeddedness of categories within the system. The more categories contain subcategories that contain sub-subcategories, the "deeper" is the categorical system. Mapping techniques exist to represent these proximities, for instance, in the culinary world (Chae, 2015). Mediterranean food includes Italian food, which comprises pizza among other categories, which comprises Neapolitan versus Roman pizzas, and so forth. The deeper the category system, the more market participants are used to navigating it and making sense of distinction in the branching of the system. Depth is a condition that favors category creation by new operators or incumbents, as market actors are accustomed to aggregating and disaggregating components of the system and because there are more cues, features, elements, and institutional remnants (Dacin & Dacin, 2008; Schneiberg, 2007) to play with, intermingle, and remix in different ways to create the category and build the corresponding narrative around it. By contrast, depth is not favorable to category emergence as it reduces the saliency of new and crisp attributes that category promoters attempt to bring in the market.

Innovative agent. Different innovative agents lead to different types of category formation. Category emergence tends to proceed from more marginal actors that make use of a material innovation that they develop (Hiatt, Sine, & Tolbert, 2009; Leblebici, Salancik, Copay, & King, 1991; Wry et al., 2011). Depending on the material (technical) characteristics promoted in the emergent category, the sponsors' conviction power, and the resistance of incumbents, imitators populate and reinforce the internal coherence of the emergent category (Rao et al., 2005; Simons & Roberts, 2008). The dynamic at play is therefore that of peer-based diffusion on the periphery of an industry rather than of instant or rapid acceptance of the new category from the core of the industry—what Rossman (2014) calls an endogenous process of diffusion.[7] Additional market characteristics favor such an endogenous diffusion: For instance, when traditional incumbents wield only a parcel of power to enforce existing categories and levy sanctions in case of disrespect or infringement, category emergence is more likely to occur and spread.

By contrast, when established agents are fewer, more central, and with higher status, category creation is more likely a strategy they favor than category emergence (Hsu & Grodal, 2015). They possess the corresponding resources, network position, and associated informational and brokerage benefits to identify and value the opportunity to add a new category in their industry (Podolny, 2005). They reach out to other players more easily than smaller and more peripheral actors, in particular the intermediaries that contribute to establishing the discourses and valuation of any new category (Rao, Greve, & Davis, 2001). As evidenced by Rossman (2014), as category creation inherits the status and centrality of the category promoters, the corresponding innovations can be adopted and accepted without referring to peers' behavior (what he calls exogenous diffusion). When market power is centralized in a few hands, conviction and resistance are concentrated in these few actors, which, other things being equal, also hinders the success of an emergent category.

Intermediaries. Intermediaries are crucial in influencing and establishing the category features in the case of creation and in reflecting and legitimizing the category characteristics in the case of emergence. Their role is to facilitate the intersubjective agreement among parties, clients, and producers (Glynn & Lounsbury, 2005). Depending on how the intermediaries are structured, their impact on category formation will vary.

When there are multiple evaluators and intermediaries, either of one kind (e.g., multiple raters) or of various kinds (critics, raters, media, etc.), innovative agents possess more options to elaborate a narrative around the material attributes characterizing an emergent category. Intermediaries are engaged in a legitimacy race in a market for distinction, reflecting as best they can the new trends and innovations that appear (Karpik, 2010; Kennedy et al., 2010). A presence of diverse intermediaries operating in the market gives higher odds for an emerging category's holder to find one or more intermediaries reflecting and sponsoring its novel category. For intermediaries, the odds of success of reflecting and legitimizing the emergent category are lower than if fewer intermediaries were present, but the bounty is high in case they succeed. Indeed, as shown by Chatterji, Durand, Levine, and Touboul (2016), when multiple intermediaries fail to converge in evaluating producers, the emergent category is ill defined and instrumentalized, leading to a weak validity in assessments. Intermediaries lose credibility, and actors in the market (clients, investors) have trouble discerning the quality of entities (products, producers) they buy into.

Reciprocally, when there are few recognized and less diverse intermediaries, the likelihood of category creation is enhanced. First, when critics, raters, and agencies are concentrated, they have closer links with producers, which facilitates information exchanges and comprehension between them, and there is little possibility to play a multicategory, multi-intermediary, suboptimal game. Second, concentrated intermediaries have enough knowledge, recognition, and influence to propose reclassifications of products and practices into new categories. For instance, in the bond market, at a global level, only three agencies assess the issuers and bond quality: Fitch, Standard & Poor's, and Moody's. Issuers willing to launch new bond derivatives will have to convince these agencies to accept the new category and rate it. Or these agencies can decide to establish new bonds, for example, "green" bonds in the market. On the other hand, in the creation of the organic food category in the United States, Lee et al. (2016) give evidence of the feeble influence of the multiple standard-based certification organizations that developed in the 1960s, 1970s, and 1980s to sponsor and propagate the precepts of "organiculture" proposed by J. I. Rodale and his followers. Until laws at the state and federal levels eventually established some binding rules for the organic category in the early 2000s, the newly created category did not diffuse broadly. Therefore, a concentrated structure of intermediaries operating in a market favors category creation (Pontikes & Kim, in press), while one that is too diverse and diffuse hampers it.

Industry symbols. The history, rituals, and traditions of an industry shape the context in which unfolds the meaning related to category formation (Dacin, Munir, & Tracey, 2010). At the industry level, therefore, history and tradition imprint how many symbols and references exist and how intense they are. These characteristics of symbols and references, which are the materials fashioned in categories, in turn influence the specific process by which new categories are formed in markets.

Depending on industries, the breadth of symbolic repertoire varies. Smaller industries, local or geographically isolated markets, possess a lower variety of cultural repertoires and traditions than other industries dealing with large transactions and open to commerce and globalization. Car manufacturing possesses a full repertoire of symbols and associations that is favorable to the emergence of new categories by mixing and meshing up with adjacent engine-engineered industries (trucks, boats, airplanes, and so forth). The broader the symbolic repertoire available to industry players, the more room for symbolic combinations, reshuffling of orders of worth, and meaning fabrication. This breadth favors the enunciation and identification of emergent categories. At the other end, a narrow repertoire hinders the capacity of innovators to both harness the industry symbols, cues, and institutional remnants and nurture the emergent category. For instance, the Scottish knitwear industry cluster did not appreciate the emerging new categories proposed by new entrants and strove to create increasingly niche product categories paving the way for its extinction (Porac, Thomas, & Baden-Fuller, 1989).

Complementarily, when symbolic intensity is high in an economic sector, market actors keep up the use of the same elements repeatedly and possess the same (or nearly same) cultural repertoire. The intensity of referencing is likely to facilitate category creation by incumbent actors: They are more likely to tap into features and symbols that are from within their industry's historical and cultural traditions. For instance, youth as an eternal aspiration is played over and over again by skincare products. New product categories keep emerging—creams, oils, balms, masks, and so forth—rooted in discourse that touts real or supposed attributes that distinguish them from what existed before. Market actors refer to evocative images, characters, and events to reposition, regenerate, or create lineages and associations for their new categories. In the case of the creation of the modern Indian art category (Khaire & Wadhwani, 2010), discourses of category-creating agents connected the characteristics of the local Indian artworks with globally used criteria of value and quality in the art world, mobilizing the evocative power of social climbing and access to elites. In contrast, a market that does not possess intense aspirational features and references, such as youth or elitism, leaves promoters of novel categories with less analogical, evocative, and discursive connections to make appealing categories emerge. For instance, milk and dairy products in general face the situation of the symbolic and positive power of milk to be turned into the illustrative case of animal exploitation. The capacity of incumbent players to create new categories (such as Greek yogurt, a recent hit) diminishes with greater intensity of negative references about dairy cows' living conditions.

Discussion and Conclusion

In this paper, we reviewed the organizational and management literature on categories to derive an integrated framework for understanding and analyzing the formation of market categories. Our goal was to differentiate between category emergence and category creation as processes with distinct origins, elements, and outcomes. We distinguished the main dimensions and conditions that favor one or the other process of category formation and laid the ground for testing research propositions (see Table 2). In this section, we discuss the contributions as well as a potential research agenda that stem from the framework articulated in this paper.

Our main message is to consider categorization processes as agentic and strategic; categories are neither spontaneously spawned from novelty and/or innovation nor trigger cognitive processes uniformly among actors' types (producers, audiences). Rather, they are actively promoted by some identifiable agents. Innovative entrants, nonconformist incumbent producers, and committed intermediaries attempt to modify the cognitive infrastructure of markets in order to improve their market performance and standing. It is because categories are salient cognitive elements of markets and contain varying institutional prescriptions that their creation and reorientation are strategically important issues. They condition material bets (investments, product launches, rebranding, and the like) and influence social evaluations and performance. Thus, this paper provides an understanding of agency vis-à-vis category structures in industries and markets, relaxes some blanket assumptions of prior research, and exposes the conditions under which changes in cognitive infrastructure take place and pave the way to competitive advantage. Further work needs to be conducted to compare concurrently the penalties and rewards related to preservation versus change of the categorical system and the temporal and sociocultural constraints on reaping such rewards or enduring these penalties.[8] The overarching question that this dynamic scenario of valuation raises is whether one kind of category formation process (emergence or creation) results more often than the other in value capture versus value creation. Thus, strategically relevant questions such as the following could be examined: Do category formation processes really result in value creation for entrants and incumbent competitors? How is category formation linked to value capture, and how does that affect other players in the market? And, at a more macro-level, what do these dynamics imply for consumers and for the efficiency of market exchanges?

We acknowledge that our framework has some limitations. First, as mentioned earlier, our focus on creation and emergence as two processes of category formation might be restrictive as there are likely other processes of formation. Second, our typology is, of necessity, ideal typical in that not every new category appearing in the market need respect strictly all the characteristics spelled out in Table 1. Third, we limited our description of the conditions favoring the occurrence of either type to those we consider the most promising. There are certainly other conditions, which need to be accounted for in testing propositions in the future. For instance, technological obsolescence is probably associated with a higher likelihood of categorical emergence by peripheral innovators, or when the category system is normalized and owned by some actors (private, state-backed, others), this reduces the likelihood of category emergence and favors the category creation from central actors. Finally, beyond what we noted, other outcomes of interest exist with respect to increasing our understanding of categories in markets, such as, for instance, the dissolution of market categories (Kennedy & Fiss, 2013). Despite these limitations, our review offers scope for future research, as described below.

Directions for Future Research

Our paper's contributions to category research lie primarily in elucidating the dimensions that render a specific process (emergence/creation) the most likely root of new market categories. More empirical research is needed to test these propositions, to determine which process overtakes the other, and to estimate what consequences unfold at various levels of analysis: for the product market, the producers, and the audiences buying symbolically and concretely into the new categories. We emphasize three major areas for future research.

Category formation as deviance. Researchers may study how categorization and valuation processes are linked and whether and how organizations can take advantage of such linkages. In particular, this review rejuvenates the classic debate about the optimal mix of respect toward categorical imperatives and violation of normative expectations (Deephouse, 1999; Durand, Rao, & Monin, 2007; Zuckerman, 1999). If categories can be actively created and are not simply passively received, the categorical imperative can be seen as being multimodal or in flux and less severely constraining. As a result, firms engaged in category formation may, albeit temporarily, be in violation of the categorical imperative and yet may not be sanctioned for the violation. Our framework therefore provides the basis for further propositions about which category formation process is likely to be less sanctioned. Empirical examinations of the conditions under which the categorical imperative becomes malleable are in order as are studies concerning what conditions render the categorical imperative truly imperious. Category formation is an instance of cognitive and institutional deviance that may result in reorienting market exchanges (Cattani et al., in press; Zhao, Fisher, Lounsbury, & Miller, in press). Which actors—producers versus intermediaries—are more or less susceptible to deviate from audiences' expectations? These are questions that arise from our framework and that are ripe for scholarly synthesis and further investigation.

Joint occurrences. As mentioned previously, our framework has used a distinction into two nonmutually exclusive processes of category formation. There exist cases where the two processes of emergence and creation can operate jointly, with some interesting associations—complementing or opposing each other—between entrant and incumbent actors.

Granqvist and Ritvala (2015) illustrate how the nanotechnology category spread as peripheral actors used some analogies with other fields to convey the potential of the radical innovativeness of nanotechnology. At the same time, some actors attempted, within subfields of the broad nanotechnology concept, to create well-defined idiosyncratic categories. This case, among others, opens the possibility that category emergence and creation can be conducted sequentially by different actors (start-ups or incumbents) or even in parallel, leading to a race for symbolic and cognitive recombination of elements with dramatic consequences for market exchange, industry definition, and organizations' fates.

Second, in cases of joint occurrences, two distinct models of value definition and appropriation face each other. In these circumstances, material novelty inherent in the origins of category emergence is opposed to the definitional and discursive processes that characterize category creation. Why is it then that competition operates on the tangible features of categories versus on its cognitive and discursive properties—hence leading to the domination of one new category formation process over the other? How do the peripheral entrants compare when incumbents create new categories to keep their positional, naming, and framing advantage? More research should look into the relative levels of market contestation over tangible resources and labels in fields where new categories emerge and are created concurrently. And in this respect, the role of intermediaries of different kinds, from raters, professional critics, and amateurs to activists in social movements, is crucial.

Impact on social hierarchies. Category creation and emergence have broad implications for status ordering in markets and for societal hierarchies. Therefore, the effects of these processes can result in upheaval and reordering in the prevailing status order in markets (Sharkey, 2014). With such reordering comes potential for previously low-status actors to occupy new positions and, thus, bring about large-scale change in the structure of markets—this being more likely for category emergence than for creation. As new structural orders are established, moreover, the groundwork is laid for societal change as well, as new categorization systems are invariably followed or accompanied by new orientations of value; objects and concepts not previously valuable are rendered valuable in the new classification through discursive generation of new categorical boundaries, relevant criteria of evaluation, and appropriate standards of quality and assessment (Karpik, 2010). This process of revaluation may often also be conjoined with a mirroring devaluation process wherein a corresponding category of objects and/or ideas is demoted. As a consequence, is it more beneficial for an organization to be associated with a social movement that aims to increase the value of a newly formed category (e.g., feminism, veganism, renewable energy sources) or with those that aim to lower the value of an existing category (e.g., antismoking campaigns)? These processes of market change through category creation and emergence, therefore, involve larger processes of sociocultural significance, creating research opportunities for scholars of social movements, institutional theory, and management.

Managerial Implications

Aside from these suggested directions for future research by scholars in several disciplines, our framework has managerial implications as well. First, the dimensions and factors that we describe here should provide guidelines and a road map for success for managers considering strategic initiatives that will result in formation of new categories in the market in which they operate. Our framework suggests that, for example, entrepreneurially driven emergence of new market categories is more likely to be successful in industries with stable, broad categorical systems, while category creation is a viable strategy for an incumbent or an intermediary operating in markets with deep, symbolically intense classification systems. Entrepreneurs working toward the emergence of a new category can feel secure in their likelihood of gaining selection advantages in the market and can therefore make resource acquisition and allocation decisions accordingly and optimally (less spending on marketing and more spending on R&D and sales, for example). The need for developing broad, intersubjective agreement and consensus among all concerned market actors should, on the other hand, give pause to managers considering category creation as a discursive and, therefore, simple (because it seemingly requires less material resources) way to capture value. Finally, at a microlevel, the framework has implications for managerial motivations; individuals desirous of bringing about large-scale societal changes may want to consider means of category creation, while those more driven by motivations to innovate and dominate may go down the emergence path.

In sum, this paper provides a way for organizational, institutional, and management scholars to incorporate greater nuance in our understanding of markets and stability and change in the categories that constitute them. In particular, our articulation of the distinction between emergence and creation of new categories in markets offers a better integration between cognitive and institutional dimensions of categories, a clearer account of organizations' agency, and an elucidation of the factors favoring either mode of category formation. At the same time, it opens up as many fruitful directions of research as it illuminates areas of organizational, managerial, and societal relevance.

Notes

1. Note that other works distinguish different types of category formation depending on contexts and disciplines (e.g., sociology; see McAdam, Tarrow, & Tilly, 2001). However, we focus on market categories' formation and the two major types, emergence and creation, that we consider are amenable to many situations and are not in our mind mutually exclusive or incompatible with previous works. Note too both that our nomenclature, emergence and creation, coincides with most of past works but not with all and that more than the vocabulary itself, the rationale and distinctions we make matter. A quick way to understand our choice of words is that from the incumbent producers' perspective, new categories emerge when exogenous components are brought in to redefine an industry's classification system, whereas category creation consists of using available features from within the field but with new frames and labels. As we develop these concepts later in the paper, category emergence is more likely promoted by new entrants (although incumbents may decide to make new categories emerge), whereas category creation proceeds more commonly from incumbents' actions (although some new entrants may attempt this move too). Again, as with any convention, we acknowledge this terminology is disputable.

2. We follow previous researchers (such as Aspers & Beckert, 2011) to define intermediaries as third parties (not buyers nor sellers) in markets, further defining them specifically as entities that discursively evaluate and valorize but do not necessarily have a direct economic interest in the value and sales of the goods in the market (Khaire, 2014).

3. McAdam et al. (2001), for instance, characterize the creation of social categories through processes of invention, borrowing, and encounters among and between social groups. Their framework is similar to the one we propose but differs in that they do not address strategic/managerial issues of producers' and buyers' relationships in markets.

4. However, some incumbent producers could precipitate category emergence in their industry to generate competitive shock and benefit from market disruption, expecting that the new economic value generated will accrue

to them. We reason on average, and on average, such shocks are more likely the acts of peripheral actors and new entrants.

5. Notably, prior research established that industry structure and maturity of category systems matter for category formation (see, e.g., Lounsbury & Rao, 2004; Navis & Glynn, 2010; Schneiberg & Berk, 2010; Suarez et al., 2015; Wry et al., 2014). We therefore focus here on more nascent and promising research avenues.

6. Species is an exclusive category system. In (financial) markets, industry classification is also a rather exclusive category system as the illegitimacy discounts for diversifiers shows (Zuckerman, 1999).

7. In case of category emergence, the innovations lack categorical legitimacy and need to compensate with the power of numbers, that is, the growing population of innovation sponsors and the vicarious observation by audience members that some of them adhere to the innovation (i.e., a form of information cascade nurturing an endogenous diffusion). With popularity and diffusion, the emergent category becomes legitimized. To cite Rossman, "Innovations that are perceived as disruptive or imposed by outside actors will only be adopted by endogenous processes or not at all" (2014: 53).

8. For early developments on strategy as concurrently preserving and transforming selection criteria in markets, see for instance Durand (2006) and Durand, Rao, and Monin (2007).

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