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Rory McDonald
Kathleen Eisenhardt

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Rory McDonald
Harvard Business School

Kathleen Eisenhardt
Stanford University

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Rory McDonald
Technology and Operations Management Unit
Harvard Business School
rmcdonald@hbs.edu

Kathleen Eisenhardt
Department of Management Science & Engineering
Stanford University
kme@stanford.edu

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ABSTRACT

New-industry pioneers confront the challenge of creating a new market category and achieving significance within it. However, prior research largely emphasizes the collective benefits of market creation and overlooks the costs borne by individual evangelists. Through an inductive multiple-case study of five startup competitors, we traced firms' efforts to stake out a new online investing category between 2007 and 2011. As entrepreneurs deployed cultural resources in different ways to influence several relevant audiences, three firms experienced a conspicuous decline resulting in a diminished standing vis-à-vis the two category leaders. We introduce an emergent theoretical framework, proposing a set of underappreciated organizational processes that help explain pioneers' divergent trajectories. For these *category commoners*, scattershot rhetorical attacks generate unanticipated costs while benefitting competitors; embracing imposed labels constrains strategic flexibility and creates category lock-in, and founding stories can obstruct change necessitated by unexpected deviations from plan. More broadly, by contrasting *vigorous missionary work* and *reluctant evangelism* as alternative pathways, we demonstrate how market-creation efforts can undermine startups' standing in a new market. In addition to contributing to cultural entrepreneurship, our study has implications for category emergence and strategic entrepreneurship in nascent industries.

On May 22, 2012, the Falcon 9 rocket, built by the spacecraft manufacturer SpaceX, took off from Cape Canaveral Air Force Station bound for the International Space Station. Yet while the new market for commercial spaceflight was the joint handiwork of several startup aerospace companies, SpaceX had also pulled ahead to become the early leader in private spaceflight, a category that the media called “new space” (Weinzierl and Acocella, 2016). This scenario is far from unusual: pioneers often confront the double challenge that SpaceX faced—to create a new market category and to achieve significance in it. The business landscape is littered with the remnants of categories that failed to materialize, despite the efforts of visionary innovators (Ozcan and Santos, 2015): Webvan and HomeGrocer could not deliver on a promise to take online grocery mainstream (Navis, Fisher, Raffaelli, and Glynn, 2016); the air-taxi market did not take off (Zuzul and Tripsas, 2016); and Segway’s “personal transporter” revolution experienced fits and starts before succumbing to a variety of problems (Rao, 2009).

Scholars of category creation have focused, unsurprisingly, on what enables nascent markets like “new space” to emerge and become viable. One line of inquiry describes the antecedents of category emergence—identifying both the *ingredients* and the *motors* that drive the creation, dissemination, and ultimate acceptance of new market categories.[2] This work theorizes that existing categories and pervasive societal themes coalesce to become the raw materials that startup producers recombine to create something new (Durand and Khaire, 2017; Lounsbury and Rao, 2004). Resulting innovations—novel products whose technical dimensions, meaning, or envisioned use differ from those of predecessors—arise from existing offerings’ inadequacies and misalignment with current cultural trends (Kennedy and Fiss, 2013; Suarez, Grodal, and Gotsopoulos, 2015). Entrepreneurs carve out new market space where none previously existed, often by pointing out a widespread problem and persuading customers, resource providers, and the media to support an innovative solution (Weber, Heinze, and DeSoucey, 2008). Although entrepreneurs spearhead category creation, audiences must recognize, define, interpret, and accept the innovations they propose (Wry, Lounsbury, and Jennings, 2014). Specifically, customers, industry analysts, market intermediaries, and the media all react to newly formed categories with

[2] We conceptualize a *new market category* as a new-to-the world structure of economic exchange between producers and consumers, with an agreed-upon label. It originates from a new product or service category that lacks business precedent (Aldrich and Fiol, 1994; Zuzul and Edmondson, 2016). Our conceptualization is consistent with prior work on the emergence of new markets and product categories in modern Indian art (Khaire and Wadhwani, 2010), satellite radio (Navis and Glynn, 2010), and grass-fed meat and dairy (Weber et al., 2008).

support or opposition. Prior work suggests that new market categories are more likely to stick when endorsed by prominent organizations (Bermiss, Hallen, McDonald, Pahnke, 2016; Ozcan and Eisenhardt, 2009), covered extensively by the media (Kennedy, 2008), and supported by numerous mobilized followers (Rao, 2009).

A related line of inquiry examines the *processes* of category emergence, tracing *how* entrepreneurs catalyze the creation and growth of new markets (Vergne and Wry, 2014). This work focuses on the strategic use of *cultural resources*, conceptualized as a “toolkit” or “reservoir” of symbolic elements that entrepreneurs borrow from other settings to help solve practical problems (Swidler, 1986; Weber and Dacin, 2011). Studies document that executives seek to navigate the tension between novelty (which draws attention to the category) and familiarity (which makes it comprehensible) (Bingham and Kahl, 2013) by, variously, affiliating their companies with trendy labels (Granqvist, Grodal, and Woolley, 2013), inviting comparisons to well-known domains (Santos and Eisenhardt, 2009), and either framing innovations as cognitively proximate to existing products (Hargadon and Douglas, 2001) or using versatile framing to tailor them to different audiences (Howard-Grenville et al., 2016). Market creation thus draws on a “grab bag” (Kellogg, 2011) of resources, including stories, frames, themes, identities, rhetoric, analogies, and labels. Prior research also documents category creators’ efforts to dislodge incumbents and cultivate an oppositional identity for themselves (Rao, 2009) by employing critical rhetoric (Khaire and Wadhwani, 2010), injustice frames (Kellogg, 2011), and resonant stories (Wry, Lounsbury, and Glynn, 2011). These strategic processes enable new categories to emerge quickly and to gain widespread acceptance.

Collectively, existing perspectives are broadly consistent with the concept of *evangelism* as theorized by Stinchcombe (2002). That is, pioneers’ market-creation strategies are conceptualized as resembling religious and political proselytizing that seeks to challenge an establishment: entrepreneurs spread the “good news” of an innovation, explain it to audiences with the aim of converting them, and engage in “vigorous missionary work to recruit suitable supporters” to the cause (Stinchcombe, 2002: 420). Recent studies of nascent industries, however, point to several shortcomings of the evangelism thesis and introduce a new line of inquiry: how startups build *and* capture new market categories. One criticism of prior work is that it has focused exclusively on creation, ignoring startups’ parallel use of cultural resources to stand out in their nascent categories (Rindova, Petkova, and Kotha, 2007). Since commercial enterprises like

SpaceX aspire to both outcomes, studying the two processes *simultaneously* (and developing a commensurately nuanced theory) seems warranted.

In the same vein, new industries are created “from the pioneering activities of a few firms” (Agarwal and Bayus, 2004: 1). Some scholars have suggested that such firms refrain from traditional competition early on (Navis and Glynn, 2010), but startup executives may hold non-complementary, even conflicting, views of the nascent category, leading them to position their firms differently to different audiences (Anthony, Nelson, and Tripsas, 2016; Gavetti and Rivkin, 2007). Thus rich opportunities exist to explore variation in cultural strategies, and how (and to what end) cultural resources move among startup competitors as nascent categories emerge and evolve. Perhaps most importantly, prevailing perspectives emphasize the collective benefits of market creation but overlook the *individual costs* borne by startup evangelists. This oversight is conspicuous in light of theoretical observations on burnout among pioneers (Olleros, 1986), the inherent risks of using cultural resources (Rindova, Dalpiaz, and Ravasi, 2011), and discordance between the rhetoric and the reality of new ventures (McDonald and Gao, 2016; Zuzul and Edmondson, 2016). Collectively, research on nascent industries suggests that category-creation processes are fraught with uncertainty and may not embody the pure collective evangelism implied by existing theories.

This study explores the tension between building a category and achieving significance within it. Delving into the costs borne by individual startup evangelists, we ask: *How do market-creation efforts undermine startups’ standing in a new market category?* Because prior theory in this area is scant, we have relied on an inductive multiple-case research design to study five entrepreneurial competitors. Using several waves of in-depth interviews and varied sources of longitudinal archival data, we tracked these startup peers from inception in 2007 until 2011, tracing the cultural-resource strategies executives used to stake out a new online investing category. Serendipitously, the startups took very dissimilar approaches, and three ended up as also-rans in the emergent category while two became leaders. A framework gradually emerged from the data; we propose new theory in the form of process-based explanations for the divergence in observed trajectories.

We contribute at the nexus of entrepreneurship and strategy process, offering novel insights on market-creation and cultural entrepreneurship. To the former, we present a theoretical framework that proposes a contrast between *vigorous missionary work* and *reluctant evangelism* as alternative market-creation pathways. Specifically, our framework suggests that pioneers whose eager promotional efforts align with prior work on how new categories emerge may inadvertently undermine their own standing within the category—ceding it to more reluctant startup peers who are content to ride their coattails and let others do the hard work of establishing the category. To the latter, in contrast to much prior work in cultural entrepreneurship that emphasizes collective action and the beneficial role of cultural resources in legitimating new market categories (Kennedy, 2008; Navis and Glynn, 2009; Weber et al., 2008; Wry et al., 2011), our study points out the underappreciated drawbacks of relying on these resources, and provides a theoretical rationale for the sharp decline that can afflict once-promising category pioneers. In highlighting variation and risk in the deployment of cultural resources, a revised conceptualization of cultural skill emerges, which goes beyond existing notions based on perception manipulation and audience persuasion (Weber and Dacin, 2011). Skilled entrepreneurial pioneers, according to our study, appear to orchestrate the right mix, interplay, and sequence of symbolic actions and substantive considerations. For the broader set of pioneers, culture resources represent a cheap but fragile repertoire for new market action.

THEORETICAL BACKGROUND

Much of the work on market creation in organization theory and strategy focuses on how new market categories emerge and gain acceptance (Durand Khaire, 2017; Kennedy and Fiss, 2013; Lounsbury and Rao, 2004). As the proverb "There's nothing new under the sun" reminds us, new categories assemble enabling ingredients, typically concepts borrowed from existing categories (Lounsbury and Rao, 2004) or adapted from themes circulating in society (Suarez et al., 2015); they also need motors to drive their creation and dissemination. According to existing conceptual models of category emergence, an entrepreneur's insight leads to the introduction of something novel, e.g., a product with distinctive technical, physical, or material elements (Durand and Khaire, 2017). Since the innovation is initially a mere hypothesis, a translation process must occur in which startup producers communicate about it, using the media and other forms of public discourse to "get the word out" (Kennedy and Fiss, 2013). Ultimately, interested commentators act as market arbiters, interpreting and evaluating the new category and the producers that comprise it, neither of which fit neatly into existing classification schemes.

Studies of market creation typically examine market-level outcomes, such as the emergence and legitimation (or non-emergence) of a new category, and then trace the strategic processes that contributed to its success or failure (Navis et al., 2016; Ozcan and Santos, 2015). This work posits that entrepreneurs lack the necessary financial resources to grow an entire market from scratch (Santos and Eisenhardt, 2009) and thus rely on cheaper methods. For example, existing studies emphasize *collective* identities (Wry et al., 2011), *collaborative* processes (Khaire and Wadhwani, 2010), and *joint* mobilization by entrepreneurs, peer startups, and supporters (Rao, 2009; Weber et al., 2008) to create what Edmondson and Reynolds (2016) call "a new order of things." These entrepreneurial peers use symbolic messaging strategies, wielding *cultural resource*s as tools of influence to make their innovations broadly desirable and to build momentum for the new category. Studies of a wide variety of industries have shown that pioneers strategically employ frames (Hargadon and Douglas, 2001), labels (Granqvist et al., 2013), stories (Wry et al., 2011), analogies (Santos and Eisenhardt, 2009), codes (Weber et al., 2008), and rhetoric (Khaire and Wadhwani, 2010), to persuade audiences to view the new category favorably. Scholars' assumption is that category-building efforts are collectively worthwhile: establishment of a legitimate, viable category benefits everyone; conversely, all members are harmed if it does not emerge.

Research on strategic entrepreneurship challenges this view of market creation, offering stark reminders that category pioneers, at least in private-enterprise contexts, are still competitors. These entrepreneurs typically hold non-complementary, even conflicting, views of the nascent category (Anthony et al., 2016) and are acutely aware that not all pioneering startups share equally in the gains that flow from establishing a category (Chen, Katila, McDonald, and Eisenhardt, 2010; Gavetti and Rivkin, 2007). How do startup producers ensure that a nascent category does not collapse by devolving into competing factions? Scholars have proposed a descriptive model in which pioneers initially collaborate to establish a new category. Kennedy (2008) showed, for example, that early computer-workstation manufacturers frequently referenced competitors in public discourse—purposefully embedding themselves in an emerging category so as to elicit media coverage. Once a category has been established, firms shift to more traditional competition to outmaneuver one another. Navis and Glynn's (2010) study of satellite radio provides a clear illustration of this sequence. Using collective-identity claims, labels, and metaphors, competitors XM and Sirius initially worked in tandem to legitimate the new market category to consumers, the media, and analysts, before later distinguishing themselves via individual claims and exclusive programming to win the battle for subscribers. Thus success at category creation involves a group of emissaries (XM and Sirius) that introduce an innovation (satellite radio), which displaces the beliefs, practices, and organizations that comprise an establishment (terrestrial radio) and win converts (subscribers, partners etc.) for it (Stinchcombe, 2002).

Recent work on nascent industries suggests that category-emergence processes are fraught with uncertainty, and may be more complicated than was initially recognized. The argument is that market creation may not be characterized by the mostly collective and largely unchecked cultural evangelism suggested by earlier theories. These newer studies acknowledge that, at the very least, startup pioneers like SpaceX are likely to face a tension between *building* and *capturing* a new market. In a study of the nascent air-taxi industry's two surviving entrants (Linear Air and ImagineAir) and two failed entrants (DayJet and SATSAir) between 1999 and 2009, for example, Zuzul and Tripsas (2016) identify two distinct evolutionary pathways: one for firms that focus primarily on shaping and promoting the new industry and another for firms that concentrate on learning about and discovering a new business opportunity. The two goals are not merely in tension; the study implies that strategies to accomplish one objective fundamentally conflict with those that promote the other. Other studies suggest that startup pioneers use symbolic messaging strategies to *enhance their relative standing* in nascent markets, not just to legitimate new categories (Lounsbury and Glynn, 2001; Rindova, Ferrier, and Wiltbank, 2010). For example, in Rindova and colleagues' (2007) study, the competitors Amazon, CDNow, and barnesandnobles.com engaged in symbolic actions—those drawing on shared resources of the common culture—that influenced the visibility and tenor of the media coverage each received. Via conspicuous symbolic activities, like publicizing third-party endorsements and organizing events around culturally resonant trends, Amazon made itself the "category exemplar," or the company deemed by the media as the "comparative referent," "standard," or "model" for the emerging e-commerce domain (Rindova et al., 2007: 47).

What do existing perspectives say about the market pioneers that failed to become category exemplars—startups like CDNow and barnesandnoble.com in e-commerce and DayJet and SATSAir in air taxis? What contributes to these very promising but failed pioneers (Olleros, 1986)? Prior research offers two intriguing possibilities for why these firms languished as category also-rans. First, given that contemporaneous startup competitors have access to the same cultural reservoirs and are similarly motivated to draw on (inexpensive) cultural resources, some may simply lack "skill in the deployment of cultural material" (Weber and Dacin, 2011: 4). If their symbolic actions are less persuasive, they cannot hope to "shape and hold the attention of diverse and fragmented audiences" (p. 9) over their category peers. And there are risks. Alessi, an Italian manufacturer of housewares, employed novel cultural resources to manipulate how artistic and commercial audiences perceived the firm's products (Rindova, Dalpiaz, and Ravasi, 2011). Alessi's cultural strategy led to organizational versatility and commercial success, but early on it was a "dramatic failure that jeopardized the survival of the organization" (Rindova et al., 2011: 418). Second, given the tension between building and capturing a new market category, pioneers may prioritize the first objective to their own detriment. Zuzul and Edmondson's (2016) single-case study traces a startup smart-city pioneer whose legitimacy-building activities contributed to notable external successes, such as prominent partnerships and media acclaim, but whose executives made little progress on internal initiatives.

Rather than the unbridled collective evangelism implied by existing theory, competing startup pioneers might instead pursue distinctive market-creation paths that foster differences in relative standing within the category they are creating. Organizational theories identify the ingredients, motors, and processes of category emergence, emphasizing the collective benefits of market creation, but overlook the costs borne by individual startup evangelists; meanwhile, theories derived from studies of strategy in nascent industries acknowledge the tension between building and capturing new categories, and the inherent risks of drawing on cultural resources, but do not connect differing cultural strategies to differences in category position as new markets emerge. Though some research has examined exemplars, cognitive referents, and the pioneers that might we might designate *category kings*, little attention has been paid to the also-rans—the *category commoners*—that may lack skill at deploying cultural material. Our work explores these avenues by asking how competitor-pioneers in a nascent market vary in their use of cultural resources, and how some culture-based, market-creation efforts undermine their startups' standing in the market they create.

METHODS

Because prior theory about market-creation strategies and category standing is scant, we conducted a multiple-case inductive study (Eisenhardt and Graebner, 2007). Inductive studies are particularly well-suited to process questions, which prior research has not addressed. Multiple-case studies share certain features of single-case designs, including the opportunity for rich description (e.g., Siggelkow, 2007), but the opportunity to compare and confirm insights across cases means that multiple-case studies tend to produce well-developed and generalizable theory (Eisenhardt, 1989; Yin, 2009). We also collected field data, an activity ideally suited to identifying new theoretical mechanisms, tracing longitudinal processes, and infusing new insights into existing theory (Small, 2009; Lamont and White, 2009).

The research setting we selected is the U.S. "social investing" sector, an emergent market at the intersection of the investment and Internet sectors. Inspired by social networks (e.g., Facebook, MySpace) and Web 2.0 technologies, several entrepreneurial teams more or less simultaneously recognized an opportunity to combine social networking with financial investing to create an online destination for investors. Reflecting on the attractive timing of the opportunity, one founder pointed out that, *"The worlds were converging . . . people were much more willing and open to share stuff publicly online, and the individual investor increasingly had access to much the same tools and research as the pros."* Each team intended to create a website that would serve as a community where investors could convene to share ideas (e.g., talk about undervalued stocks or share research on companies). As one analyst put it, *"Perhaps there might be an active community of investors willing to share their [investing] approach—and an equally active community willing to follow their advice."* Though the firms began without a fully formulated product roadmap, each sought to attract many users to its website (a mix of individual investors and people willing to follow their advice), to identify the talented or skilled subset of those investors, and to "monetize" those investors' ideas and investment strategies. The Appendix provides a timeline of key events in the social-investing market.

For several reasons, this setting is well suited to an inductive study of market creation and category standing. First, the market fit our definition of a new market category as a recently created economic exchange structure (online platform) connecting producers (individual investors) and consumers (people seeking investment advice)—though the "social investing" label took time to coalesce. A group of entrepreneurs introduced a new product category that lacked business precedent. Second, at the time of data collection, the category was just beginning to emerge and could thus be observed from the outset. Multiple firms entered at about the same time, making it possible to study variation in their strategies. And though all firms would benefit if a new market was established, it became clear that executives at each company wanted their own firm to become the leader.

Our investigation encompassed all five early entrants in the online investing market. Besides entrance into the market at roughly the same time (founded in 2006, launched in early to mid-2007), the firms in the sample fortuitously possessed similar resource profiles and founding teams with similar professional and academic backgrounds. Pilot interviews with analysts and journalists confirmed that the five firms were similar in many respects and were engaged in creating the same market.

The study tracked these firms, focusing specifically on symbolic actions (whose meaning transcends explicit content) (Zott and Huy, 2007) that drew on cultural resources (Swidler, 1986; Weber and Dacin, 2011). We traced these actions and key events from the advent of the market through 2011. Because we selected the market when it was just beginning to emerge, it was impossible to know whether the category would take root or, if so, which firm or firms would become leaders in the category. This uncertainty became a positive feature of the research design; some scholars have posed challenges to retrospective studies of emergence (Denrell and Kovacs, 2008; Battilana, Leca, and Boxenbaum, 2009). By examining events as they occurred, before outcomes were known, we collected real-time data as the market unfolded. Table 1 is an overview of the firms in our sample. Having promised our informants anonymity, we assign the firms pseudonyms drawn from Greek mythology.

[INSERT TABLE 1 HERE]

Data Sources

The study draws on several sources of data: (1) multiple waves of semi-structured interviews with firm executives; (2) interviews with industry experts, analysts, and technology and finance journalists; (3) archival materials, such as business and technical publications, Internet resources, company press releases, and internal corporate documents, emails, and company blogs; and (4) research reports by analysts covering the sector. These data sources were useful for constructing a comprehensive account of the firms' activities over time; triangulation among data sources improves accuracy and elicits better inferences (Howard-Grenville, Metzger, and Meyer, 2013).

The interviews were the primary source of data. Between 2009 and 2010, we conducted 78 semi-structured interviews in multiple waves. We interviewed two types of informants. The first type, insider informants, consisted of a firm’s managers and top executives, who were likely to possess in-depth understanding of the firm’s approach to creating a market and to positioning itself within that market. We interviewed the founder/CEO of each of the five firms, co-founders, and senior managers in marketing, engineering, product development, and sales. The second type, external informants, consisted primarily of advisors (e.g., venture capitalists, angel investors, board members, and company advisors) and market observers (e.g., industry analysts, finance journalists for the *New York Times* and the *Wall Street Journal*, and technology journalists affiliated with specialty Internet news outlets like *TechCrunch*). The latter group represented a relevant audience for firms’ symbolic activities.

The interviews focused on the startups’ use of cultural resources in category creation. Following Swidler (1986), cultural resources are conceptualized here as a “toolkit” or “reservoir” of symbolic elements that participants “bring in” or borrow from other settings to help solve practical problems (Bertels, Howard-Grenville, and Pek, 2016; Harrison and Corley, 2011; Kellogg, 2011; Weber and Dacin, 2011). The interviews concentrated on firms' activities from founding until July 2010; they lasted between 45 minutes and two hours, and were recorded and transcribed. Table 2 lists the number of interviews conducted at each firm and the informants' affiliations. The interview guide had three sections. The first section’s questions focused on the informant's background and job title and on general information about the firm's strategy, competitors, and position in the category. The second section asked informants to recount key actions, events, and occurrences in the firm's history from founding until the present. The third section consisted of questions about the firm's market-creation activities. This section explored the activities that firms engaged in and the outcomes associated with them. We traced counterfactuals (actions contemplated but not carried out) and probed executives' rationales. The interview guide for outsider informants was structured similarly but focused on the entire set of startups, on audience reactions, and on key events in the market since its inception.

[INSERT TABLE 2 HERE]

We took several steps to ensure that the data was valid and robust. First, we used both real-time and retrospective data collection; retrospective data allowed for efficient gathering of observations, and real-time data allowed for more fine-grained tracking. We initiated data collection before outcomes were known, and continued to collect data after the final wave of interviews. This approach mitigated retrospective sense-making, or the attribution of known outcomes to prior phenomena (Huber, 1985). Second, we structured the interview guide to elicit accurate information. Specifically, we employed nondirective questioning focused on facts and events rather than opinions and speculations (Huber and Powell, 1985). The interview questions asked informants to mentally place themselves at a point in the past and to systematically recount their paths forward in time. Informants began by recounting their companies' founding stories; they then described their firms' efforts to create a new market category and to position themselves within it. The questions elicited both facts (e.g., timeframes, whether and when specific events occurred) and intentions (e.g., the rationales for certain actions and the alternatives considered). We avoided leading questions (e.g., Do you use stories strategically?) and questions inviting speculation and likely to generate inaccurate answers (Why were you so successful?). Third, a wide range of insiders and external observers were interviewed. Research has shown that obtaining multiple informants' perspectives produces a more comprehensive account of events than does a single type of informant (Kumar, Stern, and Anderson, 1993). We interviewed informants from multiple functional areas (e.g., marketing, product development, and engineering) and levels (CEO, VP, Director); we also interviewed investors (e.g., angels, venture capitalists), advisors (e.g., board members and strategic advisors), and relevant commentators, including analysts, customers, and journalists. Interviewees were promised anonymity to encourage frankness.

We also collected archival data, drawing on such secondary materials as articles in the popular and financial press, technology blogs, company press releases, blog posts, emails, conference presentations, analyst reports, and third-party websites. The company blogs were an unusually rich source of data; they represented both a real-time record of a firm's communications with its various audiences and a forum for its managers to engage in directed discourse and symbolic messaging. Using the archival data, we constructed an analytical timeline for each firm. These timelines complemented informants' narrative histories. In some cases, the archival documents verified informants' recollections in interviews; in other cases they provided an external perspective on the nascent category. Jointly, the interview and archival materials constituted a rich longitudinal record of the firms' activities.

Data Analysis

For purposes of analysis, we synthesized the interview and archival data into case histories of the five firms, focusing on activities and themes that emerged from both types of data and from interviews with multiple informants (Jick, 1979). The cases ranged in length from 50 to 90 pages and included full quotations, data tables, and timelines. Another independent researcher contributed an additional perspective; together, we analyzed each case through the lens of the research question to identify emergent relationships and patterns.

To analyze how startups' market creation efforts contribute to enhancing (or diminishing) their significance and standing within the category, we followed standard procedures for case-based analytic induction (Yin, 2009). Specifically, we partitioned the data via open coding, identified patterns on relevant construct dimensions, and matched them to outcomes of interest. Then we sought theoretical validation for the observed relationships and combined the insights into an overall framework. We explain each of these procedures more thoroughly below.

Building on the cultural elements proposed by organization theorists and strategy scholars in multiple studies, we organized each startup's activities in chronological displays. Given the breadth of the culture-as-toolkit conception ("like a library that holds many more books than any one person could ever read, a culture sustains an array of resources that people can draw on in different ways" [Swidler, 2002: 2]), we centered our analysis on cultural resources relevant to market creation—stories, frames, societal themes, identities, rhetoric, analogies, and labels. During the coding process, we noticed that several categories tended to co-occur in our data. Therefore, we combined resources that evoked efforts to carve out new market space via opposition—injustice frames, insurgent themes, alternative identities, and critical rhetoric—into a single cultural resource strategy grounded in *challenging the status quo*. We collapsed resources that evoked attempts to familiarize novelty—analogies and label affiliations—into a strategy grounded in *symbolic comparisons*. *Stories* remained a separate and distinct category. Figure 1 provides examples of cultural-resource coding schemes.

[INSERT FIGURE 1 HERE]

Following an inductive approach, we then identified patterns in the data using visualization techniques such as spreadsheet tables, timelines, and data arrays organized by firm, resource, and quarterly time interval (Miles and Huberman, 1994). The five startups differed in their patterns of usage—varying the type, timing, and sequence of cultural resources employed as the category emerged. We created a strategic profile of each firm by recording symbolic cultural-resource-related actions and substantive changes to product features, value proposition, and target market. These startups were observed by three primary audiences (the media, analysts, and customers) and two secondary audiences (startup investors and company peers), who interpreted and responded to the startups' deployment of cultural resources. Consistent with prior research (Navis and Glynn, 2010), these audiences served as de-facto arbiters of the nascent market: their cognition (positive and negative perceptions) and reactions (attention, resource-directing, and mobilization of support) collectively granted startup pioneers their standing in the category. Although general interest in the market increased steadily over time, the patterns and content of audience support vs. opposition (coded as degrees of favorability and esteem vis-à-vis individual startups and the specific stories, labels, and frames executives proposed) waxed and waned significantly by firm and over time.

Consistent with qualitative comparative methods, we used data-based pattern matching to draw inferences about possible causal relationships (Eisenhardt and Graebner, 2007; Yin, 2009). Specifically, we compared similarities and differences in startups' strategic-action profiles to similarities and differences in audiences' reactions and overall assessments of each startup (see Hallen and Eisenhardt, 2012). We added comparisons to objective indicators of new-venture viability and to executives' assessments of their own firm's relative standing. According to prior research, when similar action profiles co-occur with similar outcomes, and dissimilar profiles co-occur with different outcomes, a researcher may reasonably determine that the strategy contributes to the outcome (Rindova et al., 2007).

Once the causal relationships had emerged, we performed a cross-case analysis in which themes and constructs that emerged from one case were compared to other cases. We then identified associations between these constructs and elaborated them via comparison, in keeping with a replication logic (Eisenhardt and Graebner, 2007). We sought theoretical validation—constructing a set of conceptual explanations for why a given pattern was likely to be theoretically generalizable. Moving back and forth between emergent theoretical constructs and data helped strengthen the logical associations between constructs and outcomes. As the theoretical insights became clearer, we revisited prior research to compare our insights and clarify our contributions. Once saturation was reached—once there was a strong correspondence between the data, the literature, and theory—we concluded our analysis and turned to the middle-range theory presented below.

Measures

Our research explores the tension between building and capturing a category while explicitly considering the costs borne by individual startup evangelists. To answer our research question, *How do market-creation efforts undermine startups' standing in a new market category?*, it was first necessary to develop indicators with which to assess this outcome.

Prior work has articulated related characterizations of organizations that appear to enjoy higher standing than others in a new category: a well-connected "anchor tenant" in an emergent geographic cluster (Powell, Packalen, and Whittington, 2012), a market-dominant "kingpin" within an industry value chain (Jacobides and Tae, 2015), and a top-of-mind "cognitive referent" in a novel product market (Santos and Eisenhardt, 2009). Anecdotal accounts describe "category kings"—pioneering technology startups like Airbnb and Twitter that create and dominate new categories (Pontikes and Barnett, 2016). These companies have attained disproportionate prominence (and market share) relative to their competitors and have essentially "closed the door behind them" in the category (Thiel, 2014); they also receive more interest by large capital providers. A partner at a seed-stage investment firm, which provides startups with their earliest sources of capital, compared her firm to traditional venture capital: "*We are at a very different stage where we are in the mode of establishing a category, getting in early before the king has been established.*" Our informants expressed a desire of becoming a category king.

Building on these accounts and on the category-emergence literature, we contrast pioneers that become recognized category leaders with the also-rans that we call *"category commoners."* For a new market to emerge, audiences must recognize, interpret, evaluate, and accept the category; during this process, they also notice and evaluate individual members. Via their cognition (positive and negative perceptions) and reactions (attention, resources, and mobilization of support), audiences grant startup pioneers differential standing in the nascent category. Compared to category kings, we posit, category commoners elicit limited attention (low visibility, scant coverage) and waning support (few resources and endorsements and limited market traction). Audiences' unfavorable evaluations result in negative interpretations and reactions. Such attributes may appear to be correlated with pure economic performance (that is, category king/commoner may seem interchangeable with most/least successful firm) but the two outcomes differ in several ways. First, technology startups in emerging categories rarely record meaningful revenues and are often years away from profitability; thus commoners may not be in a worse financial position than kings. Second, the category king/commoner distinction implies broad agreement on the part of several audiences (that is, a firm cannot be solely a Wall Street favorite, "critic's choice," or media darling/pariah). Third, our definition of category commoners implies low standing in a category shortly after the category's emergence. Prior work on nascent industries has shown that the media and analysts pay surprisingly little attention to startups' financial performance because "performance information tends to be unavailable and unreliable" (Rindova et al., 2007: 59). Thus, category commoners are simply pioneers that appear to relevant audiences to lag the king(s) at an early stage of competition. To return to our opening example, competitors Virgin Galactic, Stratolaunch Systems, and Blue Origin may well achieve strong economic performance but SpaceX is the category king of "new space."

To assess whether a given startup emerged as a category king or commoner, we focused on three audiences—analysts, the media, and customers—and used both quantitative and qualitative measures. First, we asked analysts to rank order the firms in the social-investing category; these analysts were market researchers and experts in the financial-technology and internet sectors. We then calculated firms' average market significance as perceived by analysts. We also collected analysts' qualitative evaluations of the firms' relationships to the nascent category, probing to ascertain which firms were viewed unfavorably and which were deemed standard-bearers or models against which other startups were compared. Second, we collected indicators of the media's reaction to the firms, expressed in the form of press attention. For each firm, we recorded the volume, tenor, and sources of media coverage (e.g., whether a firm was mentioned in prominent outlets like the *Wall Street Journal* and the *New York Times*) and the number of feature articles written about the firm over time. According to our designation, category commoners were less likely to be mentioned in the media, to be written about in prominent news outlets, and to attract feature stories. Third, we tried to gauge the extent to which customers and other market observers mobilized in support of particular startups. We began with quantitative indicators of customer interest that executives believed to be important. We recorded the number of paying customer accounts (if the firm was pursuing an assets-under-management or paid-subscription revenue model) or the number of users (if the firm was pursuing a purely advertisingdriven revenue model emphasizing web traffic) and calculated customers' engagement with the firms' online platforms (that is, the intensity of their interaction with the firm's product). To assess engagement, an indicator of customer favorability, we combined two values—the number of comments posted on the online site and Compete.com's "attention metric" for each firm's site—into a customer engagement or favorability score (high, medium, or low). Because novel product categories lack business precedent, customers are likely to approach them warily; we reasoned that customers would be even less likely to gravitate toward products offered by firms they perceived to be laggards in the category.

Despite having started at approximately the same time with comparable founding team profiles, resources, and backers, the five startups followed very different trajectories and elicited a range of reactions from relevant audiences. Icarus, Narcissus, and Phaethon mobilized less support and less favorable opinions from customers than Zeus and Hercules. In addition to their lower market-significance scores, analysts ranked the same three firms below their two peers and gave them mixed or negative evaluations. Initial media interest in the three firms waned; none attracted the extensive coverage, feature articles, and mentions in prominent news outlets that the other two received. These three firms languished as category commoners in the nascent social-investing market while Zeus and Hercules emerged as standard-bearers for the new category. Figure 2 traces media coverage of the startups in the category over time. Table 3 summarizes indicators of category-commoner status, including representative evaluative statements about the firms' relative standing in the category.

[INSERT FIGURE 2 HERE]

[INSERT TABLE 3 HERE]

EMERGENT FRAMEWORK

This section describes our induction process in which we move from specific case observations to cross-case patterns and tentative relationships before developing some general conclusions or theories. In brief, we compare the five firms' cultural-resource profiles, linking them to audience reactions and observed outcomes. Positing that different cultural strategies promote different category standings, we propose an emergent framework centered on a set of underappreciated organizational processes that help explain pioneers' divergent trajectories. In presenting it, we organize our framework into three sections according to the varied use of critical discourse, labels/analogies, and stories.

Scattershot Rhetorical Attacks Impose Unanticipated Costs While Benefiting Competitors

The startups in our sample publicly challenged the status quo. Their executives cultivated an oppositional identity—arguing that, unlike industry incumbents that catered to wealthy clients, their firms treated everyone fairly. Using tactics like injustice frames and critical discourse designed to discredit, they positioned their respective products as alternatives to existing investing approaches led by professional investors. In doing so, they were seeking to create a new category via *branching*, in which an existing category spawns a new one but continues to exist (Lounsbury and Rao, 2004). All five firms adopted similar populist messages (and sought to garner attention for the new category), but their implementation differed substantially.

[INSERT TABLE 4 HERE]

From the beginning, Phaethon and Icarus—startups that became category commoners—aggressively targeted incumbents. In broadly directed and immediate scattershot attacks, their executives disparaged the entire established investment industry, "*old guard*" financial elite who, they claimed, deliberately made investing esoteric so that customers would rely on experts rather than friends, family, and trusted contacts for investing advice. In a second-quarter 2007 blog post, for example, Icarus executives asserted: *"There's little evidence that investment professionals and pundits are any better than the rest of us at selecting stocks that outperform, and mutual funds touted by various financial magazines often fail to perform as well as the market. . . .[We] empower individuals with information to overcome these well-documented industry shortcomings."* A press release the following quarter targeted traditional brokerages: *"Icarus democratizes investing by enabling individuals to share successful strategies with each other. Individuals can bypass the so-called experts at brokerage firms, who really don't know any more than you and me."*

The rationale was to win attention for a novel concept by pointing out incumbents' shortcomings. *"When you create a new market, a new model, you try to disrupt the existing models of this market; you have to make big statements,"* the CTO later explained. The CEO elaborated: *"I wanted people to associate Icarus with being populist and on their side."* Icarus executives targeted the financial press, money managers, financial advisors, brokerages, and investment gurus via a constant stream of press releases, interviews with journalists, blog posts, and conference presentations.[3] Phaethon, nearly as aggressive, added hedge funds and financial media to the mix of targets, and suggested that knowledgeable nonprofessionals deserved as much respectful attention as these propped-up investing 'experts.' *"We want to give people credibility, even though they aren't professional money managers. A person out of nowhere can be an expert on a specific domain, but because he's not on TV he can't have his voice heard,"* the CEO asserted at a 2008 conference, echoing populist sentiment he had expressed earlier: *"There's got to be people out there driving cabs in D.C. and lobstermen in Maine and on an oil rig somewhere that are better than these [investing pundits]"* (Q1 2007 CEO press interview). Like Icarus, Phaethon's primary goal was to gain attention and seek converts to social investing. *"As an evangelist, [my job was] getting out there and pushing it, creating PR, announcing the presence of the company to bloggers and the press so they could write about the space. . . . How can we capture their ear?,"* said the VP of Marketing, initially hired as a "blog evangelist." By criticizing the financial establishment, these startups aimed to build momentum around an oppositional identity—demystifying investing to make it more transparent, social in nature, and accessible for everyday people.

This approach, though flawed, was largely successful at attracting attention to the nascent social-investing category. Numerous articles were written about the concept and the startups pursuing it.) *"The traditional press was quite interested in writing about us, the* New York Times*—there was no limit to the papers that were writing about us. Our whole angle was appealing to the media companies,"* said Icarus's VP of Engineering. But despite these successes, Icarus and Phaethon encountered several problems that undermined their standing in the category. The first was unanticipated audience reactions to their contentious tactics. The executives' critiques sparked interest—e.g., one representative technology outlet called social investing *"a fascinating social experiment"* and encouraged readers to *"Watch this space"*)—but such attention was directed at the entire category; thus its benefits spilled over to competitors. "*We were irked that all of the PR we'd generated gave free shout-outs to the others. . . . We earned that press; why*

[3] A series of public criticisms by several Icarus executives culminated in a Q3 2007 blog post: *"We can't trust investing magazines because the mutual funds they recommend do poorly, business magazines because the company features are not good indicators of future performance, investment chat rooms because [the advice] is not credible . . . and so-called 'investment gurus', whose singular talent seems to be in creating mini-industries around themselves, rather than in building real shareholder wealth for their followers."*

are they getting to free-ride?" protested Phaethon's VP of Marketing. Financial-services audiences (whose buy-in was deemed necessary if the category was to stick) were offended by the barrage of haphazard attacks. *"Icarus's underlying assumptions are disparaging to financial professionals who do a good job within the risk and market boxes [for] which they are responsible. Their site makes financial advisers out to look like crooks trying to take advantage of the innocent public,"* a financial journalist wrote in a Q4 2007 article. Icarus's VP of Engineering attributed such hostility to conservatism: ***"****A lot of the Bloombergs and the* Kiplingers *or* Forbes *[financial media] are still old-school, so we didn't get as much traction with them."* By and large, the two insurgent startups gained few converts and won little affirmation from financial-services audiences.

A related problem was a countermovement of influential analysts and market observers provoked by the startups' early barrage of criticism. The startups' attacks on the financial establishment sparked unexpected resistance. Although countermovement leaders also found fault with the financial establishment (and saw promise in social investing, but not in Phaethon or Icarus), they questioned the startups' novelty and challenged their logical appeals to wisdom-of-crowds. *"The New York Stock Exchange has been doing this for over 200 years,"* wrote one analyst, adding: *"I can get the opinion of the entire world by looking at a stock price"* (a Q2 2007 report). *"This is a plain bad idea,"* another asserted. *"If I was [a good investor], why would I share it with anyone?"* Phaethon tried to deflect such criticisms, but damage had been done; the momentum created by favorable early press mentions began to slow. Investors enthusiastic about social investing also came to doubt Phaethon (and Icarus) as serious contenders (*"They have no chance. These are tech guys trying to create something for MBA types,"* blogged one investor). Countermovement leaders were apparently motivated neither by wholesale rejection of the social-investing concept nor by self-interest in preserving the status quo (as fringe players, they were not targets of startups' charges anyway). A few vocal countermovement critics even backed the competing social-investing startups Zeus and Hercules as angel investors.

The third problem was the unanticipated organizational costs that contentious tactics imposed on the fledgling startups—particularly in the form of resource-allocation issues and goal displacement. Icarus executives, for instance, devoted substantial resources to strategizing their attacks. The company flew one co-founder around the world to speak at conferences and sit for interviews with journalists; it also hired several dedicated marketing personnel and a prominent public-relations firm to hone and disseminate Icarus's populist messages. The firm *"got a little* *spike"* from these activities—coverage of social investing frequently mentioned the company—but employees acknowledged its high cost. Excluding managerial time, expenditures in 2007—Icarus's first year of operation—were estimated at $1–1.5 million. Narcissus's promotional expenditures were much lower, but executives still expressed regret. *"We wasted money on a PR firm that was something like $10,000 a month, when a pretty simple cold email probably would've done the same thing because it was a sexy concept,"* a marketing manager explained later. Several backers also voiced concern about misallocation of managerial time, especially on the part of Icarus's *"celebrity"* founder/CEO, who seemed to one angel investor to be more preoccupied with touting social investing at industry events than with *"convincing people [customers] that this was a good [product] that was useful in that context."* The companies also struggled to assess how much benefit they derive from targeting the industry establishment—that is, whether potential customers were in fact *"getting comfortable with the idea [of investing as a social activity]."* Phaethon's experience was similar; its executives devoted substantial resources to responding to media inquiries, speaking at investing conferences, "hobnobbing" at industry events, and wooing financial bloggers. As Phaethon's CTO lamented, *"The bottom line is, by about [late 2007] or so we still were sitting on the exact same product that we had two months prior."*

Zeus and Hercules—the startups that ultimately rose above category-commoner status—also sought to forge an oppositional identity by challenging the status quo via contentious tactics and injustice frames. But our cases revealed noticeable differences in strategy implementation. These firms' executives postponed their attacks (holding back when the nascent category was just emerging), directed their eventual criticisms at a more carefully curated set of incumbent targets, and leveraged fewer media to disseminate their message.

Despite similarities, the two companies' more stream-lined approach contrast with Icarus, Phaethon, and Narcissus. Like Phaethon, Zeus executives accused professionals of deriving disproportionate benefits from their investing acumen though at a later period. In a Q3 2009 interview with a financial journalist, for example, Zeus's COO questioned the uniqueness of private wealth managers' skills: *"The smartest investors aren't all professional money managers. Every day, adept unsalaried players around the world are matching, or beating, results of the pros. We think it's high time for these unsung investment talents to get more recognition, more resources, more of the rewards."* The CEO zeroed in on the same target: *"We're taking on the guys in the big corner offices with wood paneling who rely on people's laziness."* Zeus's chairman described the startup as aiming to *"give the middle-class access to the same wealth-management products that the wealthiest individuals have access to"* (a Q4 2009 press interview). He later expressed regret that Zeus could not do more to discredit incumbents and publicize social-investing as an alternative: *"As a startup, we have to keep our costs tight; we've got to figure out how we can catch on to a wave. . . because it's too expensive."* In the same vein, Zeus executives seemed reluctant to engage in promotional activities favored by category peers. *"We tend not to be very concerned with things like: Oh, let's try to go to industry events,"* explained a board member. *"[We] don't want to be evangelizing the market. That would be expensive,"* added the chairman.

Like Zeus, Hercules criticized carefully selected incumbents (private wealth management, mutual funds), primarily via outreach to journalists. *"The mutual fund industry is a $10 trillion industry that has seen no innovation for 25 years,"* quipped the CEO in a Q3 2009 press interview. The founder elaborated: *"At Hercules we believe it is high time that the playing field be leveled. We believe in democratizing access to investing talent."* Describing the timing of his company's decision to pick a fight with mutual funds, Hercules's CEO later explained: *"You find the market after you build the product. . . .[Then] how do we get attention to it? And the biggest way to create attention is for there to be tension in the story. Reporters don't like to write about things that don't have any tension. So we had to create a 'David versus Goliath' story."*

This more deliberate approach to implementation allowed Hercules and Zeus to sidestep some of the vexing problems that category peers experienced. Selectivity about their targets and their timing generated positive media coverage from technology outlets *and* the "old-school" financial press. An excerpt from one flattering Q1 2010 article read: *"If a young start-up wants to claim they're changing the rules of investing, then they have to establish which rules they're referring to. Who is the enemy? Both Zeus and Hercules have chosen the same dragon to slay: actively managed mutual funds . . . because of their problems with cost, transparency, and performance."* Another fawned over Hercules's youthful founder, who *"had the vision that mutual funds had lost their best talent to hedge funds and offered no transparency. So he created Hercules, and we are all better off because of it"* (Q3 2009 financial press). Such coverage won over potential customers—particularly older clients with money to invest. One explained: *"I joined Hercules a couple of months ago after seeing [the CEO] and [a co-founder] being interviewed. I thought they had a good idea going, so I checked out their website and subsequently signed up."* Attracted by the two startups' criticism of mutual funds, these audiences were intrigued in turn by their proposed solutions. One analyst speculated about Zeus's role in category creation: *"The new market was latent, and they activated it. . . . They unleashed a new market that was there."* Both startups relied largely on press outreach to disseminate their message, thus keeping costs low while steadfastly focusing on improving their products. Zeus's chairman reflected on holding back initially and being selective: *"The most frightening thing about what we're doing is the idea that maybe we're a little ahead."* Executives at both companies pointed to favorable outcomes beyond mere media coverage: the press was largely positive, they were ahead of schedule, and they had mobilized (paying) customers.

Cultivating an oppositional identity can help a new category win the attention, support, and acceptance it needs to remain viable—a necessary condition for category pioneers to succeed—but startups' implementation may unwittingly diminish their standing in the category they are creating. By criticizing incumbents early on, when the nascent category is first emerging, startups attract attention. But if the attention flows primarily to the category as a whole, it may boost category peers—enabling a patient competitor that has held back on criticism to benefit from a free ride on others' hard work. Furthermore, targeting a broad spectrum of incumbents can touch off a form of tall-poppy syndrome, provoking a backlash against the firm that slows momentum and promotes competitors' rise. When a more reserved competitor eventually carries out similar attacks on a better-curated set of more glaringly flawed incumbents, audiences may perceive that firm as the category's standard-bearer. Finally, by seizing every opportunity to aggressively promote their message, startups may succeed in "normalizing" a new category to the point that audiences accept it and no longer view it as weird. But if their resources have been stretched thin, they may under invest in more crucial activities (e.g., improving products, engaging customers), thus threatening their own status in the category. Icarus's founder described the tension: *"The idea of community with investing definitely is something that hit home really quickly. But it pales in comparison to keeping your business alive."*

Embracing Imposed Labels Constrains Strategic Flexibility and Creates Category Lock-In

Observers often invent labels to collectively describe new market categories pioneered by startups (Bingham and Kahl, 2013; Rao, 2009). In our sample, such labels included *"fantasy investing," "online investment communities,"* and, most commonly, *"social investing."* To refer to the startups themselves, the same observers used analogies—comparing the firms to well-known technology companies like Facebook, YouTube, and Wikipedia, and their products to popular pastimes like fantasy sports and *American Idol*. All five firms experienced this labeling process, but their responses differed markedly.

[INSERT TABLE 5 HERE]

At Narcissus, Phaethon, and Icarus—the firms that became category commoners—executives accepted and sometimes enthusiastically embraced such labels and cultural associations. Narcissus is illustrative. In the third quarter of 2007, Narcissus launched on a live TV newscast. According to the CEO, the event *“was a huge success overall. A lot people signed up, traffic was immense, and we got a lot of positive feedback. . . . Our investors loved it too.”* The company received many mentions at that time in specialty technology outlets and the popular press; one representative article posed the question, *“What happens when MySpace meets Wall Street?”* and compared the site to *“Facebook running a hedge fund”* and *“Wikipedia and fantasy football.”* Narcissus's executives embraced such analogies and began using similar ones in external communications. In Q3 2007, they urged customers in a press release to *“think fantasy football meets Wall Street investing”* and reminded a journalist that *“some have called Narcissus Facebook meets Wall Street.”* Executives even drew inspiration from these labels to create new product features. In the second quarter of 2008, the company’s blog announced:

> *We have upgraded our contest feature again. Now you can run your own investing contests against your family, coworkers, and friends. Many of you are familiar with fantasy sports. Now on Narcissus, you can conduct your own investing contests with anyone you choose to see who is the best investor. [A major new outlet] now has even more reason to call us where “fantasy football meets the trading floor!”*

Icarus too launched in the third quarter of 2007, at a prominent technology conference, and the media promptly labeled the two companies’ category “social investing.” *"When you are creating a new space, other people are going to label you. And because it's new, there's no framework for it,”* the CEO later explained. Icarus executives accepted the designation despite its perceived inaccuracy (“*We got labeled as* social investing. *I didn’t like that term. To me, it meant investing in socially responsible companies, [but] I did not spend a lot of time in the press or with PR* *correcting people,"* said the CEO). Beginning with a Q3 2007 blog post, the company began co-opting the trendy label: *"At Icarus, we have built our company around this idea of 'social investing'—when we are allowed to objectively and safely compare, collaborate, and communicate with one another."* The idea was *"to make this stuff mainstream, for it not to be weird for people. Because new approaches are hard to define, customers really need a frame to scratch through the clutter and understand why they need the product. Something that sounds so weird over time becomes normal,"* a co-founder explained later. Phaethon also accepted the category designation—introducing a new label-consistent company motto (*"Invest smarter together"*) and began closely monitoring similarly labeled startups. *"We considered every company in the social investing space as a competitor . . . a serious threat to our concept are the social sites—Icarus, Zeus, et cetera,"* The VP of Marketing later explained.

Embracing externally imposed labels and analogies subjected these companies to several unanticipated outcomes. The label stuck, for instance, even after the companies had made changes to their products that rendered it unsuitable. Icarus, for example, repurposed its core technology to create an online investment service, and *"turned off all the social features, since the social stuff wasn't core to what we were building at the time,"* according to the Engineering Director. The firm tried to shed the original label, penning a Q4 2008 blog post that attempted to distance the firm from the category: *"Icarus is not a social investing site but rather a personal service for making better investing decisions. . . . A variety of companies have been compared to Icarus, collectively calling us 'social investing.' [We] thought it would be helpful to categorize these sites."* The effort did not work. *"We got labeled as something and then it stuck and it was really hard to change,"* an Icarus co-founder later lamented. Narcissus executives described a similar form of lock-in that affected them in a slightly different way. After frequent comparisons to fantasy sports by the media and analysts, the company experienced an influx of users attracted by its stock-market simulation game. Narcissus executives had originally planned, according to a Q1 2008 investment magazine, to *"eventually commercialize the site by using participants' ideas to start a hedge fund or mutual fund or by selling the data to an existing hedge fund."* But the simulation game required so much effort that the hedge-fund idea never moved beyond *"research project status."* The CTO explained: *"We're struggling with: what is our identity? We are trapped by our own success with the gaming aspect, so that's what we focused on, and then we focused on making contests. That decision may have put us on a path where we're known to be like a fantasy trading-*

games site." He later added ruefully: *"Monopoly's a great game, but you don't stay there. You don't come there every day."*

At Zeus and Hercules—the startups that surpassed category-commoner status—executives took a different approach. Like their peers, these firms' novel innovations were rendered familiar via analogies, and they acknowledged the practical exigencies of observer-generated labels: *"You're always going to have other people doing things that you do, if you're doing something sensible. And if you haven't, then you're probably doing something stupid,"* Zeus's chairman commented. He added, *"The more people that do things, the more buzz there is. Journalists write articles about a space more than they write about a company. It's much easier to write an article comparing three companies than to write an article about one company."* He even suggested ways that grouping other startups together into a coherent category could be beneficial. *"Frankly, you have [several startups'] marketing dollars all at work evangelizing the market. . .so the more people that do what we do, the better."*

But Zeus and Hercules executives actively resisted the labels and analogies that commentators sought to apply. One way they did so was to propose an alternative categorization scheme to analysts. An influential group—focused on the digital transformation of banking—produced a widely-circulated 2008 report to assess whether social investing *"will remain a niche market or grow into a common approach."* An analyst recounted having asked Zeus's CEO: *"One thing we've struggled with in our research is what to call this new twist on investing. We want to say 'social investing,' but it already has several meanings. How do you define the market space you are in?"* The CEO had replied:

> *"Social Investing is a valuable generic term for people sharing investment decisions online, but the definition includes a catch-all of different types of businesses. The category Zeus operates in is of Proven Self-Investors, real people sharing real investments, as opposed to the also-valuable sites offering virtual/fantasy/paper accounts. . .We are in the same space as anyone similarly trying to deinstitutionalize money management."*

In addition to their worries about being lumped into a market category that could later be stigmatized (Granqvist et al., 2013) or dismissed as trivial, Zeus executives also argued that being categorized exclusively with other technology startups could hinder their campaign to be taken seriously by the conventional finance sector. *"Our competitors are other people with money. It's the UBS and Morgan Stanleys,"* Zeus's chairman asserted. He and his colleagues also reminded employees that labels and analogies were not accurate and not to believe them. The concern was that employees who accepted the externally imposed labels and analogies would be content with lower aspirations for the company (such as merely becoming the best social-investing startup, rather than an entirely new way to invest) and could bias decision-making accordingly. A Zeus director explained: *"We try to avoid . . . 'the Facebook of' something or the 'something of something' . . . because it can be very misleading for how you yourself think about your business."*

These firms also resisted labels by aggressively correcting journalists who wrote about them. For instance, analysts and journalists labeled Hercules in ways they, in its executives' eyes, failed to capture the product's novelty, trivialized its technological complexity, and equated the company with less credible competitors. Hercules actively resisted. *"Everyone called it 'social investing,' and we . . . spent a lot of time trying to* not *be positioned as social investing,"* recalled Hercules's CEO. *"That was hot, so they [the press] wanted to call it a category. They wanted to lump us with [startup peers]."* Though initially unsuccessful, Hercules persisted. *"This time around, only one of the 16 [press] articles mentioned [peer social-investing sites], because that's not our competition,"* said the CEO. When the same strategy proved less effective at quashing a particularly sticky comparison *("the* American Idol *of investing"),* Hercules executives went further: they rebranded and officially changed the company name in Q2 2010 as reported in the financial press:

> *In a move away from an association with "fast money" and to help penetrate the financial adviser market, Hercules has changed its name. . . ."We realized that [our company] name was associated with fast money, and that's not what this is about," said the CEO . . . [The change] signals a focus on linking professional money managers to customers and a move away from the "American Idol" investor talent discovery approach.*

By resisting others' attempts to label them, Hercules and Zeus avoided several undesirable outcomes experienced by the three other startups. First, though they received roughly the same number of media mentions as those peers, their self-professed (aspirational) affiliation with the conventional finance sector garnered them more individual media coverage (feature articles) in more prominent outlets (e.g., the *New York Times* and the *Wall Street Journal*). Because they seldom shared the spotlight with peers, and were rarely lumped together with less credible competitors, their executives recalled that it was surprisingly easy to attract interest from venture capitalists eager to back promising companies in the category ("*Traditional [with large funds]*

VCs only invest after a category is established, and it's clear that they're investing in the category king," explained one early-stage investor). Despite minimal time spent fundraising, the firms received several term-sheet offers from prominent venture capitalists at a desirable price. Meanwhile, Icarus's CEO reported a different experience: *"We were out there raising money. We talked to a lot of venture capital firms. They saw that yeah, interesting technology, very interesting data, but the round failed."* Second, by contrast to their more easily swayed peers, their strategic decision-making was uninfluenced by externally imposed labels and analogies; analogies had no impact on these companies' identities (who we are and what we do) or on the product features they considered. Nor did the social-investing label influence which firms they viewed as their *actual* competitors. Third, and perhaps most importantly, Zeus and Hercules preserved strategic flexibility by avoiding lock-in to labels that, in their view, mischaracterized their products' envisioned uses. When both firms eventually repurposed their online platforms from discovering talented amateur investors to offering access to professional investors, their prior rejection of the label *"the Facebook of investing"* enabled them to be taken seriously by potential corporate partners and by sophisticated and wealthy customers. Meanwhile, peers struggled *"to get these entrenched players to make it a top one or two priority."*

As mediators for nascent markets, the media and analysts play a well-recognized role in new-category creation but an overlooked role in producing category commoners. When writing about collectives rather than individual startups, these commentators frequently experiment with labels and analogies in an effort to help observers make sense of the innovations. Familiarizing novelty via analogy and repeated label use helps new categories emerge and gain traction. Entrepreneurs may in turn be tempted to accept and even embrace (via co-optation) easily grasped symbolic devices, especially since they appear to generate press attention and customers. But startups that let others assign category affiliations and recycle glib analogies relinquish their own power to ascribe symbolic meanings to their products and aspirations. They may be entering into a Faustian bargain: in exchange for short-lived attention and *"concept press"* (short articles that summarize a basic product concept shared by several competitors), they give up control of their own message and limit themselves to comparison solely with similarly labeled peers. The resulting media coverage tends to generate attention that is superficial, shared with less-credible startups, and quick to dissipate. If executives aggressively court such attention early on (while the category is still emerging and their own strategies are still in flux), pursuit of media coverage can become an end in itself; important business objectives get de-prioritized (Zuzul and Edmondson, 2016) in favor of distractions aligned with imposed analogies. By failing to resist labels that external audiences use to make sense of novelty, furthermore, executives can inadvertently undermine their company's standing in the category they are creating. Such firms experience a form of cultural lock-in: their image becomes calcified, and audiences cannot imagine them doing something new. *"Don't court the press,"* one founder warned. *"If you're doing something innovative, maybe the thing to do is to stay under the radar while you're doing those revisions until you find the right thing. And then go out hard."*

Stories Can Obstruct Changes Necessitated by Unexpected Deviations from Plan

Each of the startups in our sample disseminated a founding story. According to our informants, executives viewed these stories as an effective tool for persuading people to learn about social investing, and for raising awareness of the nascent category among potential customers and the media. Various informants described their stories as interesting, sexy, or compelling—and some acknowledged deliberate efforts to mislead (Santos and Eisenhardt, 2009). *"The story we tell is a more fun story,"* said Hercules's CEO. *"People don't want to hear the real story because it doesn't reinforce the product they're buying."* Each story was unique, but all five communicated a clear motivation—why the founder and the team had formed the company in the first place—well aligned with prevailing cultural understandings (Wry et al., 2011) and then-prominent themes of transparency, social networking, and the wisdom of crowds. *"This was a social network; this was a hedge fund with a radical strategy harnessing the collective wisdom of the community. All of this together attracted a lot of publicity,"* explained Narcissus's VP of Product. The stories also hinted at or explicitly conveyed the new venture's initial premise. For instance, Narcissus's *"social network where people could invest virtually"* articulated the premise that skilled amateur investors could be identified. But when unexpected deviations that suggested flaws in the initial premise came to light, and the carefully-crafted stories conflicted with reality, the five startups' reactions diverged in ways that appeared to affect their ultimate standing in the nascent category.

[INSERT TABLE 6 HERE]

At Narcissus, Phaethon, and Icarus—the firms that became category commoners—executives were slow to reorient when deviations from the original plan conflicted with their founding stories. Icarus's CEO recounted its premise this way: *"Social networking was taking off, or at least it was very clear just from paying attention to the Internet space that the Facebook, MySpace applications were going to be a very, very big trend. And so [our] idea was to take different verticals [like finance/investing], which is literally how we came up with the idea for Icarus. How would those social applications be effective, how would they work, and then how would they change certain industries?"* Thus, the company aimed to *"democratize investing by enabling individuals to share successful [investing] strategies with each other"* (Q3 2007 press release). The company won an award at a prominent technology conference in late 2007, and attracted many visitors to its social-network-for-investors website, but only a small percentage registered; even fewer did so in a way that would generate the revenue growth that investors expected. But Icarus did not reorient until almost two years later, after the CEO recognized that *"the original vision of transparency and community was not going to be enough."* The new concept, articulated in a Q3 2009 press release, bore little resemblance to the original founding motivation: *"Our mission is to help [people] make the best decisions with their investments so that they will have more to enjoy later in life."* An Icarus R&D engineer later commented: *"We completely shifted gears and said, 'We're going to focus on long-term planning and retirement planning.'"* He added: *"A little bit of that is at odds with what we started to do. . . . [Initially] we wanted to help the little guys."*

Phaethon and Narcissus experienced similar deviations from plan. First reported in a Q4 2006 technology outlet, Phaethon's original story posited that *"people are [not] destined to adopt a lone wolf approach to investing."* Its founder later explained that *"the collaboration aspect hasn't taken off—so the team was eager to try something new."* Narcissus's original story, first reported by the news media in Q3 2007, invoked the presence of amateur investors *"with fantastic returns"* within a *"social network where people could invest virtually."* The firm's CTO later recalled that *"we thought that the sharing would be the number-one thing that would make the site grow, but the main success turned out to be having the [investing simulation]."* Like Icarus, Phaethon and Narcissus were slow to shift gears, waiting more than a year before reorienting. When they did eventually articulate a change of direction publicly, no effort was made to link the new concept to the original premise. *"Narcissus is an online community that allows young people* *to practice investing. . .[Our site] is the ideal place for people to learn how to analyze stocks and make sound investment decisions,*" announced a Q1 2009 press release. "*Phaethon tracks stock picks by gurus, professional analysts, and various financial bloggers,*" claimed a Q2 2009 article.

The three startups' reformulated offerings elicited some positive reactions (mostly from analysts), but their approach contributed to a diminished standing in the category. Delaying reorientation proved costly, and executives reported running short of time and resources. An Engineering Director described the aftermath of Icarus's protracted reorientation: "*We got written up by [a well-known technology columnist], and we were getting some good feedback. The things that he didn't like were exactly the things we knew we needed. We had ways to address those issues but our runway was getting very short. . . . We ended up basically going down the asset-sale path. It certainly wasn't what the team wanted.*" Phaethon too was also forced into a sale. According to a Q2 2009 article, "*Phaethon's traffic has been falling over the last few months. . . . You could see the [sale of the company] as part of the inevitable consolidation among these social investing startups.*" Narcissus, which had reoriented more quickly, hunkered down in a small but marginally profitable niche. "*A lot of companies were bought out or sold [assets], and they took a loss for their investors. Narcissus is still hanging in there,*" boasted a former employee. The CEO elaborated: "*We reduced the team and just hibernated the company. [We] just focus on testing different marketing strategies and see which ones work, and then optimize monetization.*"

The lack of consistency between revised concepts and founding stories led to unforeseen complications. For instance, Icarus's new retirement-planning concept made for disillusioned employees, especially a core group of technologists and engineers. *"We didn't feel like [our retirement product] was quite realizing what we wanted. . . . Our sort of entire [company] philosophy had changed,"* said an engineering director. In their eyes, the premise of democratizing investing and *"all the social stuff"* that social networking entailed were simply being *"thrown away."* An engineering manager recalled that *"it was a point of contention for months."* Informants also lamented ineffective audience outreach, which some blamed on the disconnect between the revised concept and the founding premise. According to a dismayed Phaethon executive, early users were intrigued by an alternative to the "*lone wolf approach to investing,*" but they "*came in like a swarm of locusts and disappeared into the ether again.*" Existing customers too were confused by the radical shift in messaging.

At Zeus and Hercules—the startups that ultimately surpassed the category commoners—executives had also disseminated founding stories. Hercules's founder described his motivation by recounting a personal story to a journalist in 2008: "*I wanted to create a kind of arena where I could prove to my parents (who had a lot of their money with the local financial advisor) . . . that they were getting ripped off. So I said to my friend, 'You know, let's create an investing talent marketplace [online].'*" Another summarized the company's initial premise in a 2009 article: *"[Hercules's founder] thought that there were thousands of talented investors like himself out there that were better than 90 percent of these mutual funds. They just needed a competitive arena to prove it."* In the press, company executives consistently reinforced "*democratizing*" investment management by providing access to the skills of non-professional investors—a theme present in Zeus's founding story too: "*Cedric [one of Zeus's founders] has a cousin who lives in South America and works for an oil company. And he's a great individual investor, and he invests his own money, and he happens to know oil-and-gas stocks well. And . . . Cedric wanted to say, 'Listen, here's $10,000. Whatever you're doing with your money, do it with mine'*" (Q4 2007 founder interview). In other words, Zeus was creating a platform for discovering "*the next Warren Buffett [of Berkshire Hathaway] or Peter Lynch [of Fidelity's Magellan fund]"* and allowing others to tap into their investing talent.

Unlike their category peers, Zeus and Hercules reoriented quickly when their stories came into conflict with reality. They also took great pains to link their reformulated concepts to their founding stories. When Hercules discovered that there were few talented amateur investors —according to a Hercules advisor, *"out of 450,000 [amateur investors], only seven qualified"* as skilled investors—the company was obliged to change its strategy.[4] In place of opening up investment management to the masses, Hercules and Zeus would become online marketplaces where the masses could invest with *professional* investment managers. "*Fortunately we've attracted a number of professional managers to our investing talent marketplace. Historically, they only accepted clients with minimum account sizes of $1 million. With a Hercules account as small as $3,000, you now have access to managers that were previously only available to the*

[4] A journalist elaborated: "*[Hercules's] original value proposition had a lot to do with the consumer, transparency, and then also trying to open the professional investing market to a flood of people, almost comparable to bloggers. If bloggers are people who didn't work for the* New York Times, *then Hercules was trying to open up the market to investors who didn't work for Fidelity. What they discovered is that people really care about their money and that the people who do this kind of investing well actually already do the investing, by and large.*"

wealthy. It’s part of our attempt to democratize access to the best investing talent,” read a Hercules Q4 2009 press release. A Q1 2010 press release by Zeus was similar: *“Zeus puts the expertise of top money managers in the hands of everyday investors with several professional investment firms that have signed on to let Zeus mirror the moves of these powerhouses. . . . Zeus also lets investors capitalize on this expertise with lower minimums and paying lower fees.”* When pressed, executives admitted to subtle revisionist motivations: *"We said we were democratizing . . . access to great investing talent. . . . That's always been our story,”* asserted Hercules’s CEO. “*It just so happens the great talent* were *amateurs in the beginning and now they're outstanding professionals."* In other words, Hercules and Zeus were now democratizing *access* to investment management. A financial journalist later observed: *“The founders felt very strongly that their initial value proposition is, ‘We are going to consumers, we are increasing transparency in the marketplace, and we also believe that there are potentially investors who can do it better than professional investors*.’” She added, *"The story right now reflects the current reality, and they kind of reshape the history of it a little bit."*

Far from impairing their standing in the category, Hercules and Zeus rose above their startup peers via two related mechanisms. First, they emerged from their quick reorientations comparatively unscathed—by conserving resources and maintaining largely positive perceptions among relevant audiences. Asked to assess Zeus in the context of the category, for example, a sales manager at competitor Narcissus enthused: *“I would put Zeus right at the top. I think they have a lot of good press right now. Their business model is strong, and they have a lot of backing. We were taking two ways towards the same goal: there are very talented people out there, everyday people who aren't necessarily really highly paid professionals, who have great insight, great skills, and they should be followed. Zeus nailed it better than we did.”* A commentator on startups made a similarly positive assessment of Hercules in a Q3 2010 article: “*Thus far the results are encouraging. More than 30 qualified professional money managers have been attracted to the platform and more than $190 million of customer assets have been committed as well.”*

Second, by reformulating their offerings, Zeus and Hercules risked alienating audiences initially attracted by their founding stories. But by subtly recasting those stories, their executives instead shored up and consolidated support, convincing anxious users to transition to the new offering (minimizing customer attrition), mainstream journalists to write new articles (reviving media interest), and venture-capital backers to reinvest more money (escalating resource commitment). By analysts and the business press (including the *Wall Street Journal*), the two startups were referred to as *"the leading online investing sites"* and *"the new pied pipers of Wall Street,"* hailed for *"reinventing financial services"* and *"changing the way we shop [for investment advisors]."*

Third, by melding an original founding story with a revised concept, the two startups attracted new customers and won over analysts initially skeptical about their approach. Later, one popular investment-newsletter writer, who had previously confided to readers, *"I don't want some 15-year old in, whatever, Seattle, in his underwear, trading stocks based on message boards. . . . It is incredibly difficult to beat a market in any industry,"* became a strong proponent, noting that both Hercules and Zeus *"are making inroads . . . [while] the other ones [Narcissus, Phaethon, and Icarus] have all fallen by the wayside."* Another market observer even lauded Zeus for its "consistency": *"Now Zeus, they're doing a good job of sticking to their original intention and seeing how it's going to play out. At least, they're giving it a go. And what they've done which has been fascinating is, they've kind of let anybody qualify as an investment manager."* And a director at an IT advisory firm speculated about the future if the nascent category continued to grow: *"If we had a crystal ball, in ten years, Hercules and Zeus could be the dominant financial service providers."* This marked a major about-face for someone who had earlier questioned the entire premise of social investing in a Q3 2008 article: "*The openness, trust, and honesty that is kind of implicit in the ethos of social networking does not mesh well with the cutthroat mentality of a trader."*

Entrepreneurs in a new category often leverage stories to convey meaning—to explain the new category's significance and their own aims to the media, investors, and potential customers (Lounsbury and Glynn, 2001). By formulating and then disseminating resonant founding stories—stories that align with widely shared cultural understandings (Wry et al., 2011)—category pioneers persuade audiences to learn about the new category, raise awareness, and mobilize resources for the new category and for themselves. But what happens when such stories no longer jibe with reality? In such circumstances, startups' reactions may differ in substance (whether and when to repurpose the business) and in symbolism (whether and how to revise the story). Since culturally savvy entrepreneurs use a compelling story to attract investment capital, early employees, and media coverage, they may struggle to reorient their companies away from it. And employees may resist when the company moves away from the initial premise that senior executives sold them on.

But startups that reorient quickly—in conjunction with subtle revisions to the founding story—can avoid languishing as category also-rans. By not linking the reformulated concept to the initial premise articulated in the founding story, entrepreneurs cannot efficiently maintain and build on prior support while attracting new interest in the improved concept. A finance journalist who wrote several articles about Hercules elegantly captured this relationship between rhetoric and reality: *"The way startups work is that people start with an interesting idea, then they test it out in the marketplace, and when it doesn't actually work—which almost always happens—they kind of amend it and morph it a little bit."* She then added*: "And they morph their story as they go along too."*

DISCUSSION

We opened our study with a simple observation: that pioneers (like SpaceX) often confront the double challenge of creating a new market category ("new space") and achieving significance in it (an enhanced standing relative to category peers). Yet by largely focusing on the collective benefits of market creation, prior research neglects the rich variation in culture-based strategies (Weber et al., 2008; (Khaire and Wadhwani, 2010),), overlooks costs borne by individual evangelists (Kennedy, 2008; Wry et al., 2011), and does not fully account for the uncertainty and risks associated with category emergence (Olleros, 1986). Exploring a new line of inquiry on the tension between building a category *and* achieving significance within it, our paper presents a theoretical framework for understanding how market-creation efforts undermine startups' standing in a new category. Through an inductive multiple-case study of startup competitors, we traced the cultural resources executives used to stake out a new online investing category between 2007 and 2011. The startups took very dissimilar approaches, and three also-rans lagged behind their peers, the two category leaders. By comparing the startups' strategic profiles that emerged from executives' varied cultural-resource use—especially in terms of critical discourse, labels, and stories—our theoretical framework proposes a new, grounded explanation for the divergence in trajectories that produce category kings and commoners. Beyond contributing to theories of cultural entrepreneurship, our framework yields novel insights that have implications for scholars studying market-creation in the context of nascent industries.

Cultural Entrepreneurship: Variation, Risk, and Skill in the Use of Cultural Resources

We began with assertions in prior work that new market categories are created from "the pioneering activities of a few firms" (Agarwal and Bayus, 2004: 1). Yet the typical divergence between pioneers that become category leaders and those that lag behind is difficult to account for within the established framework of cultural entrepreneurship. Taking an *optimistic* view on cultural resources, this framework emphasizes *one* in particular (stories) that entrepreneurs can use to shape a *collective outcome* (audiences' attention and conferral of legitimacy to a new category) (Lounsbury and Glynn, 2001; Wry et al., 2011). As contemporaneous startups with limited resources, all category members appear to have access to the same broad repertoire of cultural resources (Kellogg, 2011) and similar motivations to economize scarce financial resources (Baker and Nelson, 2005)—perhaps by using this relatively cheap "toolkit" (Swidler, 1986). By tracing the varied strategic paths pursued by five pioneering startups in an emerging category, our study delves deeply into variation in skill and also inherent risk in the deployment of *multiple* cultural resources. It also contributes new insights on the pitfalls and challenges of using cultural resources in entrepreneurship.

Organizational theorists have emphasized the benefits of employing cultural resources (Dalpiaz, Rindova, and Ravasi, 2010), but some have hinted at problems that can arise when such resources do not fit the organizational context (Canato, Ravasi, and Phillips, 2013) or fail to resonate with intended audiences (Rindova, Dalpiaz, and Ravasi, 2011). Our study points to a less apparent set of risks that are particularly salient to startups in emerging categories. For instance, some entrepreneurs in our sample deliberately deployed cultural resources to challenge incumbents and to promote the new category of social investing. To disseminate their resonant frames and populist messages, they frequented industry events, spoke often at conferences, and responded readily to media inquiries; they also spent money on prominent PR firms and marketing personnel. Several executives became widely recognized thought leaders, and their firms experienced notable initial media successes. But their firms also incurred unanticipated organizational costs related to misallocation of scarce resources, undermining of firm goals, and free-riding by peers. Specifically, these firms did not retain enough resources for other crucial activities, and 'becoming known' came to supplant other pressing objectives. Executives' energetic contributions to creating a new category enabled competing startups to focus instead on improving products and attracting new customers. In pointing out some of the underappreciated risks of relying on cultural resources, we provide a theoretical rationale for the sharp decline that can afflict once-promising category pioneers (Olleros, 1986).

To scholars of organizations and strategy who explore performance consequences of cultural-resource repertoires (Weber, 2005), we offer a revised conceptualization of *cultural skill*. Equating perception manipulation with skill in deploying cultural resources, prior work looks at "when and why the use of cultural symbols is successful in persuading audiences" (Weber and Dacin, 2011: 5). Such attempts to manipulate audiences were certainly on display in our study as executives crafted and disseminated compelling stories and resonant frames with an eye toward attracting attention and mobilizing support for the nascent category. However, some executives exhibited noticeably less skill on a qualitatively different dimension: among the category commoners, executives did not seem to carefully manage the interplay of symbolic and substantive actions. For instance, they used critical discourse to attack incumbents (Khaire and Wadhwani, 2010; Weber et al., 2008) but with scant consideration of the financial costs of disseminating them. They were also quick to affiliate with trendy labels and to repeat analogies favored by journalists (Granqvist et al., 2013; Santos and Eisenhardt, 2009) without examining the subtle influence these externally-oriented actions had on subsequent product and business-model decisions. Finally, executives told coherent, consistent founding stories aligned with popular themes like transparency, social-networking, and wisdom-of-crowds (Wry et al., 2011). By contrast, their category-leading counterparts were anything but consistent—readily engaging in revisionist history to realign their founding stories with an evolving empirical reality. Beyond mere manipulation, cultural skill entails the careful consideration of the cultural *and* material: orchestrating the right mix, interplay, and sequence of symbolic actions and substantive considerations. For entrepreneurial pioneers, culture is a cheap but fragile toolkit.

Market-Creation Pathways: Vigorous Missionaries vs. Reluctant Evangelists

By pointing out several tensions and processes previously neglected by market-creation scholars, our study also contributes to a growing body of research on strategic entrepreneurship in nascent industries (Anthony et al., 2016; Gavetti and Rivkin, 2007; Zuzul and Edmondson, 2016). Our work grew out of a line of inquiry on the processes of category creation—that is, how entrepreneurs collectively catalyze the formation and growth of new market categories. Inspired by Stinchcombe's (2002) evangelism metaphor, our synthesis suggested a broad parallel between pioneers' market-creation efforts and the proselyting activities of religious organizations and political/social movements contending with an entrenched establishment. Like missionaries, entrepreneurs preach about innovations to elicit attention, mobilize support, and organize around a new market category—in the hope that their novel concept gains acceptance. As a culture-based, market-creation process, "vigorous missionary work" involves recruiting converts (Stinchcombe, 2002); it also consists of sequential actions designed to navigate the tensions inherent in category emergence: dislodging old practices and beliefs to make room for new ones (Kennedy and Fiss, 2013), couching novel features in familiar trappings to minimize resistance (Hargadon and Douglas, 2001), and quelling competitive conflicts initially to work alongside other pioneers to legitimate a new category in the eyes of multiple audiences (Kennedy, 2008; Navis and Glynn, 2010).

We observed a group of startups whose processes closely resembled the enthusiastic missionary work described by Stinchcombe and others. Surprisingly, these pioneers became *category commoners*, lagging significantly behind the peers that eventually became *category king*s. Our framework suggests that the former executives' actions—which hewed closely to prescriptions for navigating tensions in market creation—may have undermined their firms' standing in the category via several related mechanisms. To discredit incumbents and carve out new market space, for example, executives used criticism (Khaire and Wadhwani, 2010) and contentious tactics (Kellogg, 2011). These indiscriminate attacks, broadcast via multiple venues, raised the nascent category's profile but irritated many observers, generating a countermovement that sapped momentum and reduced relative visibility as once-supportive audiences soured on the startups' prospects.

Furthermore, when executives embraced journalists' catchy labels and analogies (Santos and Eisenhardt, 2009; Granqvist et al., 2013) to help audiences understand their innovations, they generated an influx of customer interest and early media coverage. Meanwhile, though, their firms were still experimenting. When they made revisions to still-inchoate products, these audiences' negative reactions became locked in; they withdrew support and scaled back coverage as customer traffic dwindled.

At the two startups that rose to become category kings, by contrast, a different process emerged—one that animates new insights on market creation. Unlike the vigorous missionary work favored by their startup peers, executives at these two firms engaged in a sequence of actions perhaps best characterized as *reluctant evangelism*. They refrained from criticism early on (only targeting select incumbents), essentially riding competitors' coattails and letting others do the costly promotional work involved in establishing the category. Resisting the lure of easy comprehensibility, they also sacrificed early media coverage by actively rejecting category labels and analogies that observers were eager to impose. Elevating practice above preaching, these executives also readily abandoned elements of their firm's original doctrine—replacing the founding story with one matched to the firm's evolved strategy. Eventually, these reluctant evangelists enjoyed greater visibility and support, and more favorable audience evaluations, thus enhancing their eventual standing in the nascent category. Contrasting the two sets of pioneer-competitors highlights some tensions between creating a market and achieving significance (and staying power) within it. In some cases, these two unique aims might even produce a paradox between building a category and building a business. More broadly, our study identifies an anomaly to the staged model of new category emergence (Kennedy, 2008; Navis and Glynn, 2010): startup pioneers that dutifully prioritize collective category-establishment early on may cede their position in the category to less magnanimous competitors—burning out before the shift to more traditional competition has even begun.

Conclusion

This paper explores the tension between building a category and achieving significance within it. Delving into the costs borne by individual startup evangelists, we examined how market-creation efforts undermine startups' standing in a new market category. Our theoretical framework proposes a set of underappreciated organizational processes that help explain pioneers' divergent trajectories. We point out the underappreciated drawbacks of relying on cultural-resources resources, and provide a theoretical rationale for the conspicuous decline that can afflict once-promising category pioneers. Our study contributes to perspectives on cultural entrepreneurship and category creation as well as to research on innovation strategy in nascent industries.

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Table 1. The Set of Firms at Founding

Firm	Location	Year Founded	Funding[a]	Amount Raised	Number of Founders	Avg. Age	Startup Experience	I
Zeus	East Coast	2007	Top 50 VC, Angels	10.5 million	3	38	Yes	I I
Hercules	West Coast	2007	Top 50 VC, Angels	11 million	3	34	Yes	I I
Narcissus	East Coast	2007	Angels	3 million	3	30	Yes	I
Phaethon	West Coast	2007	Top 50 VC, Angels	1.5 million	3	28	Yes	I
Icarus	West Coast	2007	Top 50 VC, Angels	11 million	2	34	Yes	I I

[a]VC (venture capitalist) rankings are eigenvector centrality in network of early-stage investors at time of the study (Cru

Table 2. Overview of Interviews and Archival Materials

Firm	Number of Interviews	Insider Informants	Number of Interviews	External Informants	Number of Articles/ Pages	Sample Sources	Pr
Zeus	12	CEO/ Founder VP Operations Chairman/ Founder	7	VC investor Angel investors Board member Industry analyst Finance journalist	43 articles 112 pages	Wall Street Journal New York Times Financial Times Techcrunch	
Hercules	8	CEO/ Founder VP Bus. Devel. Director Sales	10	Company advisor Industry analyst Technology journalist Finance journalist	102 articles 185 pages	Wall Street Journal New York Times Investment News Techcrunch	
Narcissus	8	CEO/ Founder VP Product VP Marketing CTO/ Founder	4	Company advisor Technology journalist Consultant	30 articles 63 pages	Barron's Investment News VentureBeat	
Phaethon	7	CEO/ Founder VP Marketing	5	Angel investor Board member Partner Technology journalist	23 articles 65 pages	Techcrunch Wall Street Journal Washington Post	
Icarus	10	CEO/ Founder VP Engineering VP Product Chief Scientist Director Engineering	7	Angel investors Industry analyst Technology journalist Finance journalist	50 articles 92 pages	Wall Street Journal New York Times Financial Times Barron's Techcrunch	

Figure 1. Final Data Structure after Third Coding Round

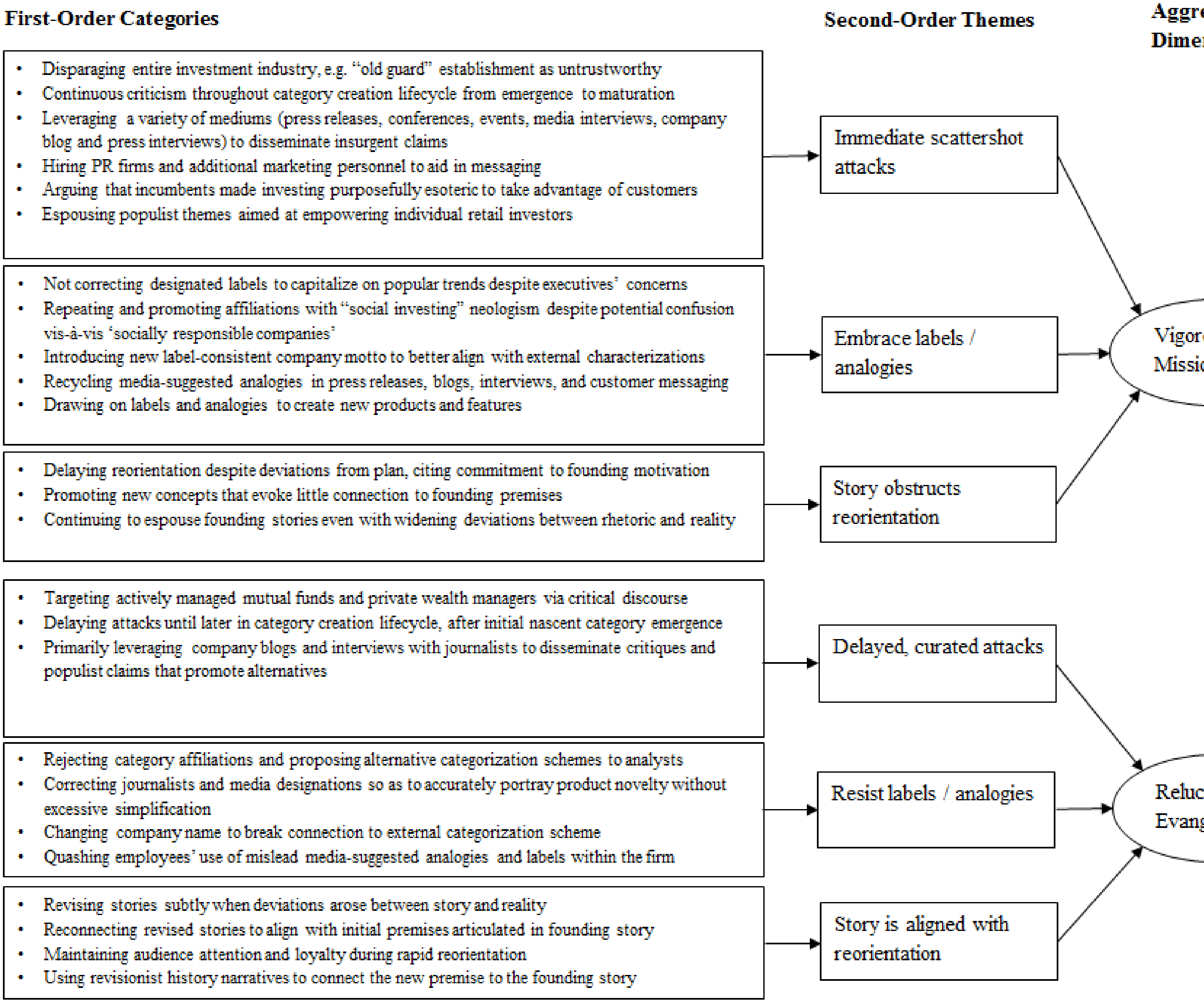

Figure 2. Media Coverage of Startup Pioneers in Social Investing, 2005-2012

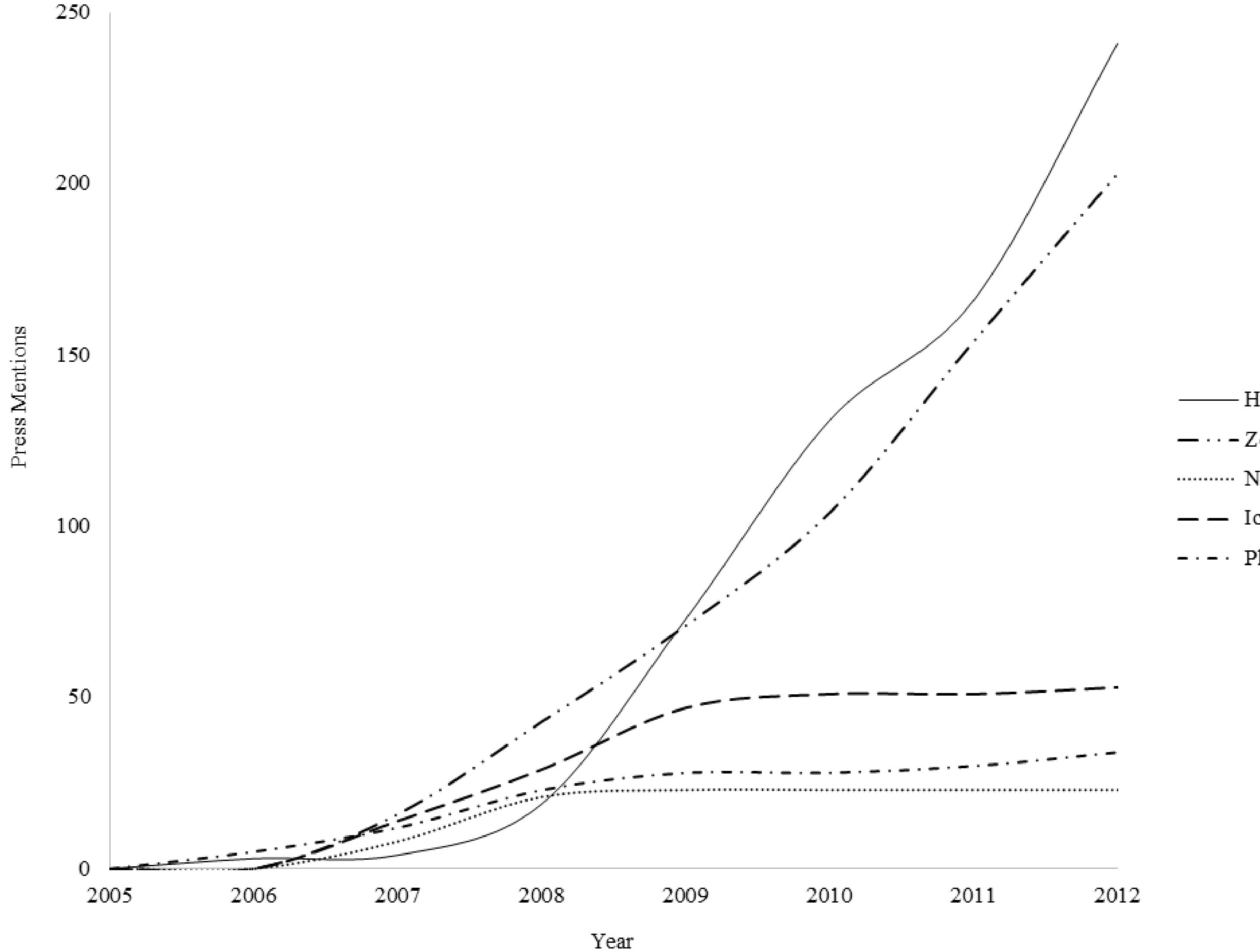

Table 3. Category Commoners and Kings

Firm	Customers[a]	Customer Engagement	Analyst Importance[b]	Analysts Evaluative Statements	Media Articles	Appearance in Prom Media Outlets
Zeus	300 paying customer accounts	High	1.7	"It's one of the leading online investing sites." Along with Hercules, Zeus is among "The new pied pipers of Wall Street." "Zeus and its competitor, Hercules, are changing the way we shop [for investment advisors]."	78	NY Times, WSJ, Fin. Businessweek, Forbes Today, Techcrunc
Hercules	500 paying customer accounts	High	1.4	"With over $100M on the platform, Hercules hasn't (yet) revolutionalized the investing profession, but it's on its way." "If we had a crystal ball, in ten years, Hercules and Zeus could be the dominant financial service providers." "The others have fallen by the wayside."	74	NY Times, WSJ, Fin. Businessweek, Forbes Today, Techcrunc
Narcissus	50K users	Low	Top 10	"Nowadays, there are dozens of online places to talk about trading and investments, ranging from old-fashioned to newer sites like Narcissus." "As with most new entrants in a crowding market, Narcissus pushes its differentiating factor."	35	WSJ, Barron's, CN
Phaethon	16K users	Low	Not top 10	"Phaethon is among a variety of other sites trafficking in this space."	23	WSJ, Washington P Forbes, Techcrunc
Icarus	25K users	Low	Top 10	"Icarus may be a helpful tool in confusing times. But its limitations make it an incomplete solution." "Companies like Icarus...there's a whole bunch of other companies that are swimming around the general space."	52	NY Times, WSJ, Fo Techcrunch

[a]Measured at end of study. [b]Sector ranking derived from averaging analysts' opinions.

Table 4. Critical Discourse: Rhetorical Attacks and Injustice Frames to Challenge the Status Quo

Firm	Injustice Frames	Critical Discourse	Illustrative Examples	Rationale for Approach	Reaction	
Zeus	Populist Messages Financial companies do not treat people fairly The wealthy have priviledged access Ordinary people know as much as experts	Targeted actively managed mutual funds and private wealth managers via press interviews and company blog	The smartest investors aren't all professional money managers. Every day, adept unsalaried players around the world are matching, or beating, results of the pros. We think it's high time for these unsung investment talents to get more recognition, more resources, more of the rewards (Q3 2009 COO press interview). We're taking on the guys in the big corner offices with wood paneling who rely on people's laziness (CEO). We want to give the middle class access to the same wealth management products that the wealthiest individuals have access to (Q4 2009 chairman interview).	Our pitch is simple: you just don't need some guy who dresses it all up in a panel office to make it sound all complicated and mysterious. . .As a startup, we have to keep our costs really tight; we've got to figure out how we can catch on to a wave, do something that isn't so radical that it becomes highly popular without re educating everyone, because it's too expensive (Chairman).	If a young start-up wants to claim they're changing the rules of investing then they have to establish which rules they're referring to. Who is the enemy? Both Zeus and Hercules have chosen the same dragon to slay: actively managed mutual funds....because of their problems with cost, transparency, and performance (Q1 2010 financial press)	[CEO] a proactiv of intere awarenes Techcru and reall social me to start (We had ahead of critical n willing to
Hercules	Populist Messages Financial companies do not treat people fairly The wealthy have priviledged access Ordinary people know as much as experts	Targeted actively managed mutual funds via press interviews and company blog	The mutual fund industry is a $10 trillion industry that has seen no innovation for 25 years (Q3 2009 CEO press interview). Everyone should have access to outstanding investing talent and the ability to make informed investing decisions. Until now you had to be wealthy to get access to this kind of talent and information. The rest of us are left with investment products that are neither transparent nor beneficial (press release Q4 2008). At Hercules we believe it is high time that the playing field be leveled. We believe in democratizing access to investing talent (press interview Q1 2010).	You find the market after you build the product, and that's what we have attempted to do. No one starts out saying "I want to create a new market," the idea finds them. . .So then, the question becomes: How do we get attention to it? And the biggest way to create attention is for there to be tension in the story. Reporters don't like to write about things that don't have any tension. So, we had to create a "David versus Goliath" story (CEO).	[Founder] had the vision that mutual funds had lost their best talent to hedge funds and offered no transparency. So he created Hercules, and we are all better off because of it (Q3 2009 financial press). I joined Hercules a couple of months ago after seeing [CEO] and [co-founder] being interviewed on CNBC. I thought they had a good idea going so I checked out their web site and subsequently signed up (Q4 2009 customer interview).	Lots and The com young in Hercules [registere company would pr (compan are gratif have inv through
Narcissus	Populist Messages The wealthy have priviledged access Ordinary people know as much as experts	Targeted hedge funds via press releases, company blog, conferences, and press interviews	Instead of having 10 people on Wall Street being paid millions of dollars, we want to have hundreds of thousands of users, and pick the best thousand people (public news interview Q3 2007). Our members [users] are good investors. Our community as a whole can beat The Street in the long run. I'm sure there's the next Warren Buffet among them (Q1 2008 press interview).	The one thing we really tried to do was to make investing a social activity. We definitely saw that there was an opportunity to work with the media to promote this idea. It was an interesting story for the media, especially the idea of managing a hedge fund as a result of the trading activities. The idea was kind of new and novel (CEO).	What I typically tell people is to invest in established funds. A lot of people jumped into hedge funds, but typically the hedge funds are not run by amateurs. I would think people would be leery (Q4 2007 analyst interview).	We had huge am reach ou until the several f terms of very tou the prod fighting
Phaethon	Populist Messages The wealthy have priviledged access Ordinary people know as much as experts	Targeted financial media, investment gurus, Internet finance companies, and hedge funds via press interviews, blogs, and conference presentation	We want to give people credibility, even though they aren't professional money managers. A person out of nowhere can be an expert on a specific domain, but because he's not on TV, he can't have his voice heard (Q1 2008 CEO conference presentation). There's got to be people out there driving cabs in D.C. and lobstermen in Maine and on an oil rig somewhere that are better than these [investing pundits] (Q1 2007 CEO press interview).	As an evangelist—[my job was] getting out there and pushing it, creating PR, announcing the presence of the company to bloggers and the press so they could write about the space. We figured, let's try to grassroots this and see if we can get people around here and technophiles to listen. How can we capture their ear and start conversations with them? (VP Marketing)	Phaethon is a fascinating social experiment. It'll be interesting to see all these behaviors play out "in the wild". Watch this space (Technology press Q2 2007) Social networks for stock picking? – Give me a break! [Category] is stupid and dangerous. . .If I was good, why would I share it with anyone? These are technologists trying to create something for MBA types (analyst Q2 2007).	We were generate others. " are they Marketin We hope to respon used [out who cam press fea
Icarus	Populist Messages Financial companies do not treat people fairly The wealthy have priviledged access Ordinary people know as much as experts	Targeted members of the financial establishment: financial press, mutual funds, financial advisors, brokerages, and investment gurus via press interviews, blogs, conferences, and press releases	There's little evidence that investment professionals and pundits are any better than the rest of us at selecting stocks that outperform, and mutual funds touted by various financial magazines often fail to perform as well as the market. . .[We] empower individuals with information to overcome these well-documented industry shortcomings (Q2 20007 blog post). Icarus democratizes investing by enabling individuals to share successful strategies with each other. Individuals can bypass the so-called experts at brokerage firms, who really don't know any more than you and me (Q3 2007 press release).	When you create a new market, a new model, you try to disrupt the existing models of this market, you have to make big statements (CTO). Certainly blogging and having a direct communications channel and a personality come out; there is so much other noise out there. I wanted people to associate Icarus with being populist and on their side. We did a little judo strategy—take the things that were really compelling for the online brokerage firms (confidentiality and closed systems), and do the exact opposite (CEO).	Icarus's underlying assumptions are disparaging to financial professionals who do a good job within the risk and market boxes [for] which they are responsible. Their site makes financial advisers out to look like crooks trying to take advantage of the innocent public (Q4 2007 financial press). You could have the best product out there in terms of investing, but if you say, "I'm going to show you how to make more money," the first argument that I'm going to make is, well, why are you not making more money? Why are you trying to be this messiah to the world? You should be in the Cayman Islands (analyst).	The trad in writin there wa writing a appealin of the Bl Forbes [f so we did them (V The idea definitel really qu to keepin

Table 5. Labels: Accepting or Rejecting Affiliations and Analogies

Firm	Analogies	Labels Suggested	Firm Reaction	Illustrative Example	Rationale for Reaction	
Zeus	Open source hedge fund, American Idol, bloggers and journalists	Social investing, investment markeplace, social finance, open platform for investing talent, fantasy investing	Actively resists labels Corrects journalists / analysts Offers alternate category scheme	Social Investing is a valuable generic term for people sharing investment decisions online, but the definition includes a catch-all of different types of businesses. The category we operate in is of Proven Self- Investors, real people sharing real investments, as opposed to the also valuable sites offering virtual/fantasy/paper accounts. We are in the same space as anyone similarly trying to deinstitutionalize money management (Q2 2008 CEO public interview)	We try to avoid these kind of, "the Facebook of" something or the something of something because it can be very misleading for how you yourself think about your business (Board member).	You you artic (Ch Ope indi indu squa obse
Hercules	American idol meets Charles Schwab, fantasy stock exchange, eBay for investing talent	Social investing, investment talent markeplace	Actively resists labels Corrects journalists / analysts Offers alternate category scheme Changes company name	In a move away from an association with "fast money" and to help penetrate the financial adviser market, Hercules has changed its name. . ."We realized that [our company] name was associated with fast money, and that's not what this is about," said the CEO… [the change] signals a focus on linking professional money managers to customers and a move away from the "American Idol" investor talent discovery approach (Q3 2010 financial press).	Everyone called it "social investing," and we tried like crazy to not be positioned as that…it was hot, so they wanted to call it a category and to lump us in with [similar startup competitors] (CEO).	And noti men com
Narcissus	MySpace meets WallStreet, Facebook running a hedgefund, Fantasy football meets the trading floor, Social network for investors	Social investing, virtual /fantasy investing sites	Actively embraces labels Uses them in their own external communciations (PR, blogging) Serves as inspiration for new features	We have upgraded our contest feature again. Now you can run your own investing contests against your family, coworkers, and friends. Many of you are familiar with fantasy sports. Now on Narcissus, you can conduct your own investing contests with anyone you choose to see who is the best investor. [Major new outlet] now has even more reason to call us where "fantasy football meets the trading floor!" (Q2 2008 blog post)	Fantasy sports for investing' and 'Facebook for investing,': these labels probably describe it very well. That was also kind of our inspiration (CEO) What Facebook did for students, we want to do for investors. We want to become the destination for investment advice and drive real world investment decisions (CTO)	We .We by o focu deci like but y (CT
Phaethon	Digg for stocks, MySpace for investors, casino for stock investing	Social investing, markets 2.0, social stocks, online investing communities	Accepts labels Changes company motto to "Invest smarter together"	We juggled with a few [labels]. . .One that we toyed with was Digg [or MySpace] for investors. The other was invest smarter, which I think did end up being something like the tagline that we had, and we thought along the lines of democratizing the investment world or making it more accessible to the lay public (Q2 2009 press interview).	We had to present it in a way that made sense to users. . .Either we would actively go for blogger shoutouts, or conclude that they weren't going to do much because of the foreignness of what we were offering. . .Announcing something that nobody understands is a waste of time and energy (VP Marketing).	We us; v pool woul
Icarus	Facebook for investing, Robotic investment advisor	Social investing, investment community	Actively embraces labels and then reverses course	At Icarus, we have built our company around this idea of "social investing"- when we are allowed to objectively and safely compare, collaborate, and communicate with one another (Q3 2007 blog post). Icarus is not a social investing site but rather a personal service for making better investing decisions. . .A variety of companies have been compared to Icarus, collectively calling us "social investing." I thought it would be helpful to categorize these sites (Q4 2008 blog post).	[We] wanted to get traction with folks earlier. The idea resonated. We got a lot of inbound interest quickly; my goal was to make this stuff mainstream, for it not to be weird for people. Because new approaches are hard to define, customers really need a frame to scratch through the clutter and understand why they need the product. Something that sounds so weird over time becomes normal (CEO).	Wha you. reall label mea sper So w reall

Table 6. Stories: Altering Founding Premises and Strategies Due to Deviations from Plan

Firm	Founding Story (Premise)	Trigger for Change	Rationale	Revised Concept	Audienc
Zeus	Cedric [a Zeus co-founder] has a cousin who lives in South America and works for an oil company. And he's a great individual investor, and he invests his own money, and he happens to know oil-and-gas stocks well. And . . . Cedric wanted to say, "Listen, here's $10,000. Whatever you're doing with your money, do it with mine" (Q3 2009 co-founder interview).	We actually had a mix of individuals and RIAs, which we hadn't really envisioned. [These professionals] were trying to get wider distribution. Most of them don't really leverage the internet so their customer base comes from the local area. . .So originally, although we were all about looking at individuals, we discovered that there was definitely an appetite from the professional world as well (COO).	We had a vision originally that wasn't nearly as clear as it is today. . .Testing the marketing is what's important to getting the proposition right, and seeing the demand. If you make a mistake, you recognize it as soon as you possibly can. Hopefully [people] give you the credit for admitting the mistake rather than kind of like slapping you on the wrist (co-founder).	Zeus puts the expertise of top money managers in the hands of everyday investors with several professional investment firms that have signed on to let Zeus mirror the moves of these powerhouses. . .We bring firms access to a larger pool of potential investors without the additional marketing and operating costs of a traditional platform. Zeus also lets investors capitalize on this expertise with lower minimums and paying lower fees (Q1 2010 press release).	Now Zeus, they're doi to their original intent going to play out. Wh to play out? At least, And what they've don fascinating is, they've qualify as an investme
Hercules	I wanted to create kind of an arena where I could prove to my parents...that they were getting ripped off. So I said to my friend, "You know, let's create an investing talent marketplace," [online]. . . I realized what had ultimately started as a hobby, I could turn into a business. On an entrepreneur blog, I came across Bill [a venture capitalist] so I contacted him, and the rest is history (Q1 2009 co-founder press interview).	We've received some very valuable feedback from customers which has informed our strategy going forward...We have learned that very few amateurs are capable of [qualifying as good investors]. Only 4 out of more than 400,000 amateurs have done so in the past year and a half (CEO).	We have changed the focus of our business. The goal of a start-up is to get to market quickly, observe how people use your product and then navigate to the most profitable business...unfortunately that is not enabling a virtual investing environment (CEO).	We're creating a storefront for the money managers, and we're providing an alternative to mutual funds. . .Fortunately we've attracted a number of professional managers to our investing talent marketplace. Historically, they only accepted clients with minimum account sizes of $1 million. With a Hercules account as small as $3,000, you now have access to managers that were previously only available to the wealthy. It's part of our attempt to democratize access to the best investing talent (Q4 2009 press release).	They have discovered they can make money overhead marketing o professional investors acquiring new custome large. Hercules is lowe new business for those and allowing people w to those investors bett fantastic story; it just slightly different story anticipated (financial
Narcissus	I wanted to create a social network where people could invest virtually, and where other people could look at their performance. If we could have 100,000 investors, we were sure to have people at the top with fantastic returns. Other people would think, 'This is someone I would like to invest my money with,' and we'd be able to charge a fee or commission for hooking them up" (Q3 2008 CEO press interview).	We thought that the sharing would be the number one thing that would make the site grow, but the main success turned out to be having the [investing simulation]. . .The majority of the actual traffic came from the game part, so that's what we focused on. We thought in the beginning it would kind of be like a social network. Now we understand that is either a learning product or a gaming product (CTO).	We had the funding and resources, we had people, and we have the ability to kind of experiment within the framework that we have now (VP Product). The [CEO] and the rest of the guys were under increasing pressure just to generate revenue or to show something because any investors want a return on investment (Sales Manager).	Narcissus is an online community that allows young people to practice investing. The stock market can be very intimidating for people who are just starting out with investing. . .[Our site] is the ideal place for people to learn how to analyze stocks and make sound investment decisions (Q1 2009 press release).	[They said], 'let's not Let's just try to do, ok where the focus kind o for the homerun, but o homerun wasn't there double or the single rig doing great but they're (former employee).
Phaethon	We looked around on the web and found that a lot of investment sites tell you that the way to become a good investor is to put in the hours to determine an investment's true worth. . .We don't think that people are therefore destined to adopt a lone wolf approach to investing. If you put sharp people together, they feed on each others' strengths and can pool together a broader set of resources and ideas (Q3 2007 press interview).	The collaboration aspect hasn't taken off—so the team was eager to try something new. The vision has always been - get enough audience; identify the top performers, then monetize based on the aggregate of those valuable data. We haven't reached enough scale to identify the "real" experts who aren't just lucky but good (CEO).	We had to do something to break out of the funk. Under the influence of [our VC investor and board member], we started shifting the focus of the company to performance tracking of financial bloggers (CEO).	Phaethon is a community for stock market investors to share investment ideas, exchange market research, and track peers' investment performance. Phaethon also tracks picks by gurus (e.g. Warren Buffett & Jim Cramer), professional analysts, and various financial bloggers so you can see how well you perform against them (Q2 2009 press article).	Named as "one of the finance. . .allowing yo own investments and o performance to that o analysts and financial financial news article) performance of financ than done—a lot of fi delicate, and we receiv complaints (CEO).
Icarus	Social networking was taking off...From paying attention to the Internet space, Facebook, MySpace applications were going to be a big trend. And so the idea was to take different verticals, which is how I came up with the idea, how would those social applications be effective, how would they work and then how would they change certain industries (Q1 2008 press interview).	Only a small percentage of website visitors registered; fewer than half of those linked their brokerage accounts. Because our model relied upon the data, we needed certain network effects: the more people on the site, the more valuable it was (CEO). We need to show some revenue growth—and that's the way we were going to get the next round of [venture-capital] funding (Director of Engineering).	You're constantly learning and getting more information simply by launching that you can't get by talking to people and doing research. So we evolved as we learned and I knew that the original vision of transparency and community was not going to be enough (CEO).	Our mission is to help you make the best decisions with your investments so that you will have more to enjoy later in life. . .We have created an elegant retirement planning service (CEO). Icarus, an online investment service that helps consumers make smarter decisions by providing trusted guidance, announced a personalized service that instantly analyzes consumers' investment holdings and suggests replacement funds (Q3 2009 press release).	I found the service cle can see how it could b people with limited tir has some significant li Icarus may be a helpfu but its limitations mak solution that's no thre honest investment adv product review).

Appendix Table. Timeline of Selected Events During Category Emergence

Date	Event	Significance of Event
2006 Q1	Phaethon is founded	Founding
2006 Q2	Zeus is founded	Founding
2006 Q2	Icarus is founded	Founding
2006 Q4	Narcissus and Hercules are founded	Founding
2007 Q1	Phaethon publically launches (open beta)	Launch event
2007 Q2	Zeus publically launches (open beta)	Launch event
2007 Q3	Hercules publicly launches (open beta)	Launch event
2007 Q3	Icarus publically launches (at conference)	Launch event
2007 Q3	Narcissus publically launches	Launch event
2007 Q4	~ $4.5 million in funding raised by the firms in 2007	Resource mobilization
2008 Q1	Niche technology outlet reviews offers early definition of new category and reviews several competitors	Category emergence, audience attention
2008 Q1	Generalist technology conference features panel on collective money management where several founders invited to speak	Category emergence, audience attention
2008 Q1	Major financial technology conference features social investing product demos, including Icarus and Phaethon	Category emergence, audience attention
2008 Q1	Phaethon pivots to tracking performance of financial bloggers	Strategy change
2008 Q2	Zeus publically launches	Launch event
2008 Q2	Prominent technology outlet analyzes trends associated with nascent industry and compares several competitors	Category emergence, audience attention
2008 Q4	Narcissus pivots to focus on gaming / learning aspects of product	Strategy change
2008 Q4	~ $14.25 million in funding raised by the firms in 2008	Resource mobilization
2009 Q2	Phaethon is acquired (investors lost money)	Outcome: Exit / failure
2009 Q3	Icarus pivots to begin developing retirement product	Strategy change
2009 Q3	Zeus launches new investment management product	Strategy change
2009 Q4	Hercules re-launches publicly. Generalist business press notes a trend in social networking for investing	Category emergence, audience attention
2009 Q4	~ $9 million in funding raised by 2 of 5 firms in 2009	Resource mobilization
2010 Q1	Hercules pivots from online game to real money platform	Strategy change
2010 Q1	Icarus is acquired (asset sale, investors lost money)	Outcome: Exit / failure
2010 Q1	Narcissus decides to hibernate the company	Outcome: Moderate
2010 Q2	Several prominent media outlets compare and contrast Hercules and Zeus, which are deemed leaders in the new category	Category emergence, audience attention
2010 Q4	Hercules and Zeus remain as the only active players in the field	Outcome: Category winners
2010 Q4	~ $3.5 million in funding raised by the remaining firms in 2010	Resource mobilization