

Consumer entrepreneurship and cultural innovation: the case of GinO12

Abstract

Although the literature on consumer (or user) entrepreneurship is flourishing, research has focused on sources of product innovation as a driver of consumer entrepreneurial venture establishment and overlooked sources of cultural innovation. By drawing on the theory of cultural innovation, this paper provides a case study on the emergence and rise of a recently established consumer entrepreneurial venture that stands out in the local competitive arena for the cultural positioning that it pursues. Findings drawn from a two-year longitudinal case study combining longitudinal case analysis with enactive research shed light on how consumers can recognize the existence of a cultural opportunity, craft a cultural strategy and structure a firm to exploit this opportunity commercially. The study provides a theoretical and empirical elaboration to link the literature of consumer entrepreneurship with the theory of cultural innovation.

Keywords: consumer entrepreneurship, culture, cultural innovation, cultural capital, literacy.

1. Introduction

The classic distinction between production and consumption that has long characterized the field of economics and marketing is increasingly questioned. Several phenomena have contributed to blurring the distinction between production and consumption such as: 1) The acknowledgment that consumers are value co-producers (Vargo & Lush, 2004). 2) The emergence of new modes of production and consumption in which consumers play an active or pro-active role (Scaraboto & Fischer, 2015). 3) The establishment of new forms of consumers' involvement in business financing (Belleflamme et al., 2014) and in new product development (Kleemann et al., 2008). 4) The acknowledgment of the enforced role that consumers have facing their supplying counterparts (Kozinets & Handelman, 2004).

By assuming a more consumer-centric perspective on the marketplace, scholars have documented how consumers contribute to shaping and governing market dynamics and interactions (Arnould & Thompson, 2005; Merz et al., 2009) especially as ideological carriers (Kozinets, 2002; Giesler, 2008; Thompson & Coskuner-Balli, 2007). For example, research has underlined how consumers' collective practices can provide valuable inputs to stimulate product innovation (Franke & Shah, 2003; Prahalad & Ramaswamy, 2004; Cova et al., 2011; Kozinets et al., 2008; Ansari & Phillips, 2011), bring about significant market changes (Karababa & Ger, 2011), and even shape new markets (Martin &

Schouten, 2014). In the specific stream of scholarship on innovation management, research has mainly focused on the active role of a particular type of consumers, i.e. lead-users, as a source of product innovation (von Hippel, 1986; 1989). Lead users, i.e. users that experience the need for a specific innovation earlier than average consumers (Shah, 2000), furnish inputs valuable for new product development because they provide firms with reliable and effective information about what the demand actually needs and wants (von Hippel, 1989). Besides underlining the active role of consumers within marketplaces, a specific line of inquiry has studied the shift of consumers' role from consumption to entrepreneurship, i.e. consumer or user entrepreneurship (Shah & Tripsas, 2007), a topic that concerns all cases in which one or more consumers start up a new venture dedicated to the products or services that they normally consume. However, this topic is still little explored in current theoretical and empirical research (Agarwal & Shah, 2014; Shah & Mody, 2014). Usually embedded in communities, and in a nexus of market relationships involving several actors, consumer entrepreneurs are assumed to have a favorable position because they are granted early access to feedback and information relevant to commercialization prior to firm establishment (Shah & Tripsas, 2007). Moreover, consumer entrepreneurs typically face low opportunity costs, exhibit a strong willingness to experiment, and have high potential to explore commercial opportunities by entering existing markets or creating new ones (Haefliger et al., 2010). The way in which consumer-generated innovations lead to the establishment of new ventures has been documented in diverse contexts: for instance, rodeo kayaking (Baldwin et al., 2006), mountain biking (Luthje et al., 2005), video gaming (Haefliger et al., 2010), kite surfing (Tietz et al., 2005), mountain climbing (Guercini & Cova, 2015), and virtual technologies (Chandra & Leenders, 2012). Regardless of the context, research agrees that when consumers have unsatisfied needs, they are keen to propose innovative solutions offering exploitable entrepreneurial opportunities for themselves (Shah & Tripsas, 2007). These needs generally concern acknowledgement that existing products are not sufficiently performative, unsatisfactory, or unable to achieve the desired results, with resultant phenomena of consumer-driven innovation. Yet, while studies have considered product innovation to be the main determinant of consumer entrepreneurship (see Agarwal & Shah, 2014 for a review)¹, the literature still lacks studies focused on specific cases of consumer-entrepreneurial ventures where innovation has to be sought, not in specific innovative features of the offering, but in its different cultural content and meaning.

¹ According to Agarwal and Shah (2014), user entrepreneurship “is entirely based on product innovation” (p. 1120). In their article, they provided a list of previous studies focused on the phenomenon of user (consumer) entrepreneurship in which it is clearly visible that scholars have largely focused on product innovation as a source of consumer-entrepreneurial ventures. These studies include technological improvements in the following domains. Video gaming (Haefliger et al., 2010); juvenile products (Shah & Tripsas, 2007); medical devices (Winston Smith & Shah, 2013); virtual technologies (Chandra & Leenders (2012); personal computers (Langlois & Robertson, 1992; Freiburger & Swaine, 1999); microscopes (Shah & Mody, 2014); semiconductors (Adams et al., 2013), sports equipments (Tietz et al., 2005; Lüthje et al., 2005; Baldwin et al., 2006; Fauchart & Gruber, 2011; Shah & Mody, 2014); stereo components (Langlois & Robinson, 1992) and type-setting equipments (Tripsas, 2008).

Research in the field of cultural strategy (Holt & Cameron, 2010) has furnished several examples of companies that have obtained competitive advantages by pursuing an unconventional strategy aimed at achieving cultural rather than technological differentiation. Market innovation is made possible not only through better products, but also through the search for unconventional cultural expressions of the product, of the product category, of the way in which a specific business is expected to be run (Holt & Cameron, 2010; Rindova et al., 2011), i.e. cultural innovation. Cultural innovation can be defined as an active firm's response to an emergent demand created by socio-historical context specific changes that happens within existing industries or categories that is not lead with the demand for better technology(ies) but is rather driven by the quest for a better ideological expression of a business (Holt & Cameron, 2010).

Achieving cultural innovation thus, requires pursuit of an innovative strategy that does not involve innovating the product. Rather, involves leveraging the firm's ability to propose alternative cultural expressions of products or business practices that consumers value, and that ultimately influence their preferences and choices (Holt & Cameron, 2010; Ravasi et al., 2012). These alternative cultural expressions become a source of differentiation upon which a competitive advantage can be built (Grant, 1991) resulting in a unique positioning of the offering with regard to the cultural conventions that are somehow taken for granted within the marketplace (Ravasi et al., 2012).

Our aim in this paper is to shed light on the dynamics of consumer entrepreneurship based on cultural innovation and provide a case study on the emergence and rise of a consumer-established small business, GinO12, created with the purpose of achieving cultural differentiation in its competitive arena. Established in 2015 by three passionate consumers, GinO12 is the first cocktail bar in the city of Milan dedicated to the promotion of the gin culture. It stands out in the local competitive arena for the cultural positioning that it pursues. A two-year longitudinal case study was conducted from the business idea to current running of the business. It combined longitudinal case analysis (Yin, 1994) with enactive research (e.g. Johannisson, 2002) in order to show how consumers can recognize the existence of a cultural opportunity, craft a cultural strategy and structure a firm to exploit this opportunity commercially. The findings furnish a theoretical and empirical elaboration to link the literature on consumer-entrepreneurship (Shah & Mody, 2014) with the theory of cultural innovation (Holt & Cameron, 2010; Ravasi et al., 2012).

2. Cultural innovation: a source of unconventional entrepreneurship

Because the study of consumer entrepreneurship has begun only recently, scholars are still far from reaching a full and shared understanding of this phenomenon (Argwal & Shah, 2014). Although studies on consumer entrepreneurship assume diverse theoretical lenses, ranging from

innovation management (Baldwin et al., 2006; Haefliger et al., 2010; Shah & Tripsas, 2007; Chandra & Leenders, 2012), through strategy (Tripsas, 2008; Winston Smith & Shah, 2013), to economics (Langlois & Robertson, 1992), they are generally rooted in the processual view of innovation development. Accordingly, consumers identify a need not fully satisfied by existing products during usage. They “hack” the product so that it fits better with their needs or those of similar others, and eventually establish their own firm once they have recognized opportunities for commercial exploitation of their innovation (Shah & Tripsas, 2007). Because the beginning of an entrepreneurial career is somewhat unplanned and unintended, consumer entrepreneurs are often called “accidental” (Baldwin et al., 2006; Shah & Tripsas, 2007; Shah & Mody, 2014). As authors have noted (e.g. Shah, 2000; Luthje et al., 2005), consumers are advantaged compared to incumbents because their condition of “insiders” allows them to access information not so readily available and conveniently accessible to “outsiders”. That is, as von Hippel (1994) points out, users benefit from “information stickiness”, i.e. they have better access than producers to specific sources and resources that are likely to generate product/process innovation.

However, whilst product innovation is undeniably the main driver of new venture establishment (Dougherty, 1992; Drucker, 2014), innovation has to be sought also beyond the product itself or beyond the process that makes the production of specific product features possible. In particular, innovation can be sought also in the cultural content that a product carries, i.e. cultural innovation. Differently from product innovation, which is associated with altering the product radically or incrementally, cultural innovation is associated with altering the cultural significance of the product (and of its consumption) according to cultural needs of target consumers (Holt & Cameron, 2010; Ravasi et al. 2012). Although the theory of cultural strategy has been developed especially to guide unconventional branding strategies, the theory is also well suited to guiding the emergence, development and growth of new ventures (Holt & Cameron, 2010).

In brief, the theory of cultural innovation postulates that while product innovation allows firms to gain access to ephemeral sources of competitive advantage, cultural innovation allows them to achieve long-term competitive advantages. Cultural innovation is about challenging/overcoming shared cultural codes of the product category, and proposing cultural meanings not previously exploited by incumbents that resonate with final customers. The cultural resources on which companies draw to pursue cultural innovation are generally found in the consumption domain. For example, consumer collectives like brand communities (Schau et al., 2009), subcultures (Schouten & McAlexander, 1995; Schembri, 2009; Goulding & Saren, 2007) and countercultures of consumption (Hietanen & Rokka, 2015) secure genuine source material for cultural innovation. Besides consumer collectives, also non-market specific social changes create opportunities and offer valuable source materials for cultural innovation (Holt, 2004, 2006; Holt & Cameron, 2010).

Yet, while the adoption of a cultural strategy is recognized as a form of innovation, the literature is rather silent on how the dynamics of cultural innovation lead to new forms of consumer entrepreneurship. Findings in the field of consumer research, however, have shown that the locus of innovation and the reason for the market success of some firms consist especially in their ability to understand better than competitors the culture of their target consumers, and the cultural meanings that they attach to consumption (e.g. Holt, 1997; Cova & Cova, 2001, 2002; Beverland et al., 2010). Thus, although studies focused on consumer entrepreneurship have convincingly explained why consumer entrepreneurs gain favorable access to sources of product innovation (i.e. information stickiness, von Hippel, 1994), they have failed to analyze whether and how the existence of an unsatisfied cultural need plays a role in a firm's formation.

3. Analytical method

The study that follows is an inductive inquiry (Glaser & Strauss, 1967) based on a single longitudinal case (Yin, 1994; Eisenhardt & Graebner, 2007) that was judged to be highly representative of the process of consumer entrepreneurship where innovation is sought not at the product level but the cultural one: GinO12. Case studies are the preferred strategy when the focus is on a contemporary phenomenon within some real-life context (Yin, 1994) especially when knowledge and research about that phenomenon is scant (Eisenhardt, 1989; Flyvbjerg, 2006). Single case studies are not suited in fact to provide confirmation of previous theoretical assumption or to verify research hypotheses. Rather, a single case is suited and preferable to other methods when the aim of the research is to shed light on how and why things happen by taking into account also the contextual reality in which these things happen (Yin, 1994; Eisenhardt and Graebner, 2007; Noor, 2008).

Established in early 2015 by three friends who share, among other things, a passion for gin, GinO12 is the first gin bar in the city of Milan.

There are three reasons why GinO12 was chosen as a suitable case. First, because it has an explicit cultural mission and it was established when founders noticed the existence of a cultural space and of a latent demand for a “culturalized” expression of consumption. Second, because it can be considered a successful case of consumer entrepreneurship. Since its inception, there has not been single evening when the bar has not had an overbooking, and the bar is now listed as one of the best in Milan also by “Fine Dining Lovers”, a prestigious online blog owned by San Pellegrino specialized in dining reviews. Third, because we were granted constant, deep and first-hand access to every step of the development of the entrepreneurial journey as one of the consumers that form the GinO12 entrepreneurial team is also an author of this paper. The presence of an insider enabled us to combine semi-structured in-depth interviews with enactive research. Enactive research is a suitable research strategy to study the phenomenon of entrepreneurship when the researcher initiates the entrepreneurial event (Johannisson, 2002; Steyaert & Landström, 2011). As Fletcher (2011) notes, a key objective of enactive research is to “track” the venture through the eyes, experiences,

intuitions and personal history of the researcher/participant whilst accounting for the social world of others. As such, enactive research should not be confused with participatory action research, which is instead addressed to problem solving (Lewin, 1946).

As Johannisson (2011) sharply points out, enactive research is a pragmatic research approach that blends the ‘emic’ (the insider) and ‘etic’ (the outsider) perspective of entrepreneurial research and of its respective interpretations (Morris et al., 1999). The enactive researcher sees reality as a potential arena for human agency (Johannisson, 2011, p. 145) where the outcome of the entrepreneurial process is dependent also on the researchers’ practices but not on a pre-determined set of actions that are believed to bring about certain results. Thus - as he claims - enactive research is not suited to theory testing and should not be paralled to experimental research as the enactive researcher has to continuously navigate the liminal continuum between theory and practice where the former inspires the latter, and vice versa. Enactive research in entrepreneurship is about intentionally giving birth to a new venture but accepting its emergence as a partially uncontrolled outcome of interactive processes, incorporating existing structures as well as external events (see Johannisson, 2011).

The researcher’s first-person involvement in the new venture’s creation requires the participant researcher to reflect upon the role s/he holds by engaging in a critical evaluation of what he did in the form of personal narratives by maintaining a balance between theory (as a researcher) and practice (as a practitioner) (see Fletcher, 2011). Although the direct involvement of researchers in the research context is increasingly accepted (Brannick & Coghlan, 2007), the presence of an insider researcher poses problems of subjectivity (Alvesson, 2003) or, as Björkman & Sundgren (2005) claim, can lead to results that “provide no more than personal idiosyncrasies and flattering, politically correct, accounts” (p. 404) if not properly managed.

To overcome problems of validity, reliability and trustworthiness of research findings, we followed the methodological premises of studies that have employed a similar enactive approach in entrepreneurship research (e.g. Björkman & Sundgren, 2005; Salvato & Corbetta, 2013).

Specifically, throughout the research process, the insider composed a thorough description of the case analyzed by providing extensive details of the emergence, establishment and development of the new business on the basis of autobiographical accounts, notes, and other reflexive materials that have been produced throughout the development of the new business. Once composed, the preliminary case analyses was then developed further in iterations with “outsider” researchers who acted as critical reviewers and interrogators of the insider author.

As Louis and Bartunek (1992) note, a main characteristic of this sort of research is the explicit collaboration between insiders and outsiders throughout the entire research process, from the design of the study, to presentation of results.

Once collected, the insiders' reflexive accounts were then confirmed, challenged and enlarged with findings drawn from in-depth interviews with other members of the entrepreneurial team and triangulated with other secondary data sources and primary data collected through participant observation (Eisenhardt, 1989). The "insider" author, in turn, was never involved in interviews with other members of the entrepreneurial team in order to avoid biases. Finally, following Gioia et al. (2010), to ensure trustworthiness, only outsiders were involved in the actual data categorization and analysis. Interviews recorded and transcribed were treated as autonomous body of knowledge organized throughout the analysis into first and second order thematic categories to facilitate their later assembly into a more structured form. Each outsider researcher fulfilled codification and categorization of each interview independently. Then the single categorizations provided were further discussed in-group until consensus was reached (see Gioia & Chittipeddi, 1991; Corley & Gioia, 2004, Gioia et al., 2013). Eighteen interviews, lasting from 40 minutes to several hours, were conducted with the three partners of GinO12 throughout the two years of observation (November 2014-November 2016).

To guarantee the accuracy of the data, the same core queries were asked at different times and to different respondents. In the case of contradictions, we crosschecked the responses by seeking further opinions, discussing with the interviewees and with the enactive researcher. An interview protocol was prepared to ensure consistency of the questions, but it was iteratively adjusted on the basis of the outcomes of previous interviews. Aside from formal interviews, numerous informal conversations, phone calls, and email exchanges occurred, as well as observation of current business practices by the researchers. Other materials were collected, such as archival data, documents written during the start-up process, brand briefings, partners' meeting minutes and other records that could improve our understanding of the entrepreneurial process. Interviews stopped when data saturation was reached. All the information gathered was synthesized into a case history describing the emergence of the business idea, the creation of the firm, and future developments arising from 2014 to 2016. Thanks to this case history, processual analysis was implemented in order to emphasize the interrelationships among different elements and identify the emerging dynamics of GinO12's business formation (Pettigrew,1997). The data gathering sought to obtain all information that could be useful in understanding how cultural innovation is pursued by consumer entrepreneurs.

4. Tracing the origin of the new venture

4.1. Three friends and a shared passion

Although GinO12 was formally established in 2015, its origin can be traced back to at least ten years before or even earlier. Before they got together to form a new business, its founders Alessandro, Tommaso and Author (name omitted to ensure anonymity during the review process) had long been best friends. They had known each other since they were five or six years old. They had grown up together and spent a large part of their lives together since childhood. Since they were eighteen they had shared a passion for gin that evolved with the same pace of their friendship and of their own lives. While loving the subtle flavor of gin, they agreed that sipping a gin and tonic was always preferable than ordering any other drink.

“I love gin, I always have. The love for gin is something that unites us” [Alessandro].

At that time [early 2000], gin was a commodity-like product and nobody really cared about its type and quality. When they grew up, the founders continued drinking gin but started seeking out new kinds of gin and new mixtures based on gin. There was a growing gin scene coming to the fore, and new bottles of gin appeared on the shelves of many local bars. The three friends were immediately seduced by this emerging trend and began exploring new products.

“I still remember the first time I had Hendrick’s [The Scottish Hendrick’s is one of the most widely known super-premium gins and the one credited with having created the gin boom of the last ten years]. I was amazed with the taste. I was accustomed to the flavour of regular dry gin like Tanqueray, Bombay, or Gordon’s, which until the early 2000s were the only ones available. Tasting a cucumber and rose flavoured gin was a completely different and new experience” [Author].

The founders’ love for gin went on as a sort of socialized consumption ritual that proceeded at the same pace as their friendship. They finished their studies and started their careers in different sectors. Alessandro started working in the restaurant owned by his family. Tommaso was hired as filmmaker and then founded a film production company. Author applied for a Ph.D. to study marketing and consumer behavior, and began an academic career. They thus started meeting each other less frequently, but for many years met regularly on Wednesday nights. These Wednesday escapes found the three friends sitting on bar stools sampling new varieties of gin. They spent many nights discussing the original recipes of their beloved drinks and challenging each other’s knowledge of gin. They started purchasing and reading books about gin, scouting local and non-local producers, visiting websites specialized in gin reviews, buying rare products for home consumption, visiting distillers, and building a significant knowledge of gin and of the gin culture. They thus started becoming educated and cultured about gin; so much so that they became gin connoisseurs.

4.2. *Crafting the business idea*

As the founders became expert on gin, they became increasingly frustrated by the lack of information given to consumers to guide the choice of a gin, and lamented the scant knowledge of bartenders about their beloved product.

On November 2014, the three friends went to Gran Canaria for a winter break. Once founded three stools available in a cocktail bar settled on a rooftop of a building in the hearth of the city, they ordered some gin-based drinks.

“It was there that we started talking about the possibility of transforming our passion and knowledge for gin into a business” [Alessandro].

For the remaining three days in Gran Canaria and on the flight back to Milan, they started envisioning their gin bar. They considered setting up a concept bar with gin as its protagonist, where they could become loyal customers themselves.

“The initial enthusiasm gradually waned after our return to Milan. At the beginning it was simply a dream, a classic bar chat, the umpteenth entrepreneurial idea that we had envisioned since we were adolescents and that we had never had the courage to materialize. But this time there was something different” [Author].

They soon returned to that discussion and kept on imagining their bar and how to make their project concrete. They started thinking of a bar where selling gin would be only a part of the business. The other part – the most important one, they agreed – would be teaching customers to love gin and embrace the gin culture.

“This was the most important element we envisioned to differentiate ourselves from existing players, because by the end of 2014 there were dozens of bars in town selling fifty, a hundred and even more different types of gin. However, for us none of them was knowledgeable enough about gin.” [Alessandro].

“There were many bars where we used to go because we were sure to find a great selection of gins. However, their menus generally reported only the brand name and the price, without giving any additional details that could help the choice. And bartenders and other staff members, weren’t able to give customers good information. The result was that customers that were not knowledgeable ended up choosing the gin by chance or simply ordering products they already knew. In a market offering a thousand alternatives ...” [Author].

As soon as the idea started to acquire an embryonic form, they continued to organize their Wednesday escapes but with a different objective.

“We started systematically visiting bars, chatting with bartenders about gin, asking questions about whether or not the gin we were drinking was a London Dry, its botanical composition, whether it was distilled or compounded, whether it was pot or column distilled, and other technical questions. This pushed us with this conclusion: we were more gin-cultured than bartenders” [Author].

However, they were not the only consumers able to call themselves “gin-connoisseurs” because the number of gin lovers was growing fast and at the same pace as the gin industry was booming at the global scale [see Knoll, 2015 for an updated overview of the gin industry]. The event organized every year by a coalition of bartenders – namely The Gin Day – was in its second edition in the fall of 2014. While the 2013 edition was set up as a business-to-business appointment for bartenders and producers, the 2014 Gin Day was massive compared to the one held the year before. This was because of the huge participation of consumers, passionate with gin, who even outnumbered the bartenders attending the event. This great participation of consumers obliged the organizers to change the location of the event to satisfy the large demand by non-professionals wishing to attend.

“I was really impressed to see many regular consumers starved to try the very latest market novelty, asking questions about botanical composition and distilling methods, discussing with producers about the versatility of this or that gin in crafting gin based cocktails. There was a growing but sparse and unstructured community of gin lovers, for whom drinking gin was something more than simply sipping a drink. They – like us – are passionate about gin, and not simply gin drinkers or people that prefer gin to other spirits” [Author]. “On the other side, although the number of gin lovers was on the rise, a gin bar did not yet exist in Milan” [Tommaso].

On witnessing the existence of a common passion with other gin drinkers, the group started to think of their bar as the place for gin connoisseurs, the right locale for a niche of people interested in the culture of gin and its drinking.

4.3. *Structuring the business*

The first problem that they encountered was finding the right location. After scouting for opportunities, they decided to set up the new venture within the restaurant owned by Alessandro (Officina12). There was already a bar at Officina12, but it had never been a separate entity from the restaurant. It served simple pre-dinner aperitifs to customers waiting for a table, or post-dinner liqueurs to those who had dinner there. Only a few sporadic customers used to go to Officina12 for a drink. The bar had never been considered a profit center by the owners but as ancillary to the business’s core activity. As a result, revenues from the bar were very low.

“It was a union of purposes and a non-repeatable series of chances. In the sense that we had the idea of setting up a monothematic bar entirely dedicated to gin at the right time. There was a valuable business opportunity and there was already an underexploited location available. We discovered that we could do something more for a bar that for ten years had served as a mere support to the restaurant’s clients. We changed the bar’s layout, bought some furniture, defined the inner design and graphical layout, bought the products, and gave the bar a gin bar identity” [Alessandro].

They were then challenged with finding a suitable brand name for the bar. GinO12 was chosen because “Gino” recalls the word gin and because Gino is an Italian name traditionally associated with the city of Milan. The capital “O” and “12” were chosen because the bar was established within Officina12. “The gin experience” was selected as a payoff for the brand, and this payoff rapidly became the principle that guided every choice and every managerial action undertaken thereafter.

“When designing GinO12, we thought of it as a place where clients could have a holistic experience with gin consumption. A place where they could touch, taste and smell the botanicals infused in gin production, could read and learn about the history of gin and of the drinks of the 1920s that made gin an indisputable protagonist of the emergence and rise of modern mixology. They could get to know important characteristics of each bottle of gin on the bar shelf. Overall, it was to be a place where customers could learn something. That’s why we came up with the “gin experience” [Author].

“For us, keeping the promise of selling a gin experience means not simply satisfying customers’ expectations concerning the quality of the drinks served, but also – and especially – teaching them something about gin that they don’t know or of which they are not aware. Our drinks need to be explained and then sold, then again explained and then sold. It is a one-to-one process where we educate our clients” [Tommaso].

The first task in making the gin experience concrete was to build a solid selection of gins.

“It was not difficult at all. We are gin lovers and we simply selected our favorite products. We paid particular attention to selecting those products that, besides being of great quality, we considered as those that you ‘must have at least once in your life’ if you want to consider yourself a gin drinker” [Author].

Over the years as enthusiast gin consumers, the founders had developed a sort of technical manual in which they reported provenance, year of market introduction, alcoholic strength, producer, production technique, distilling method, number and types of botanicals distilled, tasting notes, and other relevant information about every gin they tried. This technical manual served as a basis to build the gin menu, as an input for the creation of the drinks, and later as a “depository” of knowledge shared among all the people involved in the business. Two main principles drove the choice of the gin to serve and the composition of the drink list [internal source-brand brief]: authenticity and culture. They thus chose only those products that complied with the principles of authenticity in terms of respect for traditionalism of the production method applied,

provenance of the botanicals blended, consistency of the brand/product to its historical roots and relationship to the place of origin. Similarly, they avoided the inclusion of products that, although widely known, were judged by the founders to be too commercial and not sufficiently respectful of gin history and gin culture. They also decided to purposefully avoid “twists” on classic drinks but decided to maintain the recipes unaltered both in terms of cocktail realization’s technique and ingredients used.

4.4. *Starting the business*

The firm was established on January 2015. Alessandro took on the chief executive officer role, focusing on in-bound logistics and procurement, operations, in-store management, and human resources management. Tommaso took responsibility for communication, social media management and graphic design. Author was from the outset responsible for brand management, off-trade marketing, and product selection. There was only one piece missing: a skilled bartender who could assume responsibility for the bar operations.

“We were looking for someone different from the hipster–styled, tattooed, long beard, bow tie and suspenders bartender that is so in vogue at present. As assiduous frequenters of cocktail bars, we were really annoyed to see so many bartenders with great technical skills acting like Michelin starred chefs but with very poor skills in managing relationships with clients. This is especially true of top-notch bars. Bartenders are more concerned to maintain their own image and be recognized as masters by their colleagues than commit themselves to establishing a relationship with customers” [Author].

After a search for potential candidates, the group met Silvio and immediately found a common feeling. With more than fifteen years of experience as a bartender, a high level of experience in bar start-ups, a great mastery, and a natural capacity to manage relationships with customers, Silvio immediately understood the project and enthusiastically agreed to commit himself to the venture and become a partner. With the bartender on board, they designed a complete handcrafted drink list with gin as the main ingredient. They decided to use no spirit or liquor other than gin.

“The main rule at GinO12 was – and still is – you can order only gin and no other spirit is available. If you don’t like gin, we don’t want you as a customer. We don’t want to make profits in general. We want to make profits through gin sales. What characterizes GinO12 compared to other bars is the different approach to gin. We are not here to satisfy the whims of our customers, but we are here to honour a product, and that is the biggest difference. This is perhaps the main reason why we have so many loyal customers. They visit the bar quite often not simply to sip a gin and tonic or other drinks. They come to learn something about gin, about the origins of the classics, or to learn historical facts about gin. GinO12 has a clear cultural mission, and the fulfilment of this mission is our biggest commitment” [Silvio].

The three friends left the barman free to create and to transform the gin experience that they envisioned into something real. After weeks of experiments, trials, tastings, changes, and refinements, by the end of February the bar was ready. They chose March 12 as a suitable date for the inauguration. The day of the inauguration, about 1,000 people came to try the newly-established gin experience, in a bar that can host up to 120 people.

4.5. *Gaining success*

GinO12 immediately started gaining the attention of the general and specialized press. Many rankings included GinO12 as one of the best spots in Milan and the bar soon attracted the interest also of specialized publications like *Mixer*, a leading magazine focused on the bar sector, and of several general national newspaper. Now almost two years since its inception, GinO12 is the reference bar for gin in Milan, and a favorite spot for producers, importers and distributors wishing to increase their footprint in the local market. In less than two years of activity, GinO12 partnered with the most important importers, distributors and producers to promote top brands like Beefeater, Ungava, Portobello Road, Tarquin's, Hendrick's, Sylvius, Mahon Xoriguer, Roby Marton, The Blind Tiger, Gastrogin, Mombasa Club, and many others. The number of bottles of gin consumed reached the impressive figure of ca. 4,500 bottles in 2016 [internal source]. Revenues from the bar in 2015 were about ten times those of 2014 (before GinO12 started its business), almost doubled in 2016, and are expected to grow also in 2017 [internal sources]. The growth of the business also led to the growth of the number of employees (two additional bartenders and two waiters were hired). This raised the challenge of adequately training and educating the staff to meet the firm's policies and requirements. Silvio assumed responsibility for the staff's training. He arranged monthly formal sessions and engaged in a constant in-store daily training effort addressed to the whole GinO12 staff. The aim of this training was to teach each staff member the tenets of a service philosophy entirely centered on customer education. Author instead takes care of the process of knowledge transfer concerning technical issues of gin production, and relevant information concerning each of the products sold. He is also responsible for keeping abreast of market novelties.

“We are so committed to giving the best cultural training to our staff members that a waiter we hired in 2015 did not know anything about gin when he joined the company and after a year left GinO12 to start up a small-scale gin distillery” [Silvio]

The success that GinO12 rapidly gained in the local competitive arena soon attracted imitative behaviors. New bars opened with a clear positioning as gin bars. However, GinO12 still remains the gin place in Milan.

“I think of ourselves as the creators of the gin experience and not simply of a gin bar. A gin bar is a place where gin is served and this is something that can be imitated rather easily. But we create an experience around gin. And we are the only ones to do this. We are not interested in selling. We are interested in letting our customers know what they are drinking and we are interested in teaching our customers to love this product. The educational part of the business is the most stimulating one. There are many customers that come to GinO12 convinced that they don't like gin, but after a chat, a technical explanation, they try it and then come back and even become passionate. And there are also many loyal customers who choose to come to GinO12 because they love our philosophy. This is what I love the most [Silvio].

5. Case analysis and discussion

Having briefly summarized the case of GinO12, we provide an analysis and discussion of findings obtained through the lens of the theory of cultural innovation (Holt & Cameron, 2010). We aim at inductively shedding light on how consumers can recognize the existence of a cultural opportunity, craft a cultural strategy and structure a firm to exploit this opportunity. We thus conceptualize the phenomenon of culture-driven consumer entrepreneurship, which is distinct from the generic phenomenon of consumer entrepreneurship because of the emphasis on culture throughout the overall entrepreneurial process. The empirically grounded process of culture-driven consumer entrepreneurship is graphically represented in Figure 1. Representative additional quotes of each of the constitutive elements of the process are reported in Appendix 1. Three propositions are formulated on the basis of the findings obtained.

- INSERT FIGURE 1 ABOUT HERE -

5.1. *Identifying cultural opportunities*

The case of GinO12 is emblematic of how consumer entrepreneurs can gain advantages over incumbents by identifying the existence of a latent unstructured demand for a “culturalized” expression of how a business is expected to be conducted. Cultural opportunities emerge when the cultural conventions of the category are uncertain, favoring the emergence of new ventures and consumers’ willingness to search for alternatives (Holt & Cameron, 2010). Phenomena of consumer entrepreneurship are likely to occur in markets characterized by great turbulence, rapid innovative dynamics and instability of consumers’ needs and preferences (Baldwin et al., 2006; Shah & Tripsas, 2007). In recent years, the gin market has been the most dynamic market in the spirit business (IWSR, 2015) with thousands of new brands appearing

(Bois & Boons, 2014), and an explosion of gin drinkers in almost every country (Knoll, 2015). In this dynamic market, the founders of GinO12 developed a passion for gin and then transformed this passion into a successful business by also benefiting from the positive trend that the gin business was experiencing.

Cemented with a consolidated friendship among the founders, their long-lasting socialized rites of consumption first generated a shared passion, and then resulted in a shared accumulation of cultural capital. This cultural capital led to detection of an unsatisfied need, and to a purposeful search for solutions. The founders' condition itself as consumers enabled them to identify a different interpretation of the business that was not yet exploited, and that was used in subsequent stages to devise unconventional courses of action (Rindova et al., 2011).

They identified cultural sources and resources that could be exploited in their quest for different cultural meanings of the business and of the product traded, ones experienced also by other enthusiast consumers. They thus gradually gained literacy in gin consumption and the gin trade (Holt, 2004). The concept of literacy, which describes the ability to decode the mechanisms underlying a sociocultural context (Bernardo, 2000) – and therefore also those regulating the marketplace – echoes that of “information stickiness” (von Hippel, 1994) mentioned above. Yet, while “stickiness” refers to access to and exploitation of sources and resources likely to generate product/process innovation, “literacy” refers to access to and exploitation of sources and resources that can generate a cultural innovation (Holt & Cameron, 2010). Similarly to sticky information, literacy provides privileged conditions to innovate due to closeness to the realm of consumption. However, while stickiness frames this closeness in terms of product usage, literacy frames it in terms of cultural and social meanings of consumption (Holt, 2004, 2006). The stream of scholarship dealing with consumer culture clearly shows that community insiders are keener to propose innovations than incumbents, not because of their closeness to product usage, but rather because their condition as insiders enables them to gain deeper understanding of the sociocultural dynamics that regulate the marketplace, including consumers' lived experiences of consumption that affect the acceptance (rejection), and the success (failure) of consumer-established ventures (Hietanen & Rokka, 2015; Goulding & Saren, 2007; Schouten & McAlexander, 1995).

Framing the advantageous position of consumers compared to incumbents in terms of literacy rather than those of better access to sticky information allows better sense to be made of that advantageous position encompassing other sources that can bring about innovation not limited to product or process innovation.

For example, it is very likely that the success achieved by a consumer entrepreneurial venture like Burton (Shah, 2000) was largely due to its founder's ability to understand better than incumbents its target consumers (both as individuals and as a group), and not only to the better

content of its products. Shah (2000) herself affirmed that lead users who develop innovative products for sport eventually establish a lifestyle. However, this latter result, i.e. forming a lifestyle, is under-theorized and not compellingly explained either in Shah's study or in others. A lifestyle is represented in terms of an ideal-typical assortment of objects that express specific cultural meanings and that, as such, are of appeal to some consumers (Holt, 1997). Thus, it is likely that a consumer entrepreneurial venture like Burton was able to exploit a market opportunity that did not consist in the provision of better products, but in the provision of products imbued with cultural meanings considered important by consumers. In the same way, it is likely that it was especially its ability to gain literacy of the sociocultural context on which Burton's products were targeted that explains the market success that it gained.

However, it is worth noting that the target consumers to which GinO12 addresses its offering do not easily fall under the label of "community" because a structured group of gin drinkers or gin lovers did not yet exist when it was founded. Identification of the unsatisfied need and the solution provided only marginally benefited from the inputs obtained from other consumers. Yet, this did not impede the founders from gaining literacy, identifying a cultural opportunity, and bringing about cultural innovation.

Literacy, which is made possible through accumulation of cultural capital (Lamont & Lareau, 1988; Bengtsson & Firat, 2006), produces the conditions for consumers' reflexivity of marketplace dynamics (Holt, 2002), and creates the conditions for cultural innovation (Holt, 2004). Accordingly – as the GinO12 case shows – the inputs necessary for innovation can be found through a reflexive critical analysis of incumbents' strategies and practices resulting in a more or less explicit opposition to institutionalized cultural codes governing those strategies and practices (Rindova & Fombrun, 2001; Rindova et al., 2011), once a latent quest for better cultural expressions of the business has been identified (Holt & Cameron, 2010). Consumers can then find fertile ground to bring about market changes, especially when they are able to oppose prevailing market logics (Martin & Schouten, 2014). Although this opposition can result in many different forms of resistance (Ozanne & Murray, 1995), consumer entrepreneurship can be framed as a market-aligned proactive response to market failures (Martin & Schouten, 2014) that can involve technical product features and extend to the proposal of new cultural meanings (Holt & Cameron, 2010). The findings inform the following proposition.

Proposition 1. The consumers' accumulation of cultural capital relative to specific consumption domains and marketplace literacy makes it possible to identify cultural opportunities that are likely to generate forms of consumer entrepreneurship.

5.2. *Cultural intent and sources of value*

The founders of GinO12 framed the issue of market innovation in terms of the provision of better cultural expressions of the business rather than the provision of better products or services. To do so, they devised an unconventional business strategy characterized by an explicit “cultural intent” (Ravasi et al., 2012), i.e. with a purposeful search for and integration of cultural resources in order to gain a unique cultural positioning for the firm and its products. These cultural resources included stories, concepts, symbols, myths, historical facts related to gin and to its culture that the founders had accumulated over the years and that were then explicitly leveraged to achieve differentiation with respect to competitors from the very beginning of the business.

Enactment of this cultural intent can materialize in many entrepreneurial choices and actions through which cultural innovation takes place. The case of Alessi analyzed by Rindova et al. (2011) is often cited as a successful case of a company able to achieve differentiation *vis-à-vis* competitors by bringing art concepts and practices into the steel industry. As the case analysis shows, various choices can represent the enactment of a cultural strategy: for example, the decision to propose a hyper-specialized offering in a competitive scenario – the bar business – in which diversification of the offering is considered a proxy for the bar’s quality (Ocejo, 2010). The founders not only positioned their venture as a gin bar but also took the extreme decision to adopt a strict policy of serving no other spirit or drink but gin, regardless of the negative consequences that this policy would inevitably have on revenues and profits, because non-gin drinkers would be discouraged from frequenting the bar. This decision gave the new venture a cultural positioning, and it materialized the founders’ cultural representation of what a gin bar is or should be. Another example refers to the selection criteria used to hire the bartender and to staff training. As Holt and Cameron (2010) stated, pursuing a cultural strategy requires all those involved to craft a particular cultural expression, i.e. to endorse the cultural orientation of the firm, in every component of the offering. In the case of GinO12, choosing and hiring a bartender was a crucial decision that required the founders to evaluate – among different options – the candidate’s ability to tap into different cultural expressions of the business and use them to create the offering. In the same way, staff training extended beyond technical issues to include sessions on “gin culture”. A similar approach was taken in the selection of products to be sold, which was based on strict criteria of authenticity and cultural content and was driven by the founders’ intent to educate customers beyond mere considerations of profit-gaining or customer orientation. The founders of GinO12 saw the choice of products to sell as a central part of their cultural strategy aimed at providing consumers access to what they interpreted as authentic gin and/or as an authentic gin experience. They thus designed the offering as a factual embodiment of the cultural capital they accumulated throughout the years of consumption that resulted in a subjective framing of gin authenticity in terms of historicity, stylistic consistency,

quality, provenance, method of production, and downplaying of commercial motives (Berverland, 2006). It is well known that authenticity is hardly an inherent quality of a product measurable through absolute objective criteria (MacCannell, 1973; McIntosh & Prentice 1999; Postrel 2003). Rather, products come to assume authentic meanings when individuals realize positive identity benefits between their self and the authentic (or believed to be as such) product (Leigh et al. 2006; Morhart 2015; Rose & Wood 2005).

In doing so, i.e. in providing their own (subjective) interpretation of authenticity and by using such interpretation as a pillar of their offering, they more or less intentionally set a template for consumer practices, enabling them to accumulate practical knowledge about consumption through a reflexive engagement in the consumption experience that led to enrichment of their individual and collective cultural capital (Arsel & Bean, 2013), as well as to the creation of their own market-mediated gin connoisseur (Giesler & Veresiu, 2014).

Inspired by a cultural intent, these choices and actions aim to create a value whose nature extends beyond mere functional and economic value.

As Holt and Cameron (2010) note, firms pursuing functional innovation (i.e. producing better products) create “red-oceans” as competitors rapidly imitate them, gradually frustrating the economic benefits stemming from the temporal advantage that first-movers enjoy. This is especially true of the consumer-generated functional innovations often used as inputs to firms’ innovative processes (von Hippel, 1994).

Cultural innovation, instead, makes it possible to generate two main kinds of interrelated value that can even push consumers to perceive a superior functional value of the offering also when no functional advancement is actually produced. These are symbolic and social values of cultural innovation. The first source of value concerns the capacity of cultural innovation to contribute to consumer identity formation. The second instead, concerns capacity of cultural innovation to convey meanings that are cherished by consumers’ collectives or that can be of great inspiration to for their establishment. Both sources of value give access to more solid sources of competitive advantage because they are less easily imitated by incumbents and new entrants. However, as the GinO12 case shows, while these sources of value are somehow invisible to incumbents due to the existence of some dominant and business-specific cultural expressions (profit-gaining above all), they can be fruitfully appropriated by consumers due to their different framing and their closeness to the dynamics that take place on the consumption side. On the basis of these findings two other propositions can be advanced.

Proposition 2. Culture-driven consumer entrepreneurship implies decisions that leverage on cultural capital and propose an alternative cultural expression of a business.

Proposition 3. Culture-driven consumer entrepreneurship extends the creation of economic value from a focus on functional value to a focus on symbolic and social value.

6. Conclusions

6.1. Contributions

By showing that, like established firms, also consumer entrepreneurs can identify cultural opportunities and search for untapped cultural expressions of a business to form a firm, this paper has offered a theoretical and empirical elaboration to link the literature on consumer entrepreneurship (Shah & Mody, 2014) with the theory of cultural innovation (Holt & Cameron, 2010; Ravasi et al., 2012). Specifically, it has considered cultural strategy as a suitable lens through which to read the phenomenon of consumer entrepreneurship and, at the same time, it has offered empirical evidence of how the principles of cultural strategy can be inductively used to make sense of the process by which consumers identify cultural opportunities and create and develop new businesses aimed at grasping them.

Findings drawn allowed to proposing an empirically grounded process of culture-driven consumer entrepreneurship that aims at enriching the current understanding of how consumer driven entrepreneurs differ from classical schemes of entrepreneurship (Shah & Tripsas, 2007).

In addition, the analysis of the case allowed formulating three propositions that relates to the drivers that may lead consumers to identify cultural opportunities that are likely to generate forms of consumer entrepreneurship (proposition 1); to the way in which such drivers are used as an input for crafting an alternative business strategy (proposition 2); and to the type of value that is generated when innovation extends functional value to encompass also and foremost symbolic and social value (proposition 3).

As underlined throughout the paper, while previous studies have tended to limit the understanding of consumer entrepreneurship by framing the problem of unsatisfied needs from a technological perspective, this study provides evidence suggesting that such needs can also have a cultural nature. Besides this, other contributions by the paper can be identified.

The first concerns the conceptual effort that we have made to draw a parallel between the concept of literacy – typically related to cultural innovation (Bernardo, 2000; Holt, 2004) – and that of information stickiness – typically related to product innovation (von Hippel, 1994), which we found is equally important to the identification of an unmet need. Although both concepts refer to consumers' better/favorable access to sources and resources able to generate innovations, literacy is better suited to achieving a finer-grained understanding of the phenomenon and of the process of consumer entrepreneurship. Focusing on mechanisms behind sociocultural contexts, literacy encompasses a broader range

of sources and resources that lead to market innovation (including classic sources and resources that generate product innovation), and that at the same time regulate the acceptance and long-term survival of the new business. It thus enables more complex explanations – so far overlooked in current research – of why some ventures created by consumers have gained spectacular success and eventually become cultural referents for consumers and collectives of consumer. The case findings have shown that marketplace literacy (gained through a purposeful investment in the accumulation of cultural capital) was a primary input to envision a different (untapped) cultural expressions of the business which was then used to create an offering which is drastically different from that offered by incumbents.

The findings also contribute to our understanding of how the intent to achieve cultural innovation influences the overall approach to the business. This different approach, besides affecting firms' actions, choices and the business practices of all the actors involved, is designed to produce major changes in consumers' behavior by setting the ground for their reflexive evaluation of whether and how their choices and practices are aligned with the cultural mission endorsed by the founders. Thus, in the attempt to give a different cultural expression to the business, consumer entrepreneurs can more or less intentionally shape the set of criteria that consumers use to set their preferences and to perform their choices, making this different cultural expression a referent against which to evaluate alternative offerings and competitive players. The above-illustrated dynamics extend extant theory on consumer entrepreneurship (Shah & Ripsas 2007) by offering a finer-grained view of consumer entrepreneurship.

We have also contributed to shedding light on the outcomes of cultural innovation when performed by consumer entrepreneurs. In line with the tenets of cultural strategy (Holt & Cameron, 2010), we have found that these outcomes extend to two additional sources of value, i.e. symbolic and social value, that have so far been neglected in studies on consumer entrepreneurship. As we suggest, the value of cultural innovations pursued by consumer entrepreneurs should be evaluated especially according to their ability to fulfil individual as well as social identity needs resulting in greater economic value.

6.2. Managerial implications

In addition to the theoretical contributions displayed above, the findings of this study have at least two major managerial implications. One addressed to consumer entrepreneurs pursuing cultural innovation. The other addressed to incumbents that can be threatened by the market access of consumer-driven cultural innovations. As far as the first implication is concerned, it is worth noticing that when consumers' decide to enter the commercial arena to exploit a cultural opportunity that incumbents have overlooked, the growth of the new venture will be

primarily dependent upon its adherence and continuous commitment to such different understanding in the long term (Holt, 2004). Thus, the fulfilment of a cultural positioning, while can be fruitfully exploited to gain access to the market, also represents a source of rigidity in subsequent developmental steps of the consumer established venture as eventual “incumbent-like” actions undertaken can rise severe criticism by consumers. We therefore suggest cultural innovators to envision and design since the very beginning how the specific cultural positioning pursued can be maintained throughout the development of the business without running the risk of being perceived similar to other players. As for the second implication, findings drawn in this research suggest incumbents not to limit the active involvement of consumers’ in their innovative processes only as a source of information that can help designing better products. Rather, to stretch the identification of lead users and include also those consumers that experience earlier than others the need for different cultural expressions of a product, of a service or of the way in which a business is conducted. If this is done, besides allowing identifying alternative positioning and respective courses of actions to achieve differentiation vis-à-vis competitors, it may help preventing the access of newly established firms by consumers. Overall, these aspects contribute to a better understanding of the managerial challenges associated with the key steps in the process of culture-driven consumer entrepreneurship.

6.3. Limitations

The results and the contributions of this study must be viewed in light of its limitations. The first of them concerns the use of a single case study. Although conducted longitudinally and covering the formation of the new venture from identification of the business idea to operation of the business, the findings drawn, and the propositions advanced must be tested in future research before the results are generalized.

Directly linked with this limitation is the length of the longitudinal analysis due to the relatively recent inception of the business investigated. A final limitation relates to the informants employed to develop the case. Whilst focusing on founders, i.e. on key actors in business formation, is suitable when the purpose of the study is to trace the origin of the business and the motives prompting its formation, other relevant stakeholders could have been involved, like consumers, suppliers and competitors.

6.4. Further research

Several suggestions for further research can be outlined. While we generically call for additional studies focused on cases of consumer entrepreneurship where innovation consists in the proposal of different cultural meanings rather than in better product performances, there are

some issues that we believe should assume priority over others. The first concerns how consumers' passion and cultural capital – that were central aspects in the business development process examined in this research – evolve and change after business establishment. An additional line of inquiry deals with the problems of legitimacy that may arise for consumer-established entrepreneurial firms in general and that can be particularly problematic when innovation is performed at the cultural level. As De Clercq and Voronov (2009) note, the more new ventures are able to draw on industry's dominant cultural expressions, the greater their ability to gain legitimacy. Thus, because the main form of cultural innovation that can be enacted by consumers consists in the purposeful attempt to counteract these dominant cultural expressions by socially drawing on their view of the business from the consumers' perspective, problems of legitimacy are likely to occur. Finally, further research should investigate whether and how these phenomena of culturally driven consumer entrepreneurial initiatives lead to market changes and market creation (Martin & Schouten, 2014). Specifically, further research should devote particular attention to investigating if cultural innovations performed by consumer entrepreneurs have the power to generate a shift of institutionalized business practices and cultural expressions that give consumer entrepreneurs a valuable market space to fill.

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