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THE DISCURSIVE PERSPECTIVE OF MARKET CATEGORIZATION: INTERACTION, POWER, AND CONTEXT

Stine Grodal and Steven J. Kahl

ABSTRACT

Scholars have primarily focused on how language represents categories. We move beyond this conception to develop a discursive perspective of market categorization focused on how categories are constructed through communicative exchanges. The discursive perspective points to three under-researched mechanisms of category evolution: (1) the interaction between market participants, (2) the power dynamics among market participants and within the discourse, and (3) the cultural and material context in which categories are constructed. In this theoretical paper, we discuss how each of these mechanisms shed light on different phases of category evolution and the methods that could be used to study them.

Keywords: Discourse; categories; industry evolution; language; power
INTRODUCTION

Categorization is essential for market transactions. Categories are socially constructed partitions that group together objects perceived to be similar (Bowker & Star, 2000). Organizational scholars have applied categories to classify the products and firms that compete within markets (Hannan, Polos, & Carroll, 2007; Navis & Glynn, 2010; Rosa, Porac, Runser-Spanjol, & Saxon, 1999). Many scholars believe that to forward this research program requires developing a more detailed understanding of the dynamics of market categories — that is identifying the drivers of market categorization (Kennedy, 2008; Lounsbury & Rao, 2004; Navis & Glynn, 2010). Market categories evolve. They emerge, their meanings change and what or who is included as members of the category change. Some categories persist, whereas others decay and disappear (Durand & Paolella, 2013; Kennedy & Fiss, 2013; Kennedy, Lo, & Lounsbury, 2010).

Traditionally, category scholars have assumed that the language used to refer a category represents the category (Kahl, 2015). Category scholars have tracked category labels (words in most cases) over time or used category labels as a way to measure how objects are grouped into categories (Hsu, 2006; Zuckerman, 1999). Scholars have paid less attention to how a category label comes to represent a group of objects or how the meaning of a category label changes over time. For example, category scholars have not questioned how the movie category “thriller” emerged and whether “thriller” might mean the same thing across a diverse set of audiences. However, if we do not understand how market categories emerge and become meaningful, we cannot understand how and why they become consequential.

In this article, we move away from viewing language as a mere representation of a category to understanding how language creates and shapes categories. Doing so necessitates moving away from viewing language as a passive container to understanding how market participants actively use language to categorize products. We argue that categorization scholars can benefit from taking a discursive perspective on market category evolution. The discourse approach treats the creation of texts as a communicative act between the author and its audience. Language not only expresses what people think but also helps create novel understandings (Fairclough, 1992, 1995; Phillips & Hardy, 2002; Phillips & Owick, 2012). In other words, language itself and how it is used plays a crucial role in the development and evolution of categories.
Market categories are created and evolved through negotiations and contestations between diverse market participants. In efforts to shape other participants’ categorizations of their products, producers describe their offerings in press releases, advertisements, and regulatory documents like SEC filings. Consumers read these texts, engage in conversation with other stakeholders, and use the products. Other participants, most notably, the media (Kennedy, 2008), analysts (Zuckerman, 1999), trade associations (Kahl & Grodal, 2016), and the government, discuss both the producers’ offerings and consumers’ reactions to these products (Kaplan & Tripsas, 2008). By engaging in these conversations, market stakeholders not only map products into categories but also change existing categories and create new ones.

Collectively, the communicative exchanges between market participants produce a discourse. This discourse consists of the texts that market participants use to convey their viewpoint and respond to other texts in the discourse. Texts are loosely defined to include written documents as well as verbal expressions, visual representations, and physical designs (Phillips & Hardy, 2002). It is within this discourse that the mental representations of the different product categories evolve.

We argue that taking the discursive perspective highlights three social mechanisms in category evolution that have been omitted by the existing market categorization literature: (1) the importance of the interaction between market participants in shaping categories; (2) how power dynamics among market participants shape category evolution; and (3) how the cultural and material context in which category evolution takes place shapes how categories evolve. We first provide the case for why discourse analysis is important and we, thereafter, argue that these three elements are important for understanding the creation, selection, retention, and decay of market categories.

**THE DISCOURSE OF MARKET CATEGORIZATION**

Market categories are cognitive constructs that stakeholders have of products in a marketplace. When new market categories emerge, they form new groupings of products (Murphy, 2004). For example, in Rosa’s et al.’s study (1999) on the automobile industry, they examine how the minivan emerged as a distinct market category from other related categories such as
station wagons and vans. Market participants use market categories, such as minivan, to minimize the information that they have to process cognitively. That is, they use categories to form heuristics about the traits that a category member probably processes (Hannan et al., 2007). If customers are told that a car is a “mini-van” they assume that it is a large car with three rows of seats, sliding doors, and able cargo space. These traits are a subset of all the possible traits of the market category, and it is presumed that all members not necessarily possess all of these traits. Yet, the existing categorization literature has taken these heuristics largely for granted and often assumed that they are inferred from a product’s physical features. However, which traits become part of a heuristic is the result of a socially negotiated process, which can be decoupled from the product features (Murphy, 2004).

In order to understand how the most salient aspects of categories become commonly accepted, we need to examine the utterances and vocabulary choices that market participants make when they communicate about a product market (Loewenstein, Ocasio, & Jones, 2012). For example, when what is now called an “automobile” first emerged, participants used different vocabularies to describe this new product, ranging from “horseless carriage” to “velocipede” (Rao, 2009). Eventually, through extended exchange among market participants products in this market category began to be uniformly referred to as “automobiles.” This change in labeling of the category shifted the salient characteristics of the category away from the fact that the new mode of transportation was not pulled by a horse to emphasizing the fact that it had a motor.

In order to understand how traits and features of categories are formed, category scholars have primarily focused on identifying the bundle of words (typically noun phrases) used to name the category; that is, the category labels. For example, Zuckerman (1999) used industry classification codes to identify markets; Pontikes (2012) and Kennedy (2008) used word counts in press releases to identify category constructs. Tracking category labels allows researchers to effectively trace the diversity and sequence of words used to label a category, and thus map changes over time. It does not, however, enable researchers to identify the underlying mechanisms that drive this change.

To develop a better understanding of how and why categories evolve requires addressing the communicative exchanges among market participants, which provide context and meaning to the individual words. The discursive perspective might aid us in this regard. Discourse analysis “involves analysis of collections of texts, the ways they are made meaningful through
their links to other texts, the ways in which they draw on different discourses, how and to whom they are disseminated, the methods of their production, and the manner in which they are received and consumed” (Phillips, Lawrence, & Hardy, 2004, p. 636). The discursive perspective emphasizes that linguistic exchanges between market participants form texts, where they are loosely defined as verbal and written artifacts as well as images and designs (Fairclough, 1992, 1995). These texts create a sequence of interfaces between the different groups to capture what we term market categorization discourse (Glynn & Navis, 2013; Kahl & Grodal, 2016; Kaplan & Tripsas, 2008; Rosa et al., 1999). The discursive aspect of categorization puts emphasis on how market participants use market categories to communicate. We advocate for taking the discursive elements more seriously because it moves categorization research beyond looking at language simply as representing cognitive beliefs to treat language as essential to the processes that creates these representations.

To illustrate how market discourses shape a category, consider the sequence of textual exchanges in the software industry during the Internet bubble from 1999 to 2001. After the ignition of excitement around the “e-commerce” category, many existing companies tried to reclassify themselves from the broader “software” category to be associated with “e-commerce.” For example, i2 Technologies shifted from describing itself as belonging to the traditional “supply chain optimization and decision support” category in 1998, to reclassifying themselves as “intelligent e-business solutions” in 1999 and “B2B e-commerce software company” in 2000, respectively. Simultaneously, critics, in this case, industry and security analysts, were also trying to make sense of this new evolving market space. They wrote reports on what an “e-commerce based software product” was and how it differed from previous software technologies. In particular, the industry analyst firm, Gartner Group, issued reports that placed software companies into different categories based on the capabilities of the product. Goldman Sachs and Morgan Stanley, among other investment banks, issued reports on individual companies, as well as the software industry more broadly to help clarify what the business models of “e-commerce” firms looked like. Customers responded through testimonies of using the products that described how “e-commerce” actually worked and what the customers liked and disliked about shopping over the Internet.

Analyzing this discourse from the traditional representative view entails identifying the different noun phrases used by i2 and other participants and tracking the changes in the uses of these noun phrases over time. In contrast, taking a discursive perspective highlights the interactive aspects of
market categorization. The example highlights three ways in which discourse analysis might shape existing work on market categories.

First, discourse analysis emphasizes that categories are created from interactions among market participants (Fairclough, 1992, 1995; Phillips & Hardy, 2002). If we are to understand the evolution of the category “e-commerce,” then we cannot study the actions of companies, critics, and consumers in isolation as categorization scholars have done so far. The actions of all the market participants are intrinsically interrelated, and only slowly (and not with complete agreement) did market participants form a collective understanding of what the emerging “e-commerce” category meant and which firms and products fell into this category. A traditional categorization approach would focus on the distribution of the category label “e-commerce” and the noun phrases associated with this category label like “online,” “Internet,” and “browser” by tracking the distribution of these words over time. In contrast, a discursive perspective focuses on studying the sequences of communicative exchanges between the market participants (Fairclough, 1992) and how this information exchange influenced the emergence of the new category. For example, rather than just considering what vocabulary choices i2 used to describe its new products, the discursive approach would also consider how the other participants reacted to and interpreted these choices.

Second, the discursive perspective emphasizes that the power of market participants is an important force in understanding how categories evolve (Vaara, 2010). Discourse analysis emphasizes that it is not just the content of a text that is important for how it is understood, but that equally important is how the text is produced and consumed. That is, who produces and consumes a text and the power position of that person or organization becomes important for how the text is consumed. In particular, the power differential among market participants is important in understanding which of the multiple texts that are produced in a market actually get disseminated and read, and which texts are ultimately forgotten (van Dijk, 2001). For example, Gartner Group, Goldman Sachs, and Morgan Stanley were very influential in shaping the discourse around i2 due to their power positions, whereas fringe players, such as smaller investment banks, were seldom heard.

Lastly, the discursive perspective emphasizes that the cultural and material context in which texts are produced are important for understanding how categories evolve. When market participants read or are exposed to a text, they interpret it based on the cultural and material context in which they are embedded. For example, while some of i2’s statements about their
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future market potential seem exaggerated from a 2015 perspective, those statements were common during the height of the Internet bubble.

Table 1 provides an overview of these three discursive processes: interaction, power, and context. We elaborate on each of these processes below.

### The Interaction among Market Participants

A hallmark of the discursive perspective on market categorization is the notion that texts are only made meaningful in the interaction among market participants. If we are to understand how the meaning of categories evolves, we cannot examine texts in isolation but need to look at how they are created as responses to and igniters of other texts (Durand & Paolella, 2013; Kaplan & Tripsas, 2008). Furthermore, a discourse analytic perspective highlights that market participants may differ in their interpretation of a particular text and that the process of meaning creation involves active interpretation of what other participants have to say (Kahl, 2015). More specifically, the meaning of a category is not homogeneous among different market participants. "This heterogeneity in cognitive perceptions may

### Table 1. The Contributions of Discourse Analysis.

<table>
<thead>
<tr>
<th>Interaction</th>
<th>Power</th>
<th>Contextualization</th>
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<tr>
<td>The discursive perspective emphasizes that to understand category development, we have to investigate the interactions between market participants. It is in the interaction between multiple self-interested market participants that categories develop and the meaning of categories gradually form.</td>
<td>From a discursive perspective it is important that we take into consideration not only to who is speaking, but the power position of the speaker. All market participants do not have equal ability to influence category development. Power can be expressed in multiple ways. Participants can speak from a position of power, they use symbolic power in terms of the rhetoric they employ or they can use social power in bridging different discourses.</td>
<td>Discourse cannot be understood without taking into consideration its contextual references both in terms of the cultural symbols that the discourse employs but also in terms of the materiality that the discourse references. These socio-material references are particularly important for the development of product categories in which the physical characteristics of the products play a role in both the initial meaning that is associated with the category and which categories get selected.</td>
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cause a mismatch between producers’ categories and those used by different audiences, i.e. buyers, critics, or the wider public” (Durand & Paolella, 2013, p. 6). Given these differences, meaning creation is an interactive process in which participants must interpret what other participants express. Viewing categorization from a discursive perspective, thus, opens up the possibility of misinterpretation and modification of intended meanings.

By opening up the interpretive process, the discourse perspective emphasizes that how the content of a text is communicated is important to how it is understood (Fairclough, 1992; Phillips & Hardy, 2002). In particular, when analyzing how categories are used in text, we need to pay attention to the fact that language is not just used to convey information but also influence how others interpret that information. The rhetorical or persuasive elements of the texts are an important aspect if we want to understand category evolution. For example, Kahl and Grodal (2016) observed how IBM used a sequence of questions and declarative sentences and the pronoun “We” in its texts to engage the audience and help them think IBM is collaborative. In contrast, Remington Rand, more often, just used declarative sentences and referred themselves as a means to establish a more authoritative position.

In addition to considering how texts are interpreted, we also need to consider the network of relationship among texts. When we examine discourse over time, we are able to investigate how different market participants react to each other’s statements to form an intertextual network. Texts can be related by referencing each other (one text explicitly mentions the other text), by shared authors and similar topics (both discuss a similar event), or even by being produced or consumed in the same local. Acknowledging that texts relate to one another highlights that we need to pay attention to how the production and consumption of discourses shape category evolution. For example, Kahl, Liegel, and Yates (2012) observed different production and consumption patterns as well as different textual networks in the insurance and manufacturing industry during the commercial introduction of the computer. In the insurance industry, most of the texts were produced in conjunction with trade association meetings and committees. One such report by the Society of Actuaries in 1952, which described the computer and how it could be used, became a centrally referenced report that helped sharpen the boundaries of the computer category. In contrast, the manufacturing sector had a more diffuse sequence of textual exchange without any central report, which led to a more fuzzy definition of the computer and its uses. These examples show the importance of taking a discursive perspective on category evolution because categories are essentially constructed through language exchange.
Power Dynamics among Market Participants

Power is “the domination of some people by others” (Fairclough, 2001); that is, power is when dominating market actors force beliefs or actions upon others to promote their own interests in lieu of the self-interest of the oppressed. Critical discourse analysis takes the perspective that power relations are discursive and examines how social power is enacted by text and communication (Fairclough, 1995; Phillips & Hardy, 2002; van Dijk, 2001). Van Dijk (2001) has identified two ways that discourse plays a role in enacting power. First, there is access to the discourse itself. The genres and context of where the discourse is produced and consumed can favor some groups over others. Controlling who participates can limit the variety of information and alternative viewpoints exchanged within the discourse. The second form of power is influencing how others think through the use of context and discursive structures. For instance, positioning the speaker as an expert can limit resistance to ideas.

These power dynamics have been missing from our understanding of how categories evolve. The introduction of power brings into view the role unequal distribution of resources and conflicting interests among market participants play in shaping category evolution. It also highlights the role of agency in that actors may be using language to help create categories to reinforce their privileged position or obtain access to resources. From a discursive perspective, it is not just what is said, written, or visually represented but also how it is communicated (Vaara, 2010). Setting the context and choices of textual structure and linguistic devices influence how effectively the text persuades or influences how others may conceptualize a particular product category.

Granqvist, Grodal, and Woolley (2013), for example, show that firms strategically claimed, disassociated, and hedged their affiliation with the nanotechnology label. Furthermore, these strategic label uses were not associated with the firms’ technological characteristics. Such deceptive or misrepresentative label uses can undermine the relationship between the symbolic meaning of a label and its technological reference, which in the long run might make the label less favored. Due to the extensive strategic use of the nanotechnology label, many stakeholders became skeptical of any use of the nanotechnology label and began to question whether “nanotechnology” had any substantive meaning.

Moreover, the US government officials used their powerful positions to create a new definition of nanotechnology, which was more expansive than the one originally suggested by the creators of the nanotechnology
label — the futurists. The futurists had originally founded the nanotechnology field and thus provided the first definition of the category. However, due to the power differential between the futurists and the US government, it was not long after the US government provided their own definition of nanotechnology that this new definition became the new de facto symbolic boundary for the category (Granqvist & Laurila, 2011). The President’s Council of Advisors for Science and Technology (PCAST) believed that the label “nanotechnology” was broad enough to win the backing of multiple government agencies, yet specific enough to reference an existing scientific domain. It was the position of the speaker (PCAST and later President Clinton) and the way that the speaker presented the label that facilitated its wide diffusion. Furthermore, the power that the US government had to allocate funds through the creation of the National Nanotechnology Initiative meant that they had the power to determine who got access to prestigious grants and thus to be viewed as core members within the field (Grodal, 2007; Grodal & Granqvist, 2014).

Contextualizing Category Development

Another important element of discourse analysis is that texts need to be understood and interpreted within the cultural and material context in which they are created and consumed (Khaire & Wadhwani, 2010). The cultural context relates to the broader societal themes that co-evolve with the more specific market discourse. For example, during the commercial introduction of the computer in the 1950s, a broader movement around cybernetics developed that focused on control systems such as the brain and electro-mechanical systems. One prominent figure in the insurance industry, Edmund Berkeley, was involved and tried to bring this type of thinking into the insurance industry’s interpretation of the computer but was unsuccessful (Kahl et al., 2012). Yet, the bureaucratic culture within the insurance industry was not ready to absorb such far-reaching ideas as the creation of a machine that could think. Berkeley’s idea of modeling the computer on the brain, therefore, did not diffuse widely at the time. In order to understand which category meanings diffuse and become accepted, we therefore need to examine their resonance with broader cultural themes.

On the material level, the design of a product (or service) and how people physically interact with the technology can also shape interpretations of the evolving category (Hargadon & Douglas, 2001). Market participants discuss their experiences using a product with each other. They also select
and reproduce discourses that seem to be a better fit with the materiality of the product (Grodal, Gotsopoulos, & Suarez, 2015). For example, the change in meaning of “horseless carriage” cannot be understood without paying attention to the decreasing use of physical horse carriages and the substitution of the horse carriage with the automobile. As the horse carriage increasingly became used in parks and for entertainment only, its meaning changed from a vehicle used for everyday transportation to a vehicle of leisure and tourism.

Current approaches to studying categorizing often view categories as independent from the cultural and material context in which they are used. One reason for this is that it can be difficult to identify the cultural and material context because it often necessitates developing separate datasets in order to interrelate categorical evolution with cultural and material evolution. Khaire and Wadhwani (2010), for example, moved beyond auction house texts to include art histories, critical reviews, and interviews to be able to capture the broader cultural discourse on Indian Modernism. However, using discourse analysis encourages expanding the scope and helps link culture, materiality, and use to the categorization process.

HOW THE DISCURSIVE PERSPECTIVE MIGHT INFORM MARKET CATEGORY EVOLUTION

Market categories evolve over time. Initially categories are mere category labels with little meaning and blurry boundaries. Over time as market participants negotiate and contest the category, its boundaries solidify and the category’s web of meaning expands (Grodal et al., 2015). Ultimately, most categories become taken-for-granted and seamlessly used in everyday conversations before they decay and go out of use. This evolution can be characterized through four overlapping phases: (1) category label and protocategory creation; (2) label selection and category definition; (3) category retention and taken-for-grantedness; and (4) category decay. In the sections that follow, we apply insights from discourse analysis to each of these four phases to show how we can advance our understanding of the mechanisms and processes associated with categorical evolution. An overview of how the discursive perspective can be applied to each of these phases can be found in Table 2.
**Table 2.** Category Evolution and Discourse.

<table>
<thead>
<tr>
<th>Phase 1: Category Label and Protocategory Creation</th>
<th>Phase 2: Category's Symbolic and Social Boundaries</th>
<th>Phase 3: Category Taken-for-Grantedness</th>
<th>Phase 4: Category Decay</th>
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<tbody>
<tr>
<td><strong>Interaction</strong></td>
<td>It is through the continued interaction between market participants that they reach an agreement about the category's symbolic and social boundaries. Categories vary with regards to the degree of contestation that exists over a category's symbolic and social boundaries.</td>
<td>Over time the category becomes taken-for-granted. However, this does not mean that interactions do not matter. Indeed it is the seamless exchange between market participants that shows that categories have been taken-for-granted. In certain cases continued contested interactions shows the lack of taken-for-grantedness.</td>
<td>Decay can happen both through an increase in interactions due to contestation, which might result in the category being delegitimized. Or through a lack of interactions, whereby the category slowly becomes forgotten.</td>
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<tr>
<td><strong>Power</strong></td>
<td>Power plays a large role in solidifying the social and symbolic boundary. Participants in positions of power and who use persuasive rhetoric are able to shape and influenced which categories gets selected and which fall out of favor.</td>
<td>Power plays a role in stopping contestation and quieting opponents. Power is thus observed not only in the direct contestation between market participants but also in the lack thereof.</td>
<td>Powerful actors can play a key role in the delegitimization of a category. If powerful actors begin to decry or attack a category, it can quickly be delegitimized and decay. Furthermore, if people in power positions stop talking about a category, it is more easily forgotten.</td>
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Interaction During the earliest part of the category the interactions between the market participants are important because it is these early interactions that lead some protocategories to be adopted by more market participants, whereas other falter.

Power When there is ambiguity about the category market participants look toward people of power for guidance. Participants in power positions act as gatekeepers of information exchange and thus determine not only what gets communicated but also what does not gets communicated.
Contextualization

Discourse is understood in context. The protocategories that resonate with existing cultural understandings and with the materiality of the products that are being categorized are the ones, which are most likely to survive.

The creation of a category’s symbolic and social boundaries is done in connection to and in contrast to other existing categories. The tighter the relationship between a category’s symbolic boundary and the materiality that the categories reference the more likely, it is that contestation of the category that will stifle.

The taken-for-grantedness of a category happens when the category becomes seamlessly integrated into both the cultural and material practices of everyday life.

The cultural context is important for understanding category decay. As cultural trends shift, some categories might no longer be aligned with the sentiment of the day. Likewise as the material environment changes, some categories fall out of use and are forgotten.
Markets form when participants attempt to create new products and services. Both during the development phase of the product and later when trying to introduce the new product to consumers and critics, participants need to be able to refer to the new product or service. Market participants invent new category labels in order to facilitate this communicative process (Grodal et al. 2015; Hannan et al., 2007; Navis & Glynn, 2010). For example, in the consumer finance industry, what is now labeled “credit card,” started out as “Charga-plate” in the late 1920s and later evolved to “Charge Card.” A category label is a symbol—a word in most cases—which is used to refer to a category (Suarez, Grodal, & Gotsopoulos, 2015). Before a category label is created, it is difficult for market stakeholders to discuss how to develop new types of products, what the new categories represent, and negotiate their boundaries and meaning. Originally, these early category labels are shallow in meaning, and the boundaries of the labels are ill-defined and overlapping (Grodal et al., 2015). For example, during the early period of the automobile industry, it was not clear whether the label “horseless carriage” could be used to describe any vehicle that was not pulled by a horse even if it was not powered by coal or gasoline.

The existing literature has shown that most category labels arise as a recombination of existing labels (Grodal et al., 2015). For example, the word “smartphone” was created through a recombination of the word “smart” and the word “phone.” Likewise “typewriter” is a recombination of the word “type” and the word “writer.” It is from these recombinations that categories inherit their initial meaning and their first fuzzy boundaries form. Market stakeholders begin to associate values and relationships with these fresh category labels, and products begin to be included or excluded from the category. Even from the initial formation of the category label, market stakeholders understand that one needs to be able to type on a device for it to be a “typewriter.” As category labels diffuse, their meaning increases, and they begin to form protocategories. Protocategories are ill-defined categories that have the possibility to evolve into meaningful categories; however, most of these protocategories lose traction and are forgotten in the dustbin of history.

A discursive approach can shed light on the dynamics of category label creation. In particular, while the existing literature has suggested that new category labels are created through recombinations (Grodal et al., 2015), scholars are yet to understand why market participants create certain
recombination of labels and not others. Why are some new market spaces filled with novel category labels, whereas other market spaces have only a few? In other words, the source and the scope of the initial variation lack explanation.

The traditional approach of tracking the prevalence and change of these category labels does not provide much insight into these questions. In contrast, the discursive approach can provide some insight. First, the cultural and material context can enable and constrain the kinds of recombinations that market participants create. During a particular cultural period, certain ideas and mindset are going to be part of the cultural elements that market participants have at their disposal (Swidler, 1986). These cultural elements are present in discourses (Fairclough, 1995). When market participants create or are confronted with a new technology or practice, they draw on these available discourses in order to try to generate a new category label. The discourses enable the creation of a new category in that they provide market participants with cultural and linguistic material that they can use to create new category labels. However, the discourses are also constraining in that market participants tend to choose category labels only from within the discourses that are readily available. For example, during the creation of the early computer many of the discourses around advanced new technologies were focused on creating “systems” of interconnected technologies. Many of the new category labels that were created in order to refer to computer technology, therefore, used the word “systems.”

Another important aspect of taking a discursive perspective on category creation is that not all market participants are exposed to the same discourses because the production and consumption of categories happen locally. Different local communities produce different kinds of language (Becker, 1982; Strauss, 1978). Communities are “a voluntary collections of actors whose interests overlap and whose actions are partially influenced by this perception” (O’Mahony & Lakhani, 2011, p. 4). When members of different communities create new linguistic recombinations, they thus draw on different discourses, which introduces variation into the kinds of labels that are produced. The heterogeneity of communities participating in different market categories can explain why there is a plethora of new labels in some markets, whereas there are only a few in others. Moreover, the emphasis on how discourse is locally produced and consumed also emphasizes a dynamic aspect in category creation. Communities have different interests in the production of labels, and they also interpret labels differently (O’Mahony & Bechky, 2008). This can give rise to contestation among market participants about the right meaning of the category and the correct
way to reference it. It is through language exchange that the meaning of categories begins to form and that category labels evolve from mere category labels to protocategories.

The advantage of employing discourse analysis to study category label creation and protocategory emergence is evident in the emergence of the nanotechnology category. Early during the creation of the nanotechnology category, nearly all market participants came from similar backgrounds. They were all part of the “futurist” community. The futurists were concerned with predicting the future of technology development and many of them shared an interest in “space exploration” and “hyper-texts.” The early category labels that they created and the meanings that they ascribed to the category were, therefore, heavily influenced by these discourses. The uses that they imagined for nanotechnology were also heavily influenced by ideas associated with space exploration, including how nanotechnology might aid in space colonization and the creation of a nanotransporter that would connect earth and space. However, over time, new communities became involved in the nanotechnology field. These new communities, like scientists, entrepreneurs, and government officials, came from different contexts and were, thus, embedded in different discourses. These new communities used other labels such as “meso-physics” and “single-layer depositioning” to refer to the same technologies as the futurists. They created new and different category labels and began to assign new meanings to the nanotechnology category. In particular, they drew on discourses that were close to mainstream science. This led to early contestations about the meaning of nanotechnology as the futurists and the other communities began to debate the meaning of nanotechnology (Granqvist & Laurila, 2011; Grodal, 2007; Grodal & Granqvist, 2014).

Politically, market participants vary in the extent to which they are intentional in strategically creating new category labels that might serve their interest. During this very early period when there is confusion and ambiguity about the new category, many market participants are struggling to figure out how to talk about the new category (Santos & Eisenhardt, 2009). Unintentionally, this ambiguity can result in the generation of multiple category labels. Many producers might be struggling to figure out how to talk about this new class of products, and in the process they might create a host of new category labels. Zunino, Grodal, and Suarez (2016), for example, identify 390 category labels that producers used to refer to the kind of device that we now term the “smartphone.” While many category labels are created unintentionally, some producers are also intentional in trying to shape the emerging category to their own advantage.
Phase 2: The Formation of the Category’s Symbolic and Social Boundaries

After the initial protocategories have been created, competition among these categories increase. Over time one category tends to emerge as dominant (Suarez et al., 2015). This process happens by strengthening category boundaries and deepening category meaning (Grodal et al., 2015). Category scholars have primarily been preoccupied with studying categories’ symbolic and social boundaries. Below, we detail how the discursive perspective can enhance both of these streams of research.

Creating a Category’s Symbolic Boundaries

A category’s symbolic boundary is the definition of what belongs to a specific category (Lamont & Molnar, 2002). The current literature on categorization has primarily been preoccupied with the construction of the category’s symbolic boundary. Category scholars prescribe to the view that there is no one characteristic that all members must have in order to be a member of the category (Durand & Paolella, 2013). Furthermore, the key characteristics associated with a category might evolve over time (Bingham & Kahl, 2013). Therefore, the boundary definition is not discovered, but demarcated through a socially negotiated process (Hannan et al., 2007). For example, market stakeholders might debate what constitutes a “drone.” Can it be remote controlled or should it be able to fly autonomously? Is it a toy? An agricultural machine? Or a war plane?

Scholars have tended to study the creation of a category’s symbolic boundary independently of other categories (Navis & Glynn, 2010). However, more recently, scholars have begun to stress that the meaning of a category is created through linkages made to other categories within a semantic network (Bingham & Kahl, 2013; Carley, 1994; Kennedy, 2008). According to this approach, after a category label is generated, it will create or eliminate links to other categories, and it is through these connections that a category’s boundaries form and the category becomes increasingly meaningful.

The use of a category label in a discourse will activate this semantic network and generate the meaning of the category. Kennedy (2008) has applied this network-based approach to study how meaning is constructed. Bingham and Kahl (2013) extend this to show the role of analogies in developing category meaning. Analogical thinking introduces a new concept by linking the relational structure of a known idea to the relational structure of the new concept. Bingham and Kahl (2013) show how the meaning of the computer evolved with the addition or removal of
associations between two analogies “brain”/“machine” and “computer.” This involved measuring the content of the relations, or put in textual terms, the verbs that connected the labels together.

While the existing literature has pointed out that selection happens in that few category labels survive into the later stages of the categorization process and that the boundaries around the surviving category labels solidify (Grodal et al., 2015; Hannan et al., 2007), we still have little insight into the mechanisms through which this happens. A discursive perspective provides insight into how the selection process works and can help map how categorization unfolds over time as an interactive process between market participants.

In order to understand how the selection process works, we need to map the interactions between market participants over time. In understanding this process, it is important to investigate both the production and the consumption of categories and meanings. In particular, different market participants might play different roles in this process. While producers and critics might be more active in producing new definitions and meanings around a category, consumers might play a larger role in the consumption of these discourses. A discursive perspective also stresses that various market participants might differ with regards to how intentional they are in shaping category definitions. While consumers have a lot of power in shaping category meaning and definitions through their purchasing choices, these choices might not always be intentionally aimed at shaping category definitions.

If we are to understand how categories become defined, we therefore need to map the interaction in discourse between and among intentional and unintentional actors (Lawrence & Suddaby, 2006). Producers might create definitions of a category that place their products advantageously within a particular market place. Consumers, competitors, and critics might react to such definition attempts in very different ways (Pontikes & Kim, 2017). While competitors and critics might create counter-definitions and discourses, consumers may exert their power in more subtle ways by either purchasing or not purchasing the product. A discourse analytic approach might also be used to track how the interactions among multiple actors with different power positions and interests in the field interact over time to create new categorical definitions.

Understanding that multiple different communities participate within the production and selection of discourses allows researchers to explain why convergence on a particular category might not always occur. Different meanings and definitions might co-exist within different communities.
Peteraf, Stefano, and Verona (2013), for example, shows that two separate understandings of the concept “dynamic capabilities” exist and that these two different understandings are associated with different social networks: One is built on the seminal paper by Teece, Pisano, and Shuen (1997) and the other is based on Eisenhardt and Martin’s (2000) paper. These two communities tend not to interact and their understandings of the meanings and the boundaries of “dynamic capabilities” have, therefore, remained separate.

A discourse analytic perspective also places these interactions among market participants within a cultural and material context. The category definitions that prevail are thus the ones that resonate with cultural understandings. For example, Khaire and Wadhwani (2010) show that the understandings of Indian art that became prevalent were the ones that resonated with existing cultural values. Likewise, the materiality of the products that are being categorized matter for how the symbolic boundaries of the category are constructed. In particular, producers not only create many different category labels to describe their products, but they also create many different physical designs that all strive to fulfill the same need (Anderson & Tushman, 1990; Hargadon & Douglas, 2001). Depending on which designs are selected, some categories more adequately describe these characteristics and are, therefore, more likely to survive. The convergence on a specific set of design characteristics might strengthen category boundaries because it becomes easier for stakeholders to define the symbolic boundary with a higher degree of specificity (Grodal et al., 2015).

Creating a Category’s Social Boundaries
Among category scholars less attention has been paid to the creation of a category’s social boundary, that is, how the category creates “objectified forms of social differences” (Lamont & Molnar, 2002, p. 168). A category’s social boundary determines who gets access to the resources associated with the category or who is penalized. Negotiations over the category’s social boundary happens when market stakeholders contest who should be considered a member of the field because it is often through membership that access to resources is determined (Suddaby & Greenwood, 2005; Zietsma & Lawrence, 2010). In order to negotiate membership within a category, market stakeholders compare the characteristics of products or firms with the category’s symbolic boundary in order to determine its categorical fit.

For example, in order to determine, which cattle ranchers can call their products “grass fed beef,” market participants need to compare the
characteristics of the products with the definition of the category “grass fed beef” (Weber, Heinze, & DeSoucey, 2008). This process is often contested because definitions are frequently imprecise and do not take into account the great variation in features displayed by actual producers. Each cattle rancher might have their unique process of rearing their cattle raising issues of whether their actual product can be labeled “grass fed” or not. Social boundaries convey access to resources (Lamont & Molnar, 2002). In this case, for example, if a producer is able to label their products as “grass fed beef,” they are able to charge a premium price for their products. Cattle ranchers are thus incentivized to argue that their product fits within the boundaries of the category, although they might not. The contestation around a category’s social boundary is important because it determines who gets access to resources and thus forms the basis of inequality.

The discursive perspective points to an important gap in the current study of boundaries. Although studies have begun to investigate how the elements of symbolic boundary is created, we know only little about how the construction of these boundaries affects access to resources and inequality for market participants and nonmarket participants (Zietsma & Lawrence, 2010). In particular, a discursive perspective on category evolution stresses that the creation of symbolic boundaries has consequences for which market participants accumulate resources and which do not. For example, Grodal (2007) shows that a change in the definition of nanotechnology was consequential in that it allowed contestation over who should access the government and venture capital funding associated with the nanotechnology category. This contestation led to a solidification of the social boundary in which resources became available for scientists and entrepreneurs using mainstream scientific techniques, whereas participants in the futurist community were excluded from access to these resources (Granqvist & Laurila, 2011).

Phase 3: Category Taken-for-Grantedness

As categories mature, the symbolic boundary of a category become taken-for-granted (Hsu & Grodal, 2015). That is, as audiences become increasingly familiar with a particular category, they use shortcuts and heuristics to fill in their associations with a particular category. Indeed categories endure because they become taken-for-granted through repeated use and interaction (Berger & Luckmann, 1967; Clemens & Cook, 1999; DiMaggio & Powell, 1983). The onset of taken-for-grantedness is characterized by a
lack of contestation about the definition and meaning of the category. During this phase, the category becomes seamlessly integrated into everyday life.

For example, during the early period of the nanotechnology field, market participants explicitly debated and contested both the symbolic and the social boundaries of the category. During this period of category creation, multiple different definitions of nanotechnology co-existed. Some market participants highlighted that nanotechnology was a microscopic robotic system, which could self-replicate and be built atom-by-atom bottom up. Other market participants viewed nanotechnology as a more continuous extension of existing chemistry and physical sciences and defined it merely as any technology that is in the nano scale. The market participants contested these different definitions of nanotechnology. Even more contentious was the question of who could be considered a member of the nanotechnology category and thus have access to the resources associated with the field in terms of government and venture capital funding (Granqvist et al., 2013; Granqvist & Laurila, 2011; Grodal, 2007). However, over time these contestations became muted and a few people questioned what nanotechnology meant. Indeed, nanotechnology became a category that was seamlessly used in everyday language because most market participants would take for granted that other people knew what the category meant.

The existing research has primarily viewed category taken-for-grantedness as an automatic nonagentic social process that “just occurs” to categories over time. However, a discursive perspective suggests that different market participants might be differently situated in terms of the benefits that they reap from a category being taken-for-granted. In particular, firms that have established themselves as the category referent will be incentivized to preserve the status-quo. For example, Lounsbury and Rao (2004) show that changes in the technical features of mutual fund categories did not automatically lead to reclassifications because powerful mutual funds were interested in preserving the existing category structure.

The discursive perspective allows for variation in the meaning that is retained across communities. In particular while the existing literature has assumed that taken-for-grantedness is associated with an increase in agreement about the meaning and the boundaries of a category (DiMaggio & Powell, 1983; Hannan et al., 2007) then a discursive perspective questions this assumption. Indeed, it is likely that all communities might not construct the same symbolic boundaries for the category or assign it the same meaning, although it is not explicitly debated. Future research should
investigate the conditions that drive whether taken-for-grantedness leads to a homogeneity or heterogeneity in meaning.

Furthermore, due to its emphasis on the interactions among market participants, the discursive perspective also suggests that we should study the situations in which taken-for-grantedness does not happen and categories keep being contested. Indeed, some categories cycle between taken-for-grantedness and contestation around the social and symbolic boundary.

Phase 4: Category Decay

Decay is the last phase in category evolution. Category decay is the least studied of the category phases — among others because decay unlike emergence often is not contested and thus does not leave a paper trail for researchers to study. Category decay can happen when market participants simply forget the category over time and stop using and referring to it. For example, a category like “virtuous” was frequently used during the first part of the 1800s but has recently nearly vanished from daily use. The decay of “virtuous” did not happen through explicit contestation, but the concept just slowly vanished and ceased in importance. The existing approach to studying category emergence based on tracing noun phrases has had difficulties making traction on studying category decay due to the lack of noun phrases to track. In contrast the discursive perspective can be employed to study this question because discourse analysis is concerned not only with examining the existence of discourse but also the absence thereof. This is done primarily by comparing different contexts of use — in this case the use or lack of use of discourse over time. For example during the 1980s, many people saw promise in the “pen computer” category, which was actively promoted among different market participants. However, after attention to the category peaked in 1995 the category began to decay and by the mid-2000s, a few people were paying attention to the category. A discourse analytic approach would consider not just which noun phrases disappeared but who stopped talking about pen computing and the contexts in which discussions about pen computing became muted.

Understanding categorical decay from a discourse analytical approach necessitates understanding the power position of different actors creating or refraining from creating discourse around a particular category. For example, during the early period of what we today refer to as “biotechnology,” this category was called “genetic engineering.” However, many powerful scientists and government officials began to oppose the use of the
word because they were afraid that the general public would associate the word with the creation of artificial humans and “Frankenstein monsters.” Due to a concerted effort, the category “genetic engineering” slowly faded.

The above example also stresses the importance of including the cultural context in order to understand category decay (Kahl & Grodal, 2016). Often, the demise of categories is driven by the growth in other categories. As market participants’ attention and resources are being attracted to new and emerging categories, they shift their efforts away from the category in question, which is slowly forgotten. For example, the growth in “clean-tech” and “mobile apps” shifted the attention of many technology workers away from nanotechnology toward these other more exciting categories. If we need to understand category decay, we therefore need to analyze not only the decay of a category but also how it relates to the growth of related categories.

Category decay can also happen through explicit contestation and delegitimization of the category. In this case, the study of decay bares many similarities to the study of emergence in terms of identifying the interactions, power, and context of discursive use over time. Maguire and Hardy (2009), for example, detail how DDT as the category became increasingly contested and deinstitutionalized. While we suspect that the former mechanisms (being forgotten) are the most common path to category decay, we need more research to examine different paths to decay. Indeed, categories that are first taken-for-granted and later forgotten are difficult to identify, and it is therefore difficult for researchers to track their decay because the category no longer leaves a paper trail. Studying these forgotten categories therefore necessitates that researchers engage in a deep historical examination of a diverse set of discourses in order to identify categories that had a short lifespan (Kahl & Grodal, 2016).

While all categories decay at some point, not all categories move through the four phases linearly. Some categories might cycle through the phases of category evolution multiple times before they decay or the contestation of the category might continue for a prolonged period of time, or be reignited leading the symbolic boundaries of the category to change (Gallie, 1956). In the case of corporate social responsibility contestation over what constitutes “responsible” behavior still continues, although the category has existed for decades. In contrast, the light cigarette category had become taken-for-granted during the 1980s (Hsu & Grodal, 2015), but contestation around the category reignited in the 1990s when large lawsuits against tobacco companies revealed that the claims that the tobacco producers had made that light cigarettes were healthier than full-flavor cigarettes...
were untrue and that they had deceived their customers. Some categories go through multiple cycles. For example, the late 1960s and early 1970s were ripe with excitement about creating artificial intelligence and generated the growth of the category. However, this early excitement led to disappointment and decay of the category (referred to as an “AI winter”) during the late 1970s. In the early 1980s spurred by a new breakthrough, interest and excitement around AI increased only to generate contestation and fragmentation, which during the late 1980s and early 1990s led to the second AI winter. Excitement around AI increased again along with the dot.com bubble only to crash along with this younger sibling. Recently, progress in robotics and autonomous vehicles has again increased excitement and thus use of the AI category.

While category decay is as common a social process as category emergence, much less research has been dedicated to understanding decay. Drawing on discourse analysis will allow researchers to both study categories that are contested and those that are merely forgotten.

CONCLUSION

In this article, we propose that in order to make progress in understanding the dynamics of categories, we need to pay closer attention to the discourse in which this process is embedded. Categories emerge, evolve, persist, and disappear within the communicative exchanges between market participants. We highlight that language does not merely represent cognitive categories, but that language use is the fundamental process through which categories are created and evolved. Categories are formed through intricacies of language used in discourse, including expressions of the goals that market participants have when using language and power positions from which they speak.

Viewing categories as created through discourse provides a new perspective on the categorization process. Instead of viewing categories as stable and predetermined, the discursive lens emphasizes that market stakeholders are agentic in how they use and shape categories. Indeed, categories serve as a central strategic role for producers trying to navigate nascent markets (Granqvist et al., 2013). Creating new categories might provide producers with a strategic advantage because if products are situated in a new category, consumers are going to perceive the products as more distinct from their competitors’ products than if they were in the same
category (Zerubavel, 1997). For example, when Apple changed its name from “Apple Computer” to “Apple” in 2007, Apple signaled that the company should not be included exclusively in the computer category but in a more general category of consumer goods. Likewise, during its antitrust trial, Microsoft actively tried to expand how they were classified from making “operating systems” and “application software” to the hypothetical category “information at your fingertips” to avoid being sued as a monopoly (Kennedy & Fiss, 2013). Creating new categories and shaping the meaning of these categories also might be to the strategic advantage of producers because they have the opportunity to shape the meaning of the category and become the categories cognitive referent (Santos & Eisenhardt, 2009).

As Pontikes and Kim (2017) highlight, it is not only producers who have a strategic interest in shaping categories, but other market stakeholders also try to mold categories for their own interests. Critics, venture capitalists, conference organizers, and the business press all have vested interests in creating categories that serve their specific purposes. Given these different perspectives, the labels, category boundaries, and meanings are all negotiated among the interested parties. A discursive perspective allows researchers to investigate these conversational turns between the participants and assess the impact of positioning, interaction with other speakers, argumentation, and even limiting access to the discourse on overall category dynamics.

A discursive perspective on categorization also highlights that not all producers of discourse are equally powerful. Depending on the subject position of the speaker, a text can be more or less persuasive. People in existing positions of authority can use discourse to disseminate categorical understandings that fit their strategic interests and thus reinforce their existing power positions. In contrast, it is often difficult for people in low-power positions to be heard or even participate in the discourse. The discursive approach to categorization, therefore, highlights categorization as a tool through which power is executed and social stratifications are maintained (Quinn & Munir, 2017). The discursive perspective is, however, not deterministic. The market participants who are able to use discourse with the most skill are therefore likely to be able to shape categories to their advantage. The discursive perspective highlights that categorization can also be a source for disrupting existing social strata and thus a mechanism through which power is created.

By highlighting agency and power in the process of categorization, the discursive perspective can advance categorization theory beyond its cognitive focus. Much of the normative power of categorization comes from the
cognitive process of whether a product or firm fits into the boundaries of an existing category (Hannan et al., 2007). However, the discursive approach highlights the social aspects of this categorization is mediated by the characteristics of the language used to express and create categories and the position of the speaker who utters statements about the category. The normative power of categories, thus, are not only limited to the cognitive process of categorization, but are also conditioned by the power and linguistic skill of those involved in the process. This extension can help specify the scope conditions of market categorization and its effect within market activity (Zuckerman, 2017).

From a methodological perspective, category researchers should not just look at the text as representing the label or the category, but also consider its role in developing what labels get introduced and selected and the boundaries and meaning of the categories. This approach necessitates that categorization scholars expand their data collection efforts beyond counts of noun phrases to include broader linguistic characteristics. In particular, the discursive perspective emphasizes grammatical and semantic structure, figurative language like analogies and metaphors, and higher order textual choices such as forms of argumentation and narrative styles (Franzosi, 2010). From a discursive perspective, market participants use different grammatical, semantic, or rhetorical structures to convey market categories. For example, Amazon uses the visual image of a shopping cart with its logo as an analogy to help consumers think of their online e-commerce service like a traditional shopping experience. Allstate Insurance’s famous slogan “You are in good hands with Allstate” uses personification (companies do not have hands) to create a comforting and helpful image of its service. Kahl and Grodal (2016) observed that while IBM and Remington Rand used the same nouns to describe the new computer category, they used these terms different, linguistically. IBM tended to use the word “computer” as the object of clauses, whereas Remington Rand used “computer” as the subject of clauses. This grammatical difference signaled different meanings for the category. As a subject, a computer had agency and could do things independently, but as an object, it was a tool used by humans. Consequently, to more accurately capture category dynamics, scholars need to expand their linguistic repertoire beyond nouns and noun combinations to also capture other grammar elements, such as verbs and higher order linguistic constructs like analogies.

More broadly, in order for researchers to examine the discursive elements of categorical dynamics, they can draw on established discursive methodologies. Table 3 lists some of the most widely used discursive techniques.
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<td>Content analysis</td>
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and how they have been applied in organizational research. These methods emphasize different ways to investigate the communicative exchanges, the context, and the presence of power and collectively provide a means to investigate the discourse of market categories.

These methods create opportunities for future research into category dynamics and evolution. For example, critical discourse analysis (Fairclough, 2001; Vaara, 2010) could be used to examine how controlling access to the discourse and the use of discursive elements can destabilize an established category. Conversation analysis (Samra-Fredericks, 2003; Ten Have, 1999) can be used to study the interactions between difference market participants to examine how these exchanges and the positioning of the speakers and content influence the emergence of categories. The substantial growth of on-line data that involves conversation, such as blogs, debate forums, and even social evaluation platforms (like Yelp) provide a rich source of data for these conversational analyses. Rhetorical analysis (Balogun, Jarzabkowski, & Vaara, 2011; Green, 2004; Hardy, Palmer, & Phillips, 2000; Heracleous & Barrett, 2001; Jarzabkowski & Sillince, 2007; Suddaby & Greenwood, 2005) can provide insight into the agency behind category dynamics such as how different participants select different ways to communicate information about categories and build arguments to support their point of view.

The emphasis in the discursive perspective on tracking categories over time allows researchers to study the internal dynamics of the creation, selection, retention, and decay of market categories. In particular, it is possible that there is a network effect in which early selection might spiral certain understandings of the category to dominance while leaving others behind. Future research could use multilevel discourse analysis (Kahl & Grodal, 2016) to track the dynamics of category creation and decay over time. In general, a discourse perspective on the formation and decay of categories stress that we need to understand how categories are formed as an interaction among market participants. Only through an in-depth analysis of how the interactions between different market participants, who have different power position, unfold over time and are influenced by different cultural contexts can we understand the dynamics of market categories.

In conclusion, we argue that paying attention to how market stakeholders use categories to communicate with each other, instead of only paying attention to what categories represent, has the potential to take categorization research to the next level. In particular, we advocate that researchers need to employ discursive methods to study the process of categorization because the interaction among market participants, their power...
positions, and the cultural context in which categories reside are essential to understanding category dynamics. By applying discursive techniques, category scholars can develop a deeper understanding of central questions associated with category dynamics: How and why certain labels stick and persist? What gets included within a category? How meaning gets ascribed to a category? Why do previously prominent categories falter, relegating them the dustbin of history?

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