Market-Driven Versus Driving Markets

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The purpose of this article is to discuss two approaches to being market oriented—a market-driven approach and a driving-markets approach. Market driven *refers to a business orientation that is based on understanding and reacting to the preferences and behaviors of players within a given market structure.* Driving markets, *on the other hand, implies influencing the structure of the market and/or the behavior(s) of market players in a direction that enhances the competitive position of the business. There are three generic ways of changing the structure of a market: (1) eliminating players in a market (deconstruction approach), (2) building a new or modified set of players in a market (construction approach), and (3) changing the functions performed by players (functional modification approach). Market behavior can be modified directly or, alternatively, indirectly by changing the mind-set of market players (e.g., customers, competitors, and other stakeholders).*

Since the early 1990s there has been a significant amount of research on market orientation. Although there are differences in the precise definition of this concept (see Deshpandé, Farley, and Webster 1993; Kohli and Jaworski 1990; Narver and Slater 1990), the philosophy generally means learning about market developments, sharing this information with appropriate personnel, and adapting offerings to a changing market.

Although perhaps not intended by this set of authors, this orientation is frequently interpreted narrowly as the adaptation of product offerings to existing customer preferences and/or market structure (see Christensen and Bower's [1996] discussion of customer-led businesses and a recent critique by Slater and Narver [forthcoming] that distinguishes customer-led and market-oriented businesses). Put differently, it means accepting the market structure and/or behavior of market players as a constraint and working to enhance customer value within these constraints. As often interpreted, the market-driven business would not step outside the immediate voice of the customer and attempt to reshape customer preferences or modify the value web to suit its needs. In short, it often means "hear the voice of the customer" and adapt offerings, as compared to reshaping the customer or, more generally, the market.

The purpose of this article is to refine the notion of market orientation to suggest that there are two complimentary approaches to market orientation—a market-driven and a driving-markets approach. Both approaches represent a market orientation that entails a focus on customers, competitors, and broader market conditions (see Kohli and Jaworski 1990). However, we believe that the current literature has an unbalanced focus on keeping the status quo (e.g., existing customer preferences, current market structure) as compared to proactively shaping customers and/or the market. The current article is positioned to fill this gap.

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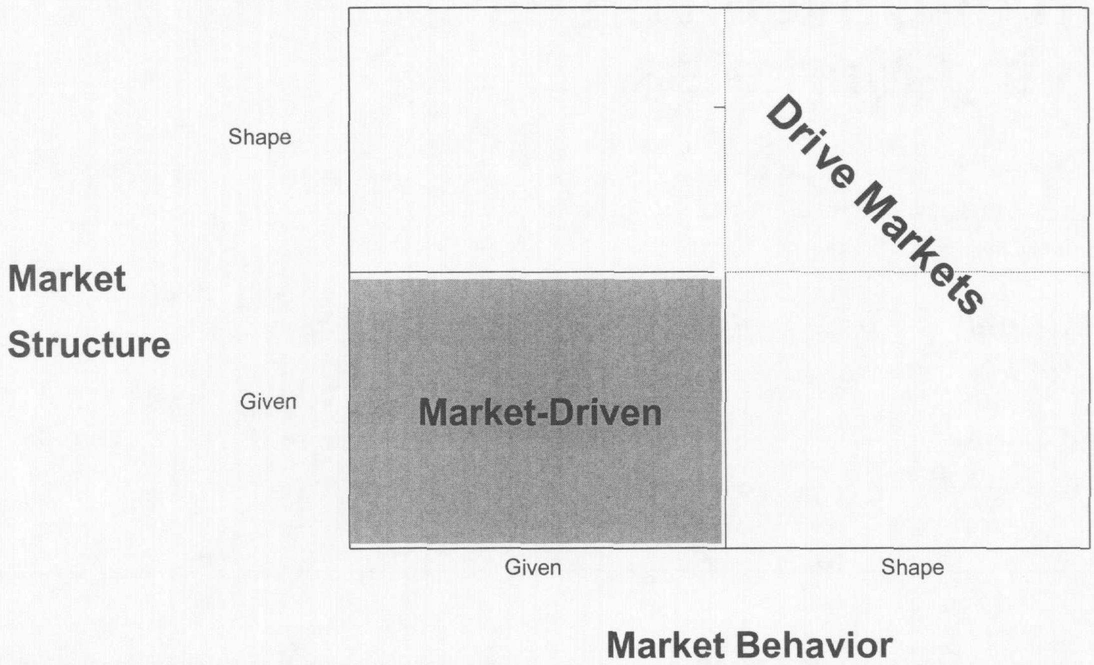
FIGURE 1
Conceptual Framework: Two Forms of Market Orientation



It is important to stress at the outset that there is a fair amount of literature on the subject of environmental management. For example, there exists work on the environmental management construct (e.g., Clark, Varadarajan, and Pride 1994) and on when environmental management should be undertaken (e.g., Clark et al. 1994). A complementary body of work examines how businesses "enact" their environment (e.g., Astley 1983), are affected by environmental resources (e.g., Pfeffer and Salancik 1978), and proactively change the rules of the game (e.g., Buaron 1981; Zeithaml and Zeithaml 1984). Our work builds on the themes discussed in the literature by developing a specific and detailed conceptual structure for thinking about the variety of ways in which markets may be driven or shaped. Specifically, we propose that driving markets entail changing the structure or composition of a market and/or the behavior(s) of players in the market. This conceptualization reveals practical insights for use by managers and surfaces issues for further study by scholars. It should be noted that we are focusing our attention in this article on the business unit rather than the firm as a whole. This is consistent with previous work on market orientation. Furthermore, we use the terms *driving markets* and *market driving* interchangeably in the article.

The article is organized in three sections. In the first section, we introduce the conceptual framework and use it to define and contrast the market-driven versus the driving-markets approaches. In the second section, we introduce and illustrate specific approaches to driving markets. We conclude with a discussion of the research and managerial implications of the conceptualization advanced in this article.

CONCEPTUAL FRAMEWORK

Figure 1 provides an overview of the conceptual framework. The framework is composed of two dimensions: market structure and market behavior. Market (or industry) structure refers to a set of players and the roles played by them in what Porter (1985) calls "the value chain." For example, in the recording industry, this would include such players as the record company, the artists, distributors, retailers, concert promoters, and radio stations. Accepting the market structure as a "given" means the focal business does not eliminate and/or modify the roles of existing industry players. Driving the market structure, in contrast, refers to a business proactively changing the composition of the players by, for example, buying them out or by getting new players to enter the industry (e.g., new distributors). A business may also change the market structure by fundamentally changing the roles performed by one or more players (e.g., getting a distributor to assemble/manufacture computers in addition to selling them).

As Alderson (1957) noted more than four decades ago, an industry evolves with changes in the roles and functions performed by various players in the industry.

Market behavior refers to the behavior of *all* players in the industry value chain. Note that this definition is not limited to the customers but rather focuses on the behavior of any player in the industry value chain, including competitors, suppliers, distributors, and complementors. Accepting behavior as a "given" means that the focal business accepts the current behavior of players (e.g., how, when, why customers purchase a particular offering) in the market. The competitive battleground often focuses on changing customers' perceptions of the focal firm's offering versus competitors' offerings on attributes known to be considered important by customers (e.g., persuading potential students that teaching quality is superior at Harvard versus Stanford). In contrast, shaping market behavior entails getting customers to focus on attributes previously unconsidered by customers (e.g., flexibility to take classes in the evening) or providing new-to-the-world offerings (e.g., a program using both Harvard and Stanford faculty members).

Market-Driven and Driving Markets

Accepting the market structure and market behavior as given results in an orientation that we term "market driven" (see Figure 1). The term *market driven* refers to learning, understanding, and responding to stakeholder perceptions and behaviors within a given market structure. In contrast, the term *driving markets* refers to changing the composition and/or roles of players in a market and/or the behavior(s) of players in the market (see Figure 1).

More important, driving markets is a multiplicative function of two key dimensions: (1) the number of changes effected in a market and (2) the magnitude of those changes. Thus, a business that greatly changes the composition of a market as well as the behaviors of most players would be classified as having driven the market to a greater extent than another business that caused only a small change in the behavior of a single player in the market. Thus, driving markets is a matter of degree and is not a dichotomous variable.

Furthermore, it is important to keep in mind that a given organization can both drive markets and be market driven. Thus, these approaches are complementary, not substitute, approaches. This is most easily observed when an organization is simultaneously attempting to protect a cash-generating old technology and attempting to build a business for the future with a new technology. Abell (1993) termed this challenge a "dual strategy" because organizations are often confronted with balancing the need to manage the present business opportunities while concomitantly planning for the future (see Hamel and Prahalad 1994 for a discussion).

A classic example of a firm that is simultaneously pursuing a market-driven approach and a driving-markets approach is Barnes & Noble bookstores. Barnes & Noble is currently managing its distribution of books through the conventional industry structure that includes writers, book publishers, manufacturing, distribution, and retail outlets. It stays close to the customer by using a variety of in-store and out-of-store customer research techniques. As such, it accepts both the market structure and behavior of players such as other competitors and customers as a given. This is a sound example of a market-driven approach in our classification scheme.

Simultaneously, however, it is also aggressively pursuing a web strategy that, in combination with Amazon.com, has the potential to both change player behavior and alter the industry value chain (e.g., eliminate stores, wholesalers). Considering first the change in market structure, it is readily apparent that there will be a fundamental shift from brick and mortar to a virtual store location. This will eliminate the need for retail stores in the value chain. Market behavior will also change since customer behavior will focus on purchasing in a web-based environment versus the retail environment.

It is important to note that Barnes & Noble is not a first mover in offering books on the web. Yet, it has the potential to drive the market. This is because what counts is the extent to which a business changes market composition and/or behavior, not whether one is first with an idea or not. Thus, if a latecomer effectively changes the behavior of a very large number of customers, it will have driven the market to a greater extent than a first mover that shaped the behavior of only a few customers.

Another point that is important to note is that markets may be driven by a single organization or jointly by several organizations. For example, several organizations may coordinate the changes they cause in a given market, each addressing a different aspect of the market. Indeed, given the skills and resources it takes to drive a market, it appears that pooling and coordinating these skills and resources across organizations may be a more effective way of driving markets than a single organization attempting to do it by itself.

DRIVING MARKETS

In sharp contrast to a market-driven approach, driving markets entails shaping the market structure and/or behavior of players in the market. In this section, we introduce three general approaches to shaping the market structure: constructionist, deconstructionist, and functional modification. Each of these approaches focuses on changing the composition of players in the market and/or the functions performed by them. More important, the focus is ultimately not on the change in market structure for its own sake but on the fact that a change in market structure has the potential to improve customer value and/or the performance of the focal business.

In addition, we introduce two methods to shape the behavior of market participants: directly influencing behavior without regard for the players' cognitive structure and indirectly affecting behavior through cognitive change.

Shape Market Structure

In this section, we discuss three generic approaches to driving the structure of a market: (1) eliminating players in a market (deconstruction approach); (2) building a new or modified set of players—and, hence, a new market structure (construction approach); and (3) changing the functions performed by players (functional-modification approach). The deconstruction approach entails reengineering the industry value chain, often to eliminate low value-adding players—from the customer's perspective. The constructionist approach typically entails developing a different set of players to deliver and meet some customer need, while the functional-modification approach typically involves the forward or backward integration of the firm attempting to shape the market structure. Below we briefly review each of these approaches.

Deconstruction

Deconstruction of a market involves the elimination of players in the industry value chain. The players may be wholesalers, distributors, key influencers, or complementors. We posit that the success of this strategy often depends on the focal business being able to better deliver value to existing segments (or the uncovering of new segments) or more effective supply-side operations.

Channel. Several successful companies have built their business model by eliminating players in the channel of distribution. Perhaps the most well-known example is Dell. In the physical world, Dell has managed to build a business model by eliminating the retail channel. Everyone knows the Dell success story; hence, our point is simply to stress that the strategy was successful since a large group of customers were willing to trade off in-store service for a lower price and additional value-added services. It should be noted here that, strictly speaking, Dell did not eliminate any retailers in the market directly. What it did do was change the behavior of customers—got them to buy directly rather than through retailers. Arguably, this led to reduced business for many retailers and their eventual elimination.

Calyx and Corolla pursued a channel deconstruction approach but it was not based on new segments (like the Dell strategy); rather, it focused on eliminating costs in the channel and providing the same (or better) level of the final product. Its industry is the home delivery of flowers and it has managed to eliminate several layers of the players in the channel. The flower industry structure includes growers, wholesalers, distributors, and retailers. The Calyx and Corolla business model eliminated the wholesalers, distributors, and retailers by training growers in flower arrangements and then shipping directly to the end customer using Federal Express. The end result is a similar price to the end customer but fresher flowers since the entire chain of distribution no longer needs to handle and transfer the flowers. As in the case of Dell, strictly speaking, Caylix and Corolla did not eliminate intermediaries directly but indirectly by changing customer behavior.

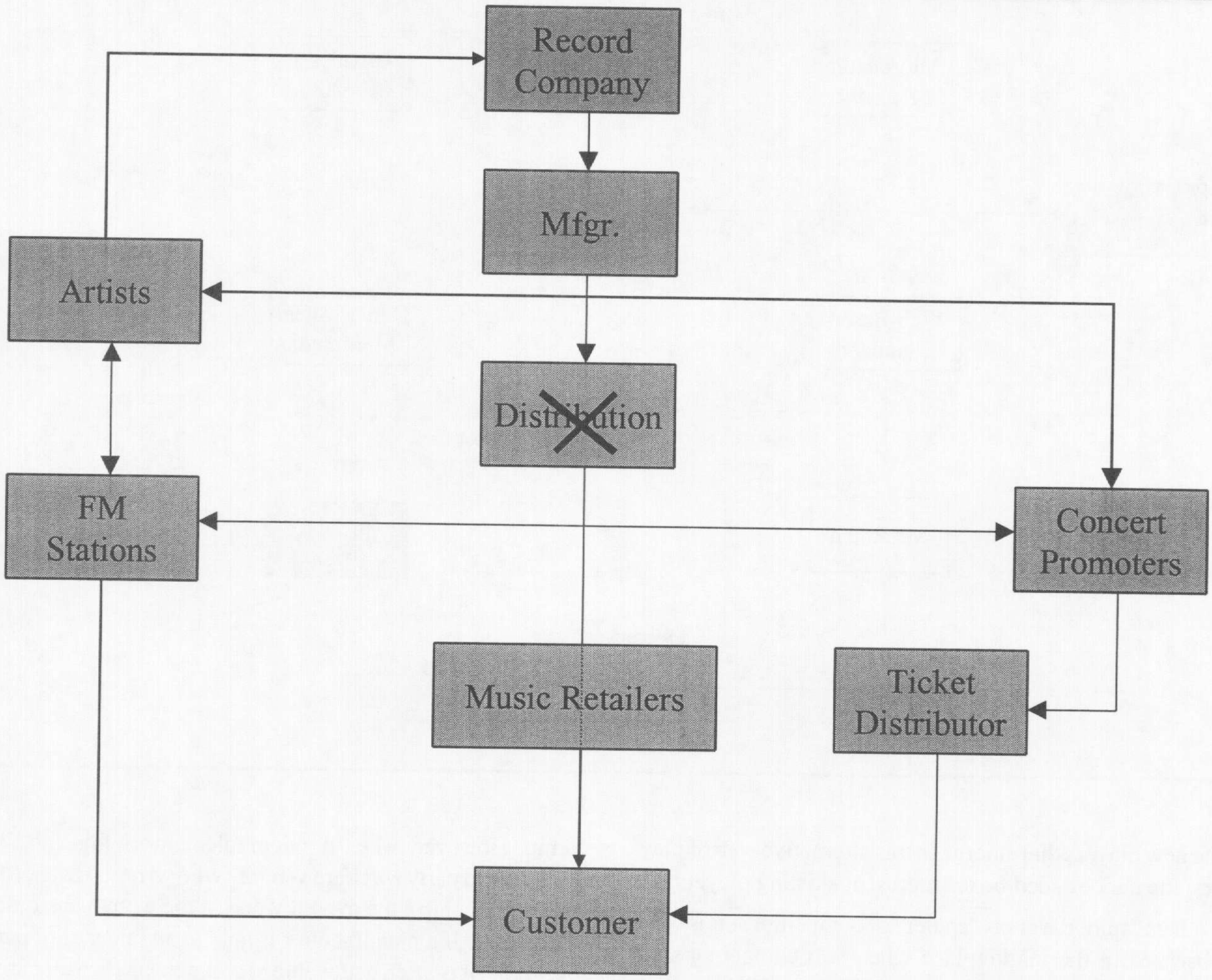
Figure 2 provides a simple illustration of how the recording industry could follow a deconstructionist approach. Figure 2 illustrates that margin can be "up for grabs" if the distributors are eliminated. Alternatively, we could also include a direct connection between manufacturing and the end customer—eliminating the entire channel. This would, in effect, be a "record club" model where customers buy directly from a company such as Columbia House records. Columbia House markets directly to end users through TV advertising, magazine advertising, and direct mail. It does not use the typical distributors or retail outlets; rather, it mails CDs directly from manufacturers to end users.

Competitors. Deconstruction of competitors refers to the elimination of competitors in the focal firm's markets. This can be accomplished by joint ventures, hostile takeovers, partnerships, mergers, acquisitions, and other strategic moves. The recent telecommunications alliance of British Telecom (BT) with AT&T is an illustration of an approach that has (a) eliminated the direct competition of BT and AT&T in international phone markets and (b) increased the likelihood of other competitors either exiting the market or joining together in further industry consolidation.

Several years ago, Arndt (1979) wrote an insightful article on how firms can choose to domesticate their markets by making key strategic moves. The central thesis of the work is that markets that are tamed (or domesticated) offer higher returns to the focal firm than markets in which competition is intense (see Porter 1980). Arndt (1979) also offers a number of tactics that could be used to manage the business and/or competitive environment (see also Zeithaml and Zeithaml 1984).

Suppliers. Firms may also choose to compete directly with their suppliers to gain either a lower cost position or increased functionality. Within the semiconductor industry, Intel is pursuing an acquisition strategy to own more of the "real estate" on the mother board. Recently, it acquired Chips N Technology, a major three-dimensional (3D) graphics player, to increase its display capabilities. This strategy enabled Intel to simultaneously gain access of new, state-of-the-art technology and it forced other 3D

FIGURE 2
Driving Markets: Illustration of a Deconstruction Approach



graphics firms (e.g., Nividia, S3) to scramble for alternative partners such as AMD or Cyrix.

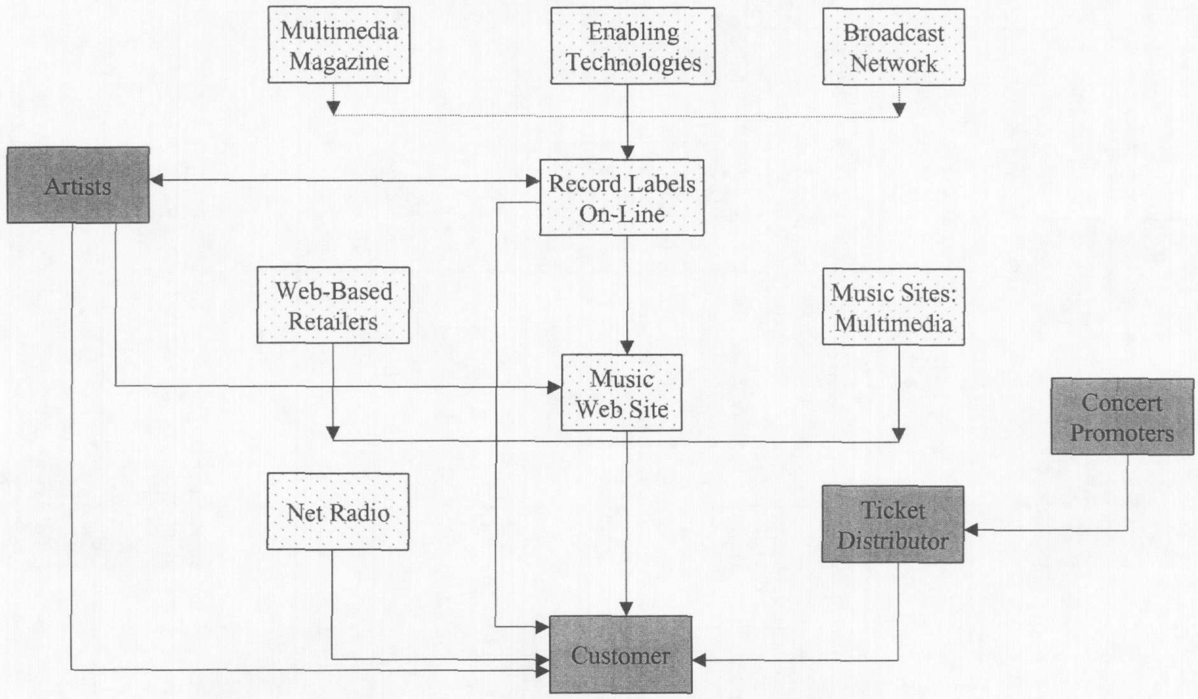
In summary, a deconstruction approach entails eliminating players in a given industry value chain. The focus can be on any of the players in a value web. Thus, while we have chosen to focus on channels, competitors, and suppliers, we could easily have emphasized eliminating makers of substitute products, complementary products, standards bodies, and the like.

Construction

The constructionist approach involves the addition of players into the industry value chain. This may be a wholesale revision of the players in the industry or a relatively small addition of complementors. The wholesale revision approach was pursued by Apple's in the mid-1980s by constructing a completely different set of partners (a very limited set) to compete with Wintel. In contrast, a constructionist approach may take the form of a more modest change in the industry structure—by adding new service suppliers. Below we discuss these two ways to construct an alternative market structure.

Build a new web of players. Figure 3 provides an example of how a new web of players can compete in the music industry. While Geffen, Sony, and BMI are very interested in keeping the existing industry structure intact, at least in the short run, new players such as Artist Direct, CDNow, and audio-on-demand players signal a new approach to music distribution. In these web-based distribution approaches, the existing players in the traditional value chain can be eliminated (i.e., eliminate CD manufacturer, distributors, and retailers such as Blockbuster). Under this new model, artists have the potential to go direct to end customers without the need for labels, CD manufacturers, distributors, and retail channels. We have lightly shaded

FIGURE 3
Driving Market: Construction Approach—New Players



the new players that emerge in this alternative web of players; the dark-shaded boxes represent existing players.

This "spider" versus "spider" of competitor sets is often observed in the marketplace when two competing standards go head to head. Shapiro and Varian (1999) refer to this as "systems competition," while other authors have referred to it as spider web versus spider web competition (Hagel 1996). Shapiro and Varian (1999) cite well-known examples of operations systems and applications software, central processing units (CPUs) and memory chips, disk drives and controller cards, and VCRs and videotapes. The winners in these games are those who can best take advantage of the network effects and the positive feedback effects that dominate these situations (see Shapiro and Varian 1999, chap. 8). Often it is a winner taking (almost) all the market. The most well known example is perhaps the Microsoft operating system.

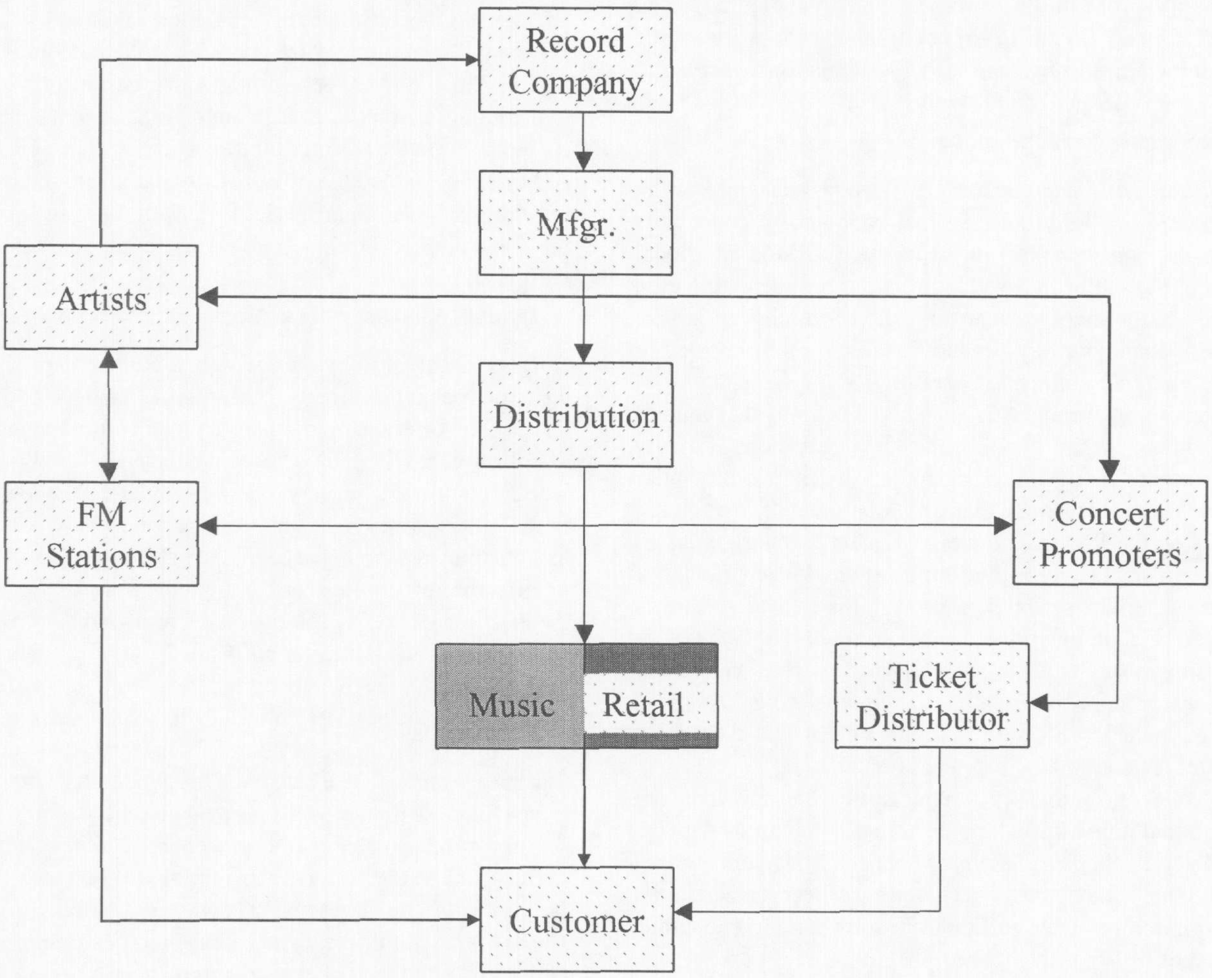
Adding complementors. Rather than construct an entirely new set of players, it is possible for selected companies to compete by the addition of complementary players to the value web. Consider, for example, the market for programmable semiconductor chips. The semiconductor manufacturers often go to market with the core chip and some complementary software applications to run the chip. However, when new complementors join the web (e.g., third party software vendors who write software for a particular chip), the overall value of the web to customers increases. If a manufacturer is able to add new third party vendors, it is often better able to compete in a broader array of applications.

Functional Modification

A third strategy for shaping the market structure is to shift the functions performed by players in a market. A large-scale forward or backward integration by a single firm or group of competing firms is one example, although other possibilities also exist. Figure 4 illustrates an approach taken by Virgin records to forward integrate into the retail channel. The Virgin Megastores provide more than the standard retail store by creating a unique retail environment that includes the music, kiosks, and a more contemporary in-store environment. If successful, they have the potential to dislodge the traditional retailing role and build the Virgin brand as a retail store. Another example of functional modification would be if several competitors "de-integrated" their manufacturing processes and performed specialized functions for each other in order to reduce costs.

As noted at the outset, market behavior refers to the behavior of all players in the industry value chain.

FIGURE 4
Driving Markets: Construction Approach—Shift Functions



Accepting behavior as a given means that the focal firm is willing to accept the current behavior of players (e.g., how, when, why customers purchase a particular offering, how competitors position products) in the market. Shaping market behavior in contrast involves proactively changing how players in the marketplace act. For example, without the focal firm's intervention, competitors would have developed different strategies and customers would have behaved differently.

Before our discussion of specific shaping strategies it is important to stress that markets can be shaped when needs are either manifest or latent. Manifest needs refer to customer needs that are well-known and widely understood by competitors within a market. Examples include full-bodied beer (i.e., Miller), designer socks (i.e., Polo), or basic cooking utensils (i.e., EKCO) that facilitate meal preparation. Competition in this case focuses on serving manifest needs better (e.g., Budweiser providing better full-bodied beer as compared with Miller).

Latent needs are not apparent to competitors—or even customers—but nevertheless exist and are unmet within the market. Historical examples include the emergence of light beer (i.e., Miller Lite); comfortable athletic socks (i.e., Thorlo socks); and cooking utensils that have soft, large grips (i.e., Good Grips line of cookware). All of these needs were present—less filling beer, well-cushioned socks, and comfortable handles for cookware—but not obvious to competitors in the market.

Regardless of the specific type of shaping approach discussed below, we posit that it would be beneficial for the focal firm to first uncover unmet needs within existing or new market segments. As recent work illustrates (Leonard and Rayport 1996; Nonaka and Takeuchi 1995; Zaltman 1996), this typically unfolds by a deep understanding of the customer environment. When the need is latent, the customer is unable to articulate his or her fundamental needs and hence the need-uncovering approach must either (a) probe the unconscious by indirect methods (e.g., ZMET; see Zaltman 1996) or (b) inhabit the world of the customer in an observation or participation observation approach (Leonard and Rayport 1996).

Shape Market Behavior Directly

Build customer constraints. Market behavior can be shaped directly by building real or imagined constraints into the consumer-buying experience. IKEA, the global furniture retailer in Sweden, provides an interesting case study on the shaping of customer behavior. In huge stores, IKEA displays every product it sells in room settings so customers do not need decorator or sales associate assistance. Rather, products are displayed in a way that enables customers to self-bundle their store selections. Equally important, IKEA forces customers to shop a particular route in the store—one that is clearly marked with colored lines on the floor. Customers navigate the store in an almost Disneyland type of routing system. Indeed, if one deviates from the scripted pathways, it is easy to get lost in the store. One must pass the entire set of displays before passing through the central exit, which is never visible until one is upon it. Finally, customers frequently spend hours in the store—with an in-store child care, a Swedish buffet restaurant, and extended hours.

Collectively, this set of retail tactics does not take conventional home furnishing customer behavior as a given. Rather, it shapes customers' expectations, encourages bundling behavior that may not have been considered a priori, and provides sufficient in-store time to encourage purchasing.

Remove customer constraints. Removing constraints in the buying process is a second way in which companies can influence customer behavior directly. The emergence of Internet commerce has led customers to behave differently—through easy-to-compare direct price comparisons (e.g., expedia.com), auction-based purchases (ebay.com), offering one's own price for the service (e.g., Priceline.com), and easy-to-access bundling of complementary services (e.g., travelocity.com). Our point is that customers make choices differently on the basis of the Internet experiments of companies. This is not simply taking current consumption practices as a given and offering products to meet the voice of the customer. Rather, it is activity shaping the choice sets, criteria, and benefit packages that customers buy.

Build competitor constraints. Similar to the consumer environment, it is also possible to build in constraints for competitors—or other stakeholders. In a near monopoly position in the diamond distribution and wholesale market, DeBeers largely controls the world diamond market. In so doing, DeBeers has the potential to shape the behavior of existing players in the market.

Remove competitor constraints. Market constraints can be lessened, for example, by regulation initiated by competitors, the government, or other stakeholders. Southwest Airlines' lobbying efforts—along with others efforts—led to the modification of government regulation that enabled it to compete in the regional air travel market. The Telecom Act of 1996 enabled the possibility of cable companies to provide voice and data services. In both these instances, the removal of constraints enabled new competitors to enter and compete in chosen markets.

Shape Market Behavior Indirectly

Create new customer preferences. Rather than shape customer behavior directly, it is possible to shape perceptions of the offerings in the marketplace before having an effect on behavior. This can occur through "new to the world" complete offerings (e.g., Disneyland as a concept in the 1950s) or through the introduction of new benefits that customers have not recognized previously. Considering first the new-to-the-world complete offerings, we have the example of the Wildfire personal assistant. The Wildfire personal assistant is a software technology that enables users to use voice commands with a "virtual" secretary to place calls, to return calls, to connect conference calls, and to locate key contacts. It is a virtual substitute for a secretary. The reference product in this situation is a personal secretary—there are no direct competitors in this new product category. New users need to be educated on how to leverage the new technology to enhance their productivity. The target market comprises mobile professionals for whom time is the most precious commodity (e.g., high-end lawyers, consultants).

Second, it is possible to introduce completely new customer benefits for existing products. The intent here is to change how customers assess the feature-functionality of products. It is not simply providing better quality on a well-known benefit; rather, it is introducing a new benefit into the mix. A good example is the Good Grips line of kitchen utensils. In the mature market of kitchen utensils, consumers evaluate quality by weight, sturdiness, brand name, and design. Good Grips focused all of its attention on the grip of the utensil while maintaining good performance on the other features. In particular, their products have thick, rubber-like grips that make them very easy to use. In effect, Good Grips has distinguished itself by the comfort level of the grip. Assuming Good Grips has leveled the playing field in other features, this changes the consumer's decision to focus on the quality of the grip. In short, Good Grips has shaped consumer buying behavior.

Reverse existing customer preferences. A third option in shaping market behavior is to change the existing preferences of customers (or other stakeholders) from a positive (negative) to a negative (positive) evaluation. Examples of products that were formerly negative but are now positive are frequently observed in the fashion and accessory industry including bell-bottom trousers, the Adidas brand name, and square-toed shoes. Personal-statement products such as tattoos or body piercing are also subject to preference reversal.

However, it is also possible to create this fundamental reevaluation in other product categories. A good example is The Body Shop. Traditional competitors in the cosmetics' industry focus on high price, advertising, high-tech cosmetics science, and a glamorous image. The Body Shop attempts to shape customer behavior by simultaneously lowering the importance of these attributes (indeed, maybe even reversing them) and focusing customers' attention on natural ingredients and a representation of healthy living more generally.

Create new competitor preferences. The focal firm can also affect competitive behavior indirectly by affecting the mind-set or cognitive structure of competitors in their markets. A market leader can shape the behavior of competitors in the market by its decisions to enter or exit particular product markets. A business can also use signaling to alter a competitor's behavior. For example, the business could publicly state its strong intention to dominate a declining market, thereby encouraging its competitors to consider exiting the market. Similarly, a business could signal its commitment to a particular technological standard, thereby encouraging new entrants to consider adopting the same standard.

Reverse existing competitor preferences. Strategic actions by the focal firm can also fundamentally alter (reverse) the preferences of competitors. Proctor and Gamble's decision to pursue everyday low pricing (EDLP) forced competitors to rethink their supermarket and retail strategies and think about moving away from high/low pricing to an EDLP strategy.

DISCUSSION

The purpose of this article was to introduce two approaches to market orientation—a market-driven and a market-driving approach. Market driven refers to learning and reacting to a market taken as a given. We define driving markets as influencing the structure of the market and/or behavior of market players in a direction that enhances the competitive position of the firm. We noted that there are three generic approaches to driving the structure of a market—one that focuses on eliminating players in a market (deconstruction approach); one focused on building a new set of players and, hence, a new industry structure (construction approach); and one that involves changing the functions performed by players (functional-modification approach).

We also introduced two ways for firms to shape the market behavior of players in the industry. The first entails shaping behavior directly by either introducing or eliminating constraints on the various players. The second entails shaping behavior indirectly by creating new preferences or by reversing existing ones. Below we conclude with a discussion of the research and managerial implications of a driving-the-market perspective.

Future Research

Uncovering market-driven versus driving-market approaches. The first step in designing empirical research is the empirical classification of orientations as market driven or driving markets. Thus, a first step is to develop clear measurement and classification instruments for these orientations. Earlier work on market orientation has focused largely on market-driven as compared with market-driving behaviors. Thus, there is considerable opportunity for developing approaches for measuring market-driving behaviors.

When does a driving-markets approach work? It is not clear at all that driving markets is an easy task. In fact, quite the contrary appears to be true, and many attempts to drive markets are not successful. It is therefore of interest to better understand the conditions under which this approach is appropriate.

For example, an argument could be made that large, incumbent firms with deep pockets and a strong brand name are in the best position to drive markets. Alternatively, it could be argued that start-up companies with no industry constraints are better positioned to drive a market since they do not have preconceived notions of what works in a given market. Moreover, they do not have the burden of existing investments in a particular technology.

How much can market behavior be shaped? It is interesting to consider the extent to which market behavior can be shaped. The answer to this question may vary quite a bit by the industry involved, and it would be instructive to study variations across industries. Within the fashion industry, for example, it often appears that there is no limit to what customers will endure to look "fashionable" (e.g., body piercing, tattoos, platform shoes). In contrast, more traditional business-to-business markets may be less amenable to altering their behaviors.

Managerial Implications

Balancing market-driven and driving markets. Our expectation is that highly successful firms are able to be both market driven and drive markets. However, as Abell (1993) points out, the structures, mind-sets, procedures, and processes necessary to maximize both the present and future are distinctive. Hence, we anticipate that it will be very challenging to be both market-driven and driving markets at the same time. The ability to do both is probably strongly related to mental models or assumptions of managers about the nature of the environment in which they compete. It would be very useful to explore the nature of these assumptions in future research.

Focus on structure and behavior. To be successful, we anticipate that firms need to manage both structure and behavior change. They often appear to move together in practice. Calyx and Corolla, for example, probably have caused changes in market structure as well as behavior (e.g., growers now need to arrange flowers as well).

In summary, we posit that exceptional companies are able to manage the present through short-term, market-driven actions and, simultaneously, consider how to reshape markets by driving them into new competitive spaces. Our purpose in this article is to (a) introduce some concepts and methods for thinking about how to drive markets and (b) develop a preliminary set of issues for examination in future research.

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