

# Megamarketing: The Creation of Markets as a Social Process

Drawing from institutional theory in sociology, this article theorizes the process of “megamarketing”—defined by Kotler (1986) as the use of strategic efforts by a firm or firms to gain the cooperation of multiple stakeholders—to understand how new industries are created and sustained in a complex social and political context. The author uses an analysis of the casino gambling industry to demonstrate the role of normative and regulatory structures in facilitating the adoption and eventual acceptance of an industry through the social process of legitimation. In a quantitative and qualitative content analysis of 7211 newspaper articles from 1980 to 2007, the author finds that frames such as crime, business, and regulation change over time and that these frames are used by multiple stakeholders to structure normative conceptions about the practice of casino gambling. These findings contribute to a theoretical understanding of market creation and development over time and provide marketing managers with the conceptual tools for megamarketing in any industry.

*Keywords:* legitimacy, diffusion, institutional theory, institutions, casino, gambling

**H**ow are new markets created? There are at least two ways to approach this question. Research in marketing has tended to approach the question by studying particular product categories or companies. In most theorizations, a product or company is able to create a market by fulfilling an unmet need or by developing a new technology. Although these are valuable approaches to the question of how new markets are created, they view the consumer need or technological innovation as an exogenous variable. In many cases, however, it is more pressing for marketing managers and scholars to know how consumer needs themselves are established and evolve over time. What structures consumer need? How and why do new technologies eventually succeed or fail, even in the presence of a strong consumer demand? The second approach to the question of market creation—the approach taken in this article—is to theorize the creation of new markets as a political and social process, one affected by the environment that exists outside the firm or industry. Firms are successful to the degree to which they can successfully navigate this environment. In this article, I offer a new perspective on the creation of markets by viewing it as a process of legitimation (Dowling and Pfeffer 1975; Handelman and Arnold 1999; Suchman 1995).

Several marketing scholars have outlined the need for a sociological approach that accounts for the influence of multiple stakeholders in the process of market creation.

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Ashlee Humphreys is Assistant Professor of Integrated Marketing Communications, Medill School of Journalism, Northwestern University (e-mail: a-humphreys@northwestern.edu). This article is based on the author's dissertation. The author would like to thank her dissertation advisor, Kent Grayson, and committee members Greg Carpenter, Wendy Griswold, Rob Kozinets, and Angela Lee for their support and guidance. She also thanks Frank Mulhern, Klaus Weber, and the two anonymous *JM* reviewers for their many helpful comments on previous versions of the manuscript.

Kotler (1986, pp. 117–18) notes that breaking ground in new markets, both domestic and international, requires megamarketing, “the strategically coordinated application of economic, psychological, political, and public relations skills to gain the cooperation of a number of parties in order to enter and/or operate in a given market.” I extend this logic to argue that any innovation requires the same strategic efforts. Rather than look toward discrete, exogenous technological innovation as a force in creating new markets, it may be more appropriate to look toward the structuring of relevant cultural, social, and legal fabrics that open gaps for new markets and provide resources for the establishment of a new industry (Kim and Mauborgne 1999). As Kotler (1986) and others have argued, it is necessary to understand the place of technological innovations within the larger and more complex process of industry legitimation, a process that involves cultural, social, and material factors.

Understanding how markets are created and sustained can help managers navigate environments in which multiple stakeholders determine the success or failure of a new product or industry. To sell a new surgical innovation, for example, a company must win over not only physicians but also patients, providers (e.g., hospitals), payers (e.g., insurance companies), and policy makers (e.g., the Food and Drug Administration). Marketing managers for the new surgical device can therefore benefit from an understanding of the legitimation process and its strategic implications for tailoring marketing strategy and communications to multiple stakeholders, especially with new innovations, such as laparoscopic surgical devices. A grasp of legitimacy dynamics in early markets gives managers strategies to explain the innovation to patients and physicians, navigate complex regulatory environments, and enter new markets such as China or India. From a public policy perspective, it is equally important to understand the costs and benefits of legitimation for society. Will the new surgical device be

safe? Will it be affordable to all? Public policy makers can gain from an understanding of legitimation that enables them to steer industry development in a way that benefits consumers and sustains innovation.

Many new industries face challenges of legitimation. For example, Bluetooth headsets for cell phones faced not only regulatory hurdles with the Federal Communications Commission, Federal Aviation Administration, and Joint Aviation Authorities (Gilster 2002) but also considerable normative and cultural-cognitive challenges in the adoption process (Walker 2006; Young and Yuan 2005). Before introduction of the technology, consumers had never seen a device like a Bluetooth headset and therefore had neither a cognitive schema for understanding it nor the social norms for using it. Talking in public, seemingly to oneself, without a visible conversational partner was counternormative, and adopters were deterred at first from breaking this social norm (Walker 2006; Young and Yuan 2005). Furthermore, customers have long been concerned with the health risks associated with using electronic devices close to the head—the culturally sacred locus of rationality in Western culture—and with the regulation of such devices (Brodie 1993; Cohen 2008; Parker-Pope 2008). Despite these hurdles, over time, Bluetooth headsets have gained legitimacy through changes in regulatory, cultural-cognitive, and normative structures. Legitimacy has been an issue for many other innovations and industries—Betamax (Cusumano, Mylonadis, and Rosenbloom 1992), nuclear power (Garnson and Modigliani 1989), and boiling water in Peru (Rogers 1995)—to name only a few.

To study this interplay of social and cultural factors in the process of market creation, I use institutional theory to understand industry legitimation. Institutional theory proposes that any institution (e.g., a church, a school, the rites of marriage) is supported by three “pillars”—regulative, normative, and cultural cognitive (Scott 1995). Each pillar serves a specific sociological or psychological function that supports the institution. Institutions—of which industries are one example—are established to the degree to which they are supported by these three elements. Previous work in marketing has used institutional theory to understand the impact of socially oriented marketing actions (Handelman and Arnold 1999), consumer choice of a retailer (Arnold, Kozinets, and Handelman 2001), customer trust (Grayson, Johnson, and Chen 2008), channel structure (Grewal and Dharwadkar 2002; McFarland, Bloodgood, and Payan 2008), firm strategy (Lambkin and Day 1989), and intraorganizational dynamics (Homburg, Workman, and Krohmer 1999). This article expands the uses of institutional theory in marketing by employing it to understand the creation of markets as a social process.

Markets are “concrete exchange structures between producers and consumers” (Weber, Heinze, and Desoucey 2008, p. 529). For a market to be created, producers and consumers must come to certain shared understandings of what is being exchanged and why. This “microconstructionist” perspective of markets—the view adopted herein—suggests that the process of market creation is largely a process of institutionalizing certain shared understandings and practices of exchange (Fligstein 1996; White 2002; for a fuller

treatment and contrast with other perspectives, see Weber, Heinze, and Desoucey 2008). How are these shared understandings established, and how do they evolve? What is the role of managers in developing these understandings? Answering these questions will help develop knowledge of markets beyond variables of quantity and price to evaluate the role of other social and cultural factors in the development and functioning of markets.

Despite calls for a sociological understanding of the marketing process in general (Kotler 1986) and new markets in particular (Buzzell 1999), research on the role of social and cultural factors in the creation of new markets has been sparse. Some research has used sociocultural variables to understand changes in product categories. For example, Rosa and colleagues (1999) analyze the evolution of the minivan category by showing how the stabilization of sociocognitive structures, such as vehicle category, affects market development. This research provides a promising avenue for using sociocultural variables to understand the evolution of category structure, but it has focused on shared cognitive structures to the exclusion of normative and regulatory variables. However, scholars in management (Deephouse 1996; Suchman 1995) and economic sociology (Fligstein 1996; Schneiberg and Bartley 2001) suggest that normative and regulatory factors are crucial components in the creation of new markets because they are tied to consumers’ willingness to adopt or change particular sociocognitive schema. Here, I introduce an institutional approach (Scott 1995) to understand new markets and reconcile both cognitive and normative factors.

In selecting a case of legitimation for study, several criteria were important. It was important to select an industry in which regulatory, normative, and cultural-cognitive barriers shifted noticeably over time, were clearly distinguishable, and were considerable in magnitude. Because of the contrast with innovations research, it was important for the market under study to be one in which there was no significant technological innovation, no sudden change in process, and no discovery of unrealized consumer needs. Rather, the case needed to be one in which market “space” was created through a network of social actors working through cultural, social, and legal structures. In considering these criteria, I chose to study the case of casino gambling. In the past 30 years, casino gambling has grown from a marginal business operating in one U.S. state to a thriving, multibillion dollar industry that now exists in 28 states (National Gambling Impact and Policy Commission 1999). Although casino gambling has had some degree of cultural-cognitive legitimacy since at least the early 1800s and draws on gambling more broadly, a practice that dates back to prehistoric China (Asbury 1938), it has lacked normative and regulative legitimacy in most of the United States since the late 1880s. In addition, although its cultural-cognitive legitimacy could be viewed as an asset to market development, the association with crime that this cultural history brings with it is as much a liability as an asset. Because most new products merely face one or two of these hurdles alone, casino gambling presents a rich case for studying legitimation because it has faced challenges with all three types of legitimacy.

Although legitimation of the industry has been enabled to some degree by exogenous factors, such as states' need for tax revenue, development of the market was steered in important ways by industry executives. For example, there were multiple possible solutions to changes in the environment, such as the taxation of other industries or state budget cuts. The casino industry that emerged was the result of the successful coordination of multiple stakeholders—regulators, public policy activists, and financial investors—through strategic intervention on the part of industry advocates. The goal of this article is not to argue that casino executives engineered the market out of whole cloth but rather to examine the role of managers in coordinating the multiple stakeholders required for market development and to understand the part their symbolic interventions played in legitimation.

This article makes four contributions to the study of new markets. First, by assessing changes in social, cultural, and legal frameworks, I offer a robust theory for predicting and assessing the effects of these factors on industry success. Previous work has focused on each of these aspects individually but has not accounted for their interaction and mutual reinforcement over time. This sociopolitical approach can be contrasted with product-focused, utilitarian models of market development and diffusion.

Second, this article makes a contribution to the literature on market development by studying barriers to entry in new markets. Previous research has focused on diffusion in industries that are relatively open to free entry, yet few, if any, markets are completely free of institutional barriers. The seemingly aberrant case of a “protected” market becomes commonplace when conceptualizing multinational corporate enterprise in many different countries. For example, conducting business in China comes with the need to understand regulatory, normative, and cultural structures in addition to basic financial facts (Kotler 1986). A model of industry creation based on technological innovation cannot adequately predict the success of innovation in markets in which competitive advantage may come from finessing one or more of these legal or cultural constraints. Although it is commonly acknowledged that industry stakeholders engage in megamarketing, the process through which this happens has not been fully explored. I show that stakeholders use specific frames to shape the perceived legitimacy of an industry and that these frames are effective in negotiating the political environment.

Third, this article makes a methodological contribution by introducing the method of automated content analysis to study the evolution of markets and pairs it with historical methodologies already used in marketing (Golder 2000; Golder and Tellis 1993). Automated content analysis enables researchers to supplement qualitative analysis of archival data with quantitative counts that assess the changes in prevalence of sociocognitive concepts over time. Automated content analysis also enriches previous approaches that use human content analysis (Gross and Sheth 1989; Kassarian 1977; Kolbe and Burnett 1991) by allowing the data set to be expanded beyond previous practical limitations.

Fourth, this article makes a contribution to marketing by assessing the development of an industry rather than a particular product or innovation. Unlike previous studies that have considered sociocognitive acceptance of a single product type (Carpenter and Nakamoto 1989; Rosa et al. 1999), the current research takes account of the wholesale legitimation of a new industry through changes in regulatory, normative, and cultural-cognitive structures. This industry-wide view allows for strategic insights into and recommendations that address marketing problems that cannot be solved by understanding diffusion patterns of a particular innovation or at an early stage of development. Most current approaches presuppose an existing unmet need or technology, while the research here addresses the ways companies can navigate more complex early market environments that include multiple stakeholders.

The remainder of the article is structured as follows: I begin by introducing the theory of legitimation from sociology and explain how it can enrich current theories of diffusion in marketing. Then, I introduce the data and the methods used to assess legitimation of new industries. This is followed by thematic and affective analyses to show the effect of these variables on industry legitimation. I then detail the actions managers took to navigate the social and political environment. Finally, I conclude by discussing the implications of the research for theorizing the creation of new markets.

## Theory

### *Legitimation*

To understand the diffusion of casino gambling, I draw from theories of legitimation in sociology. Legitimation is the process of making a practice or institution socially, culturally, and politically acceptable within a particular context (Johnson et al. 2006; Suchman 1995). According to sociologist Max Weber ([1922] 1978, p. 37), legitimacy is a mechanism for explaining why people regularly and voluntarily submit to authority: “So far as [social action] is not derived merely from fear or from motives of expediency, a willingness to submit to an order imposed by one man or a small group, always implies a belief in the legitimate authority.” That is, social action under beliefs of legitimacy is more than blind obedience; it includes the complicity or approval of action on the part of the subject. Social actors need not fully accept a practice or institution for it to be legitimate, but they must conform their behavior to its existence. Furthermore, legitimacy is solidified by a network of norms and beliefs—“the legitimate order”—that make some forms of power legitimate and some forms of power illegitimate (Weber [1922] 1978, p. 31). Theories of legitimacy focus on the way this network of norms and beliefs is constructed and maintained for a particular entity. Since Weber's initial theorization, legitimacy has been refined into a multidimensional construct. Previous research has examined three types of legitimacy: regulative, normative, and cultural cognitive (Scott 1995; Suchman 1995).

Regulative legitimacy is the degree to which an organization adheres to “explicit regulative processes: rule-setting,



monitoring, and sanctioning activities” (Scott 1995, p. 42). These activities are overseen and enforced by superordinate institutions, such as government or regulatory agencies. Although regulative legitimacy is an important component in legitimation, it is most important during the first stages of legitimation (Scott 1995). As a key component in the legitimate order, the state has a special role in determining and overseeing industry structure, especially when industries are new. After industries mature, regulative legitimacy becomes less important because the industry has been certified, legalized, and sanctioned for the public. This means that regulation of the casino industry would likely be discussed a lot when the industry is young but less so as the industry matures because it is no longer necessary and indeed may even hinder perceptions of legitimacy at advanced stages of industry development.

Normative legitimacy is the degree to which an organization adheres to the norms and values in the social environment. Dowling and Pfeffer (1975, p. 122) define legitimacy as “congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behavior in the larger social system” (see also Pfeffer and Salancik 1978). This definition proposes that legitimacy is a property of the relationship between the organization and its generalized environment, and it frames legitimation as a process of garnering normative acceptance in this environment. Normative legitimacy is distinct from regulative legitimacy in that it does not require the sanction of a supraordinate institution. Some practices that are illegal are nonetheless normative. For example, speeding is illegal but, in most contexts, is normatively legitimate. That is, the majority of social actors approve of speeding and believe that others (with the exception of the police) would approve as well. Social actors construct normative legitimacy, but they are also bound by it (Suchman 1995). This means that positive evaluation of casino gambling is both a dependent and an independent variable in the legitimation process. Over time, however, as the practice becomes legitimate, positive evaluation of casinos would be expected to stabilize by either going up or remaining constant, while negative evaluation should decrease. In this way, a practice can become normatively legitimate by becoming positively viewed (i.e., endorsed) or by becoming less negatively viewed (i.e., tolerated). Thus, either trend would be expected to enable the legitimation of the casino industry.

Last, cultural-cognitive legitimacy is the degree to which an organization is known and understood by social actors. Cultural-cognitive legitimacy is most often measured as the quality of being “taken for granted”—that is, the degree to which an organization or innovation fits with existing cognitive and cultural schemas. Both cognitive and cultural elements fall under this pillar because, though cognitive schemas exist individually, these schemas are created and reinforced through cultural processes and representations (Scott 1995). Cultural-cognitive legitimacy is an important and subtle component in the legitimation process. Often, it works in tandem with normative legitimacy; however, it is different from normative legitimacy in that it is deeply taken for granted at a tacit, cognitive level. While normative legitimacy stresses moral obligation, cultural-

cognitive legitimacy “comes from adopting a common frame of reference or definition” and rests on “preconscious, taken-for-granted understandings” rather than explicit acknowledgment of normative codes of behavior (Scott 1995, p. 61).

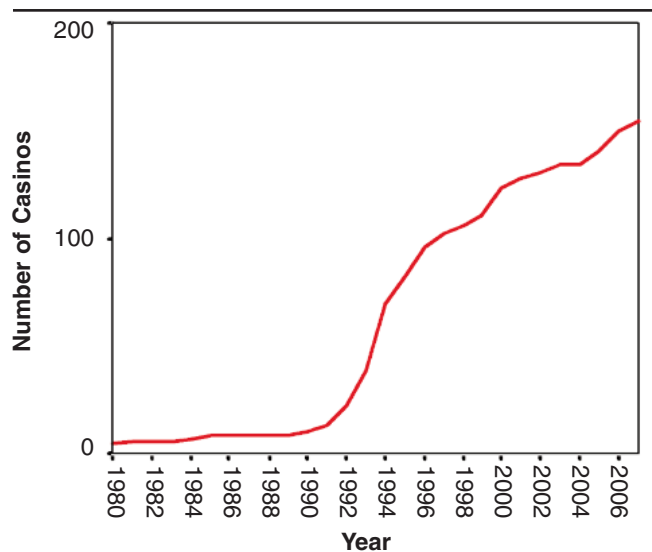
These three types of legitimacy can reinforce one another or can be in conflict. Full legitimacy could be achieved by complete regulatory compliance, normative acceptance of social actors, and eventual “taken-for-grantedness” of the institution. Conversely, organizations and products can have varying degrees of legitimacy of different types.

### **Diffusion and Legitimation**

Understanding legitimation can inform studies of diffusion in marketing. I briefly review the relevant research in diffusion to show how an understanding of the legitimation process enriches the understanding of diffusion. The largest area of diffusion research in marketing comes from the Bass (1969) model, in which the common generalization is that innovations diffuse in an S-curve pattern (Mahajan, Muller, and Bass 1995). That is, the innovation is adopted slowly at first and then at an accelerated rate until diffusion reaches an inflection point at which adoption of the innovation slows and finally levels off. The growth in the number of casinos in the United States fits this pattern (Figure 1). Although modeling diffusion is not the focus of this article, I estimate two of the most commonly used coefficients—those of innovation and imitation—in the Web Appendix (see <http://www.marketingpower.com/jmmarch10>).

The Bass model proposes that there are two kinds of actors in the diffusion process: “innovators,” who receive and respond to mass media, and “imitators,” who receive and respond to word-of-mouth communication. In general, scholars assume that mass marketing and word of mouth have a linear and positive effect on diffusion and that these communications are unambiguously and uniformly picked up by adopters. The current research suggests that there are

**FIGURE 1**  
**Number of Casinos: 1980–2006**



more actors in the diffusion process than accounted for by current models. Communications target not only adopters but other stakeholders as well, such as journalists, politicians, and citizens. In turn, these parties work to legitimate the practice, which further encourages or even legally enables adoption. When considering the impact of regulatory, normative, and cultural structures on diffusion, these stakeholders become important.

Furthermore, prior diffusion research has tended to approach adoption from a utilitarian perspective (e.g., Chatterjee and Eliasberg 1990) and thus has focused on the localized interaction between consumer and innovation, omitting the influence of social norms and values on product–user interaction. By accounting for the influence of social structure on product adoption, this research provides advancement beyond the utilitarian perspective. Specifically, for the utilitarian case to hold, the innovation must be unambiguously “better” and widely available through distribution channels. When the value of an innovation is ambiguous, very new, or not yet widely available, institutional factors are important for predicting success of an innovation.

In general, the agenda of this research is to assess the social and cultural factors of the diffusion process by bringing institutional theories of legitimation to bear on the data from the industry of casino gambling. How do new industries come to be accepted in the marketplace? Through what social and cultural processes does diffusion occur? Can these changes be measured over time, and can this lead to an understanding of the impact of these changes on the diffusion process? Finally, what is the role of social actors in shaping these changes? Answering these questions will lead to a better understanding of how marketing managers can shape market development.

## Data and Methods

In this article, I focus on shifts in legitimacy by analyzing changes in the framing of casino gambling that exist in popular discourse. Using the analysis of newspaper articles, I assess changes in legitimacy by borrowing framing theory and methods from sociology of culture and institutions (for a review, see Benford and Snow 2000; Matthes and Kohring 2008). Frame analysis has been used extensively in sociology to study changes in political and cultural discourses over time (Ferree and Merrill 2000; Gamson and Modigliani 1989; Johnston and Baumann 2007). Frames are “individual cognitive structures ... that orient and guide interpretation of individual experience” (Oliver and Johnston 2000, p. 41). They enable a person to “selectively punctuate and encode objects, situations, events, [and] experiences ... within one’s present and past environment” (Snow and Benford 1988, p. 137). To accomplish this punctuation and encoding, they “draw from the supporting ideas and norms of ideologies, but are understood as more specific cognitive structures advanced by social actors to shape interpretation and understanding of specific issues” (Johnston and Baumann 2007, p. 172). Frames are the linguistic tools by which social actors attempt to manipulate legitimacy over time. Theoretical questions about legitimation

can now be reframed as empirical questions about frames. What frames are present in the gambling debate? How do stakeholders receive and use these frames? Do the uses of these frames legitimate the practice? Finally, does legitimation result in action—do more people actually adopt casino gambling because it becomes legitimate?

From the previous theorization of legitimation, several testable expectations can be formulated. The first expectation is that as casinos become more legitimate, newspaper articles will show a decrease in references to illegitimate frames, such as crime. Second, the presence of legitimate frames, such as business, is expected to increase. Third, casino gambling should be associated with regulation in the initial stages of legitimacy, but these associations should taper as regulative legitimacy becomes assumed by the public. Fourth, discourse is expected to become less polarized, moving from strong negative emotions to more subtle emotions as casinos become territorially established. Finally, more strategically advantageous frames, such as business, are expected to be used by managers, while newspaper discourse should have a mix of frames produced by social actors with various strategic interests and agendas.

### Data

To study the legitimation process, I evaluated newspaper articles about casino gambling from 1980 to 2007. I identified newspapers with the three largest circulations, a readership in all 50 states, and a focus on national news under the assumption that publications that meet these criteria present reasonable and likely indicators of legitimacy. These newspapers were the *New York Times*, the *Wall Street Journal*, and *USA Today*. Using the Factiva database, I identified all articles appearing in these newspapers that contained the keyword “casino” in their title or lead paragraph ( $n = 7211$ ). I constructed a second, smaller subset of 600 articles (669 pages) for qualitative analysis, using a stratified random sample from three periods: 1980–1988, 1989–1999, and 2000–2007. These time frames were chosen because their endpoints correspond to important regulatory actions.<sup>1</sup> Using these two data sets, I was able to make comparisons not only across the three publications but also across periods within publications.

To analyze the role of managers in shaping the legitimation process, I supplemented the newspaper data with a data set of press releases from the top seven casino companies available through Factiva from 1985 (the first year of their availability) to 2009 ( $n = 904$ ). Because press releases reflect the image a company wants to portray to the general public, the media, and investors, these documents can be used as indicators of strategic intent on the part of company managers to frame the industry. I also examined six existing interviews with current and former casino executives (Griffeth 2005; Gros 2008; Koughan 1997). These data sets were then compared with data collected from several other

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<sup>1</sup>In 1988, a Supreme Court decision paved the way for regulatory nationalization by permitting Native American tribes to operate casinos. In 1999, a committee appointed by the United States Congress to study the effects of gambling released a report that concluded that gambling expansion in the United States should be halted until the effects of gambling were better understood.

sources: the number of casinos built each year (American Gambling Association [[www.americangaming.org](http://www.americangaming.org)]), crime statistics (National Incident-Based Reporting System [<http://www.fbi.gov/ucr/ucr.htm#nibrs>]), annual reports, government documents (National Gambling Impact Study Commission [<http://govinfo.library.unt.edu/ngisc/>]), and cultural materials (e.g., films).

### **Methods**

Following procedures set forth by Golder (2000), I conducted historical analysis of the casino industry, analyzing primary documents of newspaper articles, legal precedents, and secondary sources (e.g., industry histories, biographies). As public documents aimed at providing unbiased, truthful accounts, newspaper articles meet the criteria for historical analysis of competence, objectivity, and reliability (Gottschalk 1950). Multiple newspapers were chosen for corroboration (Golder 2000). Although the content of newspaper articles is constructed by the interests and agendas of particular journalists (Tuchman 1978), in the aggregate, it can be and has been used as a reliable indicator of generalized public opinion (Deephouse 1996; Gamson 1992; Gamson and Modigliani 1989). Unlike niche communications, such as blogs, magazines, or legal documents, this kind of mass-media discourse has particular relevance when studying public opinion because it both reflects and influences public perceptions.

In this study, I present the results of three types of content analysis—thematic, affective, and strategic—to assess trends in the coverage of casino gambling over time and to compare those trends with industry data, documenting its diffusion in the United States. Thematic analysis compares changes in themes over time and examines changes in the way casino gambling has been framed as a consumption activity (Gamson and Modigliani 1989; Matthes and Kohring 2008). Affective analysis tracks changes in language valence and emotion (anxiety, sadness, and anger) over time, providing insight into the tenor with which casino gambling has been represented. Strategic analysis evaluates the types of rhetorical strategies a particular group of stakeholders uses (in this case, managers).

The thematic analysis was done in several stages and followed what Altheide (1987) calls “ethnographic content analysis” (see also Krippendorff 2007). I began by qualitatively analyzing a sample of 200 articles from each newspaper (for a total of 600 articles), coding for common themes and frames using a process of analytic induction, tracking between theory and data, until some stability was reached in interpretation (Katz 2001), as is consistent with previous archival research (e.g., Belk 1992). Because only one investigator was involved in the interpretation and development of categories, examples of the interpretations for assessment appear in the Web Appendix (<http://www.marketingpower.com/jmmarch10>).

In the qualitative analysis, certain frames or themes emerged that reflected either legitimacy or illegitimacy. Using these themes, I then conducted an automated quantitative content analysis of the population of articles from 1980 to 2007 using the computer program called LIWC (Pennebaker, Francis, and Booth 2007), which uses psycho-

metrically pretested dictionaries to perform word counts of relevant words that represent a given construct or concept. For example, the words “arrest,” “guilty,” and “criminal” would all be counted as mentions of the concept of “crime,” which previous qualitative analysis linked to illegitimacy. Qualitative analysis was used at both ends of the investigation. Not only was it crucial for grounded dictionary development and essential for the creation of categories for further quantitative analysis, but it also enabled interpretation of these categories after general trends were counted.

Two dictionaries were used to assess trends in newspaper content. The first was a dictionary constructed and tested by Pennebaker, Francis, and Booth (2007) that counts basic concepts, such as valence, verb tense, and categories developed from common emotion rating scales (e.g., the PANAS, or Positive Affect Negative Affect Schedule [see Watson, Clark, and Tellegen 1988]; for full validity and reliability measures, see Pennebaker, Francis, and Booth 2007). A second, custom dictionary was constructed using the method that Pennebaker, Francis, and Booth prescribe. After the qualitative analysis, a list of words was generated for each of 13 concepts derived in the qualitative analysis (see Table 1). Three judges were then asked to indicate whether each word should be included or excluded from the dictionary category. They were also asked to offer any suggestions for additional words. Words in the dictionary were then added or eliminated on the basis of the following rules: (1) If two coders agreed that a word should be included, it was left on the list; (2) if two coders agreed that a word should be removed from the list, it was removed; and (3) if two coders suggested the same word, it was added to the list.

Analysis of newspaper articles was done at two levels: at the article level and at the word level. The convention in communications research is analysis at the word level because of the ease and transparency of analyzing data using computer programs (Mehl and Gill, in press). However, analysis by article is more appropriate for answering some of the research questions posed here because it allows for the counting of primary article topics (Matthes and Kohring 2008). For example, to determine how much crime is mentioned in connection with gambling, it is more appropriate to count all articles about crime and gambling (as 1 or 0 for each article) than to count all words related to crime. One article can have many words related to crime, but it still remains one article of many. To adapt computer analysis to the article level of analysis, word counts were done by article, and an article was coded as being “about” a concept if it contained a percentage of words above the mean for that newspaper. A qualitative spot check was conducted on a subsample of the articles to ensure that this method accurately represented article topics. Analysis by article was used for the thematic analysis, and analysis by word was used for the affective and strategic analysis. Descriptive statistics for the main variables and data on the number or articles per year appear in the Web Appendix (<http://www.marketingpower.com/jmmarch10>).



**TABLE 1**  
**Dictionary Words and Agreements**

Category	Abbreviation	Examples	Words in Category	Alpha
Crime	Crime	Trial, arrested, robbery	26	96%
White-collar crime	White collar	Bribe, kickback, extortion	18	79%
Regulation	Regulation	License, commission, law	34	92%
Social issues	Social	Community, neighborhood, residents	12	93%
Business issues	Business	Industry, revenue, profit	18	89%
Entertainment	Entertainment	Fun, play, junket	19	90%
Economic issues	Economy	Jobs, growth, tax	8	100%
Morality	Morality	Sin, vice, values	30	94%
Luxury	Luxury	Champaign, jet, rich	9	94%
Addiction issues	Addiction	Psychology, treatment, diagnose	11	94%
Probability	Probability	Luck, odds, tossup	9	94%
Illegal substances	Substances	Drugs, alcohol, narcotics	9	100%
Casino games	Games	Craps, poker, slots	10	100%
Amplification	Amplification	Fun, excitement, win, jackpot	5	100%
Extension	Extension	Resort, destination, growth	9	100%
Bridging	Bridging	Addiction, problem gaming, underage	10	100%

Notes: Alpha is the percent agreement of three coders on dictionary words in the category.

## Results

The primary goal of this article is to understand changes in the perceptions of casino gambling over time, assess the impact of those changes on market development, and evaluate the role of managers in directing those changes. What normative and cultural-cognitive changes led to market development and paved the way for legitimation? In general, gambling is expected to become more associated with legitimate frames, such as business, and less associated with illegitimate frames, such as crime. In addition, these insights will be deepened by understanding the accompanying linguistic and emotional trends associated with these frames.

### Thematic Analysis

To assess changes in normative and cultural-cognitive perceptions, a thematic analysis of newspaper content was conducted. The thematic analysis focuses on changes in four major frames that are used when speaking about casino gambling—crime, business, regulation, and social issues. These frames emerged from the qualitative analysis aimed at assessing what language was used to legitimize or delegitimize casino gambling. Each frame carries with it some degree of normative weight and can be used to support a larger, more implicit ideology. Although only a few examples of each theme are presented here, a data table of examples appears in the Web Appendix (<http://www.marketingpower.com/jmmarch10>).

*Crime.* From the theorization of legitimacy, the expectation is that as the industry becomes more legitimate in the generalized public sphere, casino gambling should become less associated with illegitimate concepts such as crime. As predicted, the association between casino gambling and crime goes down precipitously in all three publications dur-

ing the periods analyzed. In the 1980–1988 period, 26% of all articles on casinos in the *New York Times* were about crime, while in the 2000–2007 period, only 15% of all articles were crime related (see Table 2; a t-test reveals that this difference is statistically significant at the  $p < .001$  level,  $t = 5.68$ ). In the *Wall Street Journal*, articles about crime constituted 18% of all casino articles in 1980–1988 but only 11.5% of all articles in 2000–2007 ( $t = 3.12$ ,  $p < .001$ ). In *USA Today*, 24% of all casino articles were about crime in 1989–1999, while only 11% of articles were about crime in 2000–2007 ( $t = 3.74$ ,  $p < .001$ ). An alternative explanation

**TABLE 2**  
**Changes in Frames over Time by Period**

	<i>The New York Times</i>	<i>The Wall Street Journal</i>	<i>USA Today</i>
<b>Crime</b>			
1980–1988	25.98	18.38	
1989–1999	17.44	11.35	23.96
2000–2007	15.08	11.48	10.70
<b>Regulation</b>			
1980–1988	42.09	34.56	
1989–1999	32.94	31.83	32.30
2000–2007	28.25	35.95	17.11
<b>Business</b>			
1980–1988	38.73	37.01	
1989–1999	32.00	41.37	26.43
2000–2007	26.98	54.08	34.22
<b>Social issues</b>			
1980–1988	23.59	18.14	
1989–1999	27.50	20.28	26.28
2000–2007	35.16	38.07	29.95

Notes: Dependent variable: Number of articles about crime, regulation, business, or social issues/number of articles in the period  $\times 100$ .

for the decline in crime coverage may be that crime actually decreased as a result of corporate casino management. However, the data do not support this alternative hypothesis. The general yearly pattern of crime coverage indicates that it declines most notably in 1988 in the *New York Times* and in 1992 in the *Wall Street Journal*, well before casinos were built. Thus, casino gambling became less associated with crime during the period between its regulatory introduction and its subsequent territorial expansion. The reduction in crime discourse could not have been the result of industry growth, because casino building did not take off until well after 1992. This finding points to the shift in cultural-cognitive legitimacy before most shifts in regulatory legitimacy and well before territorial expansion. The order in which the pillars of legitimacy emerge is discussed in subsequent sections.

In general, during the 26-year period of analysis, coverage of gambling decreasingly included references to crime. From the qualitative analysis, I find that the crime frame is often the expression of the deeper anthropological concept of “filth”; it represents disorder and decay, a disruption to the social order (Douglas 1966). For example, coverage of casino gambling in 1980 pairs casinos with crime and urban problems: “The coming of the casinos has brought a number of problems, including rising street crime. ‘Casinos bring a lot of people and money to town, but also a lot of muggers and pickpockets and prostitutes,’ said the Rev. Russell Gale, rector of St. James Episcopal Church, a block from Resorts International. ‘The whores come right up on our porch’” (McFadden 1982, p. B1). Muggers, pickpockets, and prostitutes are cited here as well-known symbols of criminal disorder. The reverend in this article ties their increased presence to casino gambling in an attempt to group them in the same category. In his rhetoric, the casino is the agent of introducing criminal elements into the community.

Furthermore, the crime frame in the discourse is used to undermine perceptions of public order and civil stability. For example, one article reports that “Robert Killoran, the night manager of a hotel near the casino strip, said the heavy flow of gamblers bearing money to and from casinos had spurred a lot of crime. ‘I see purse snatches, armed robbery, cars broken into, guns going off daily,’ he said. ‘The city is not even trying to handle it. They don’t even ticket illegal parkers’” (Janson 1984, p. B1). The crime frame in both its dramatic representations (e.g., armed robbery) and its small manifestations (e.g., illegal parking) is invoked to depict a threat to the social order. If the city does not “even ticket illegal parkers,” according to this informant, social order has broken down as a result of the introduction of casinos. In the qualitative analysis, I find that words associated with crime are used to delegitimize casino gambling through its association with the deeper category of “filth” or “disorder,” which threatens to undermine previously “pure” communities. Articles about crime that exist in 2007, though rare, are often related to white-collar crime, such as bribery or extortion of public figures.

*Business.* In the legitimation process, an increase in associations between casino gambling and legitimate insti-

tutions, such as corporations, is expected, making the casinos appear isomorphic with other accepted organizations (Dimaggio and Powell 1983). This expectation is supported by the data. In the *Wall Street Journal*, 37% of articles on casinos were about business in the 1980–1988 period; by the 2000–2007 period, 54% of the casino articles were about business ( $t = -6.64, p < .001$ ). In *USA Today*, 26% of the articles on casinos were about business in 1989–1999; they comprised 34% of articles in the 2000–2007 period ( $t = -2.00, p < .05$ ). Notably, however, this is true only for the *Wall Street Journal* and *USA Today*. In the *New York Times*, 38% of articles were about business in the first period, while 27% of the articles were about business in the last period. The *New York Times* deemphasizes the business frame over time in favor of other frames, such as social problems.

The qualitative analysis reveals that the business frame shapes the way casino gambling is represented and structures normative beliefs about casinos by creating associations with two distinct, but related, domains of discourse. First, business articles frame gambling as entertainment and often draw explicit parallels to other, more legitimate forms of recreation, such as going to movies, concerts, and sporting events. For example, one article reports that “Donald Trump is fond of telling the managers of Resorts International Inc. that the casino business isn’t just a matter of gambling. ‘This is show business’” (Guy 1988, p. 2B). To casino owners, running a casino entails controlling many of the same logistics as an entertainment or service company. In addition, note that the reporter selected this quotation about “show business” and not others about poverty or crime. New casinos are depicted as full-service entertainment locales with shopping, movies, water parks, and nightclubs. One article reports that a government official “said going to Atlantic City—‘an overall entertainment destination with gaming’—was completely different from playing a slot machine at a race track or going to a small casino boat” (Strauss 2002, p. 3). Again, the distinction between “mere” gambling at a slot machine or at a race track is counterpoised to the over-the-top experience of an “entertainment destination.” As I discuss subsequently, extension of the casino concept into the hospitality category was one important rhetorical tactic that aided legitimation.

Multiple stakeholders in the legitimation process adopt this business frame. Not only do business and government representatives frame gambling as entertainment, but eventually consumers adopt this frame as well. Consumer quotations include comparisons with other leisure activities. For example, “‘We don’t have anything bad to say,’ said Mr. Gold, who was a jeweler ... before he retired six years ago. ‘If we didn’t come here [Atlantic City], we would probably just sit home and watch television’” (Nieves 1998, p. 27). Such consumers think of casino gambling as interchangeable with other recreational activities. They use the discourse of entertainment—provided primarily by a consortium of casino executives beginning around 1995—to make sense of their experience. Because television watching is legitimate, this comparison elevates gambling to the world of common leisure activities. These quotations are significant not only because they indicate that consumers adopt



the entertainment association but also because they reveal the choices of journalists regarding the representation of the industry.

Second, the qualitative analysis shows that traditional business reporting frames casino gambling as a legitimate institution by reporting mergers, acquisitions, divestments, profits, and growth projections. Using financial language, these articles depict casino companies as they would any other business. For example, as one executive says, “[g]ambling is a business and if it makes economic sense, we’ll go anywhere to operate” (Ayres 1997, p. A18). Although casinos are subject to constraints in the regulatory sphere, the business frame identifies them with the traditional business form and depicts their actions as a product of financial rather than social calculation.

Much of the data collected and analyzed support the proposition that both aspects of the business frame, entertainment and financial logic, work together to increase the legitimacy of casinos over time in the *Wall Street Journal* and *USA Today*. However, also note that in the *New York Times*, casino articles that use the business frame decline. This is likely because of the relatively local focus of the *New York Times*. Atlantic City, where business expanded primarily in the first period, becomes associated with social problems in the second and third periods. Although an increase in the business frame indicates that casino gambling becomes nationally legitimate in locales such as Mississippi and Indiana, casinos may still be resisted locally in places such as New York (Johnson et al. 2006).

*Regulation.* Recall that legitimation theory predicts that regulation plays an important part in the legitimation process early on, when the casino industry was quasi legitimate, but less of a role as the industry matures. In general, this expectation is supported. In the *New York Times*, articles about regulation fell between the first and the last period (42% versus 28%;  $t = 6.97, p < .001$ ). Similarly, coverage dropped in *USA Today* (32% versus 17%;  $t = 4.59, p < .001$ ). In general, the regulation frame declined in importance as casinos diffused throughout the United States. However, counter to this trend for the two general-interest newspapers, coverage in the *Wall Street Journal* remains constant in all three periods, primarily because of the importance of regulatory issues to the international and investment-oriented audience. Although regulation becomes taken for granted by the general public, it remains important to investors and industry readers.

The qualitative analysis reveals that the regulation frame does two things to support legitimation. First, it assures the public that casinos are being held to standards of financial, ethical, and social accountability. Articles depict licensing procedures—proposals to grant a gambling license after formal vetting or, less often, to take away a license after misconduct. As one article from the *Wall Street Journal* (1984) reports, “[t]he Gaming Control Board investigates licensing applicants as the enforcement arm of the state gambling commission. Earlier this year the [gaming] control board ruled Mr. Baldwin ... had played poker with and associated with individuals deemed by Nevada law to be ‘undesirable.’ Licenses can be denied on the basis of

such associations.” As guardians of public welfare, regulatory committee members seek out “undesirables” and ban them from participating in the industry. This kind of bracketing has long served the sociological function of legitimation through classification and control of certain pathological elements (Foucault 1977). The public nature of this process helps establish casino gambling as an industry removed from the influence of organized crime and transparent in its business practices.

Second, the regulatory frame is used to support the regulatory body, which must itself be legitimized to assure the public that its practices and members have integrity and are themselves accountable. Articles commonly report procedures for isolating the regulatory body from the influence of other organizations, such as companies or organized crime. For example, when considering a bid for a license from a wealthy individual with rumored associations with organized crime, a gambling commissioner in one article reports that “despite the tremendous economic and political impact brought to bear, ... it is important to follow our regulatory mandate to scrutinize applicants for licenses, and their associations, to determine whether any associations pose a clear and present danger to the welfare of the state. If they do, we must have the intestinal fortitude to deny the license” (Janson 1983, p. A11). The “intestinal fortitude” this regulator vividly describes illustrates the tension he feels between financial and regulatory logic. He opposes two ways of viewing gambling, an “economic and political” viewpoint versus a “regulatory mandate” to protect the interests of the state. Policy makers often use narratives of defending the public trust to justify their own purpose to the public (Jacobs and Sobieraj 2007). By casting themselves as protectors of public interest in the fledgling casino industry, policy makers and other regulators make their role appear vital to the existence of the casino industry. This oversight furthers legitimacy by assuring the public that the industry is controlled.

The regulatory frame cognitively couples gambling with legal processes that are themselves overseen by a network of oversight. This conforms to Weber’s ([1922] 1978) initial conceptualization of legitimacy in that bureaucratic authority is gained by a system of public offices that are (at least in theory) separated from instrumental, economic, or personal concerns. The rhetoric of the regulatory frame serves as an origin story for legitimating casino gambling as an industry. Paradoxically, the decrease in coverage of regulatory issues implies that casino gambling becomes more legitimate. This is because as the practice becomes less controversial, it requires less coverage of regulation and less scrutiny of regulatory bodies. However, the acceptance of the casinos’ existence does not imply that the effects of their presence go unmentioned or uncovered. In the discourse, discussions shift from regulatory to normative legitimacy, specifically to a focus on social problems.

*Social issues.* Although legitimation theory makes clear predictions about discourse changes throughout legitimation, it does not make clear predictions about what to expect after an industry has attained some legitimacy and becomes established in real, physical locales. After casinos are per-

manently established in communities, how does this change the discourse? I find that though discourse about regulation and crime decreases, discussion of local, tactical issues in the community rises. The coverage of issues such as traffic, pollution, and taxes does not challenge the industry's legitimacy directly through acceptance, but it changes how it operates by affecting endorsement. Articles about social issues increased in all three publications. In the *New York Times*, 24% of articles were about social issues between 1980 and 1988, while 35% of articles were about social issues between 2000 and 2007 ( $t = -6.15, p < .001$ ). In the *Wall Street Journal*, this percentage rose from 18% to 38% ( $t = -8.59, p < .001$ ). In *USA Today*, articles increased from 26% in 1989–1999 to 29% in 2000–2007, but this difference was not statistically significant ( $t = -.974$ ).

Understanding this shift requires careful qualitative analysis. The qualitative analysis shows that the social frame reencodes ideas about contamination—taken from the crime frame—into the tactical domain of community problems. The social frame often registers community discontent with the effects of casino gambling. For example, an article about Atlantic City reports that “[l]ast year, nearly 200,000 buses rumbled in from all over the East, authorities say—fouling the air with fumes and noise, clogging and rutting streets and breaking sewer lines. ‘Getting in and out of that city is a nightmare, and moving in and around that city is a nightmare,’ the Governor said. ‘That’s one of the things which was never examined at all by those who originally suggested casino gambling’” (McFadden 1982, p. B1). Semantic concepts, such as cleanliness or dirtiness, are mobilized to oppose or valorize casino gambling on the local level, and these basic cultural categories run deep in issues of community formation. Over time, as social issues are increasingly covered, the narrative of disillusionment is used to understand the transition from a “clean” to a “dirty” community and to articulate disappointment with the failure of casinos to deliver on community hopes. This finding indicates that as new industries become legitimate, discourse moves from abstract to concrete issues, problematizing endorsement. Although acceptance may fuel industry creation, endorsement is required for sustained growth. As I discuss subsequently, proponents for an industry should be aware of counterframes and may need to incorporate these into one or more existing frames through a rhetorical strategy.

**Summary.** Overall, the thematic analysis shows quantitatively that articles about crime and regulation went down, while coverage of business and social issues went up. Pairing this with a qualitative analysis, the findings show that crime tends to depict gambling as illegitimate, unclean, and exploitative. Regulation works as a founding myth to ensure that gambling is “safe” for the public, but as gambling becomes more legitimate, it is not needed to encourage public trust in the industry. The business frame emphasizes economic growth and bestows cognitive legitimacy by employing familiar schemas of business forms. However, the one caveat to these indicators of increasing legitimacy is that coverage of social issues increases over time. This pattern indicates that normative legitimacy of casinos moves from the national to the local level and is contested more often on

the ground of small, local issues, such as traffic, rather than grand moral or economic issues.

In terms of the diffusion process, the shift in focus from a national to a community focus means that after an innovation becomes “adopted” by the user (in this case, a community), it may not be completely endorsed. Although casino gambling overcomes the hurdle of regulatory legitimacy on a national and even local level, it must contend in the arena of public opinion that adjudicates issues of normative legitimacy. That said, regulatory legitimacy bolsters normative legitimacy because it provides a rhetorical stopgap that proponents can use to frame gambling as a legitimate consumption practice, a practice metonymical with entertainment and finance and approved and controlled by government officials with integrity.

### **Affective Analysis**

The thematic analysis found changes in the ways the casino industry has been framed over time and tied these changes to shifts in industry legitimacy. However, the affective weight of each frame has not yet been assessed. Can it be determined, for example, that crime is associated with “bad” feelings and business is associated with “good” or neutral feelings? The qualitative analysis begins to answer these questions, but an affective analysis can also be used to measure systematic changes in affect over time. To better understand the affective weight of each frame, I performed a correlation analysis between positive and negative emotion and each frame (see Table 3). Because article year is included in the analysis, it provides a sense of the evolution of affect over time. Overall, positive and negative emotion did not change over time. Neither category is correlated with article year in the *New York Times* or the *Wall Street Journal*, which means that, on balance, these words did not appear more frequently in later years. Despite this generalization, positive emotion increased over time in *USA Today* ( $r = .247, p < .01$ ).

However, there are notable correlations between emotion and topic. Pairing this information with the thematic analysis implies that though emotion words themselves did not significantly increase over time, the topics with which positive or negative emotions are associated increased or decreased over time. In all three periodicals, crime is negatively correlated with positive emotions and positively correlated with negative emotions. Conversely, business is positively correlated with positive emotions and negatively correlated with negative emotions. These two correlations support findings from the qualitative portion of the thematic analyses. Crime, which is associated with negative emotion, depicts gambling as illegitimate. Business, which is associated with positive emotion, buttresses gambling's positive image and helps increase its acceptance in public discourse.

Regulation is negatively correlated with positive emotion, but in general, it is not correlated with negative emotions. In the qualitative analysis, regulation tends to be neutral, being associated with neither positive nor negative emotions. Here, however, positive emotion is consistently absent from discourse in the regulatory frame. Qualitative analysis can pick up positive correlations (the business frame was coded with many positive emotion words) but is

**TABLE 3**  
**Correlation Analysis by Newspaper**

Journal	Pearson Correlations						Positive Emotion	Negative Emotion	
	Year	Crime	Business Regulation	Social	Past	Present			
<b>The New York Times</b>									
Year	1	-.028	-.110**	-.095**	.086**	-.084**	.127**	-.020	-.021
Crime	-.028	1	-.120**	-.027	-.083**	.246**	-.182**	-.202**	.223**
Regulation	-.095**	-.027	1	-.074**	.020	-.011	-.038*	-.098**	.012
Business	-.110**	-.120**	-.074**	1	-.095**	-.234**	-.407**	.097**	-.172**
Social	.086**	-.083**	-.095**	.020	1	-.035*	.124**	-.041*	-.012
Past	-.084**	.246**	-.234**	-.011	-.035*	1	-.068**	-.049**	.199**
Present	.127**	-.182**	-.407**	-.038*	.124**	-.068**	1	.227**	.131**
Positive emotion	-.020	-.202**	.097**	-.098**	-.041*	-.049**	.227**	1	.008
Negative emotion	-.021	.223**	-.172**	.012	-.012	.199**	.131**	.008	1
<b>The Wall Street Journal</b>									
Year	1	-.134**	.208**	-.031	.118**	-.193**	.091**	.002	-.028
Crime	-.134**	1	-.135**	.100**	-.051*	.149**	-.016	-.088**	.135**
Regulation	-.031	.100**	1	-.054**	.003	.015	.044*	-.114**	.062**
Business	.208**	-.135**	-.054**	1	-.022	-.048*	-.298**	.204**	-.103**
Social	.118**	-.051*	-.022	.003	1	-.078**	.033	-.041*	-.065**
Past	-.193**	.149**	-.048*	.015	-.078**	1	-.109**	-.019	.082**
Present	.091**	-.016	-.298**	.044*	.033	-.109**	1	-.049*	.188**
Positive emotion	.002	-.088**	.204**	-.114**	-.041*	-.019	-.049*	1	-.004
Negative emotion	-.028	.135**	-.103**	.062**	-.065**	.082**	.188**	-.004	1
<b>USA Today</b>									
Year	1	-.166**	.054	-.139**	-.092**	-.010	.312**	.247**	-.026
Crime	-.166**	1	-.144**	.133**	.074*	.141**	-.194**	-.255**	.178**
Regulation	-.139**	.133**	1	-.121**	.202**	.049	-.141**	-.178**	.048
Business	.054	-.144**	-.121**	1	-.046	-.030	.023	.108**	-.002
Social	-.092**	.074*	-.046	.202**	1	-.048	-.038	-.141**	-.029
Past	-.010	.141**	-.030	.049	-.048	1	-.001	.044	.242**
Present	.312**	-.194**	.023	-.141**	-.038	-.001	1	.339**	.090**
Positive emotion	.247**	-.255**	.108**	-.178**	-.141**	.044	.339**	1	-.047
Negative emotion	-.026	.178**	-.002	.048	-.029	.242**	.090**	-.047	1

\* $p < .05$  (two-tailed).

\*\* $p < .01$  (two-tailed).

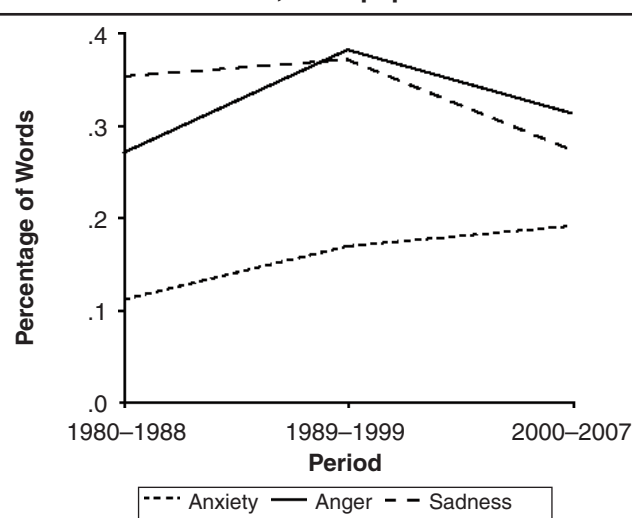
Notes: N = 3903 (*The New York Times*), 2474 (*The Wall Street Journal*), and 834 (*USA Today*).

less likely to pick up word absence. That is, it is much more difficult for a reader to detect and take note of the absence of positive words with the regulation frame than it is for the reader to notice word co-occurrence. As a methodological aside, therefore, note the important contribution of correlation measurement to the previous interpretive analysis.

Social issues are negatively correlated with both types of emotion, albeit extremely weakly. This is likely because social words, such as “community,” tend to be used in both positive and negative ways. Thus, although the social frame shifts the scope of normative legitimacy, as noted previously, it may do so somewhat neutrally. That is, coverage on this new local level mixes the good with the bad, providing a picture of the industry that is not uniformly denounced or embraced.

To better understand the changes in types of emotion expressed over time, rather than simply valence, consider Figure 2, which shows the changes in three types of negative emotion—anger, anxiety, and sadness—for all newspa-

**FIGURE 2**  
**Emotion over Time, Newspapers Combined**



Notes: Cases weighted by word count.



pers combined. Between the first and the third periods of analysis, sadness decreased ( $M = .35\%$  versus  $.28\%$ ;  $t = 4.50$ ,  $p < .001$ ), while anxiety rose ( $M = .11\%$  versus  $M = .14\%$ ;  $t = -5.55$ ,  $p < .001$ ). Anger declined slightly ( $M = .44\%$  versus  $M = .42\%$ ;  $t = -3.73$ ,  $p < .001$ ). If these patterns are paired with the findings on the changes in themes, they indicate that as casino gambling has diffused from a topic debated on the national level to one debated on a local level, emotions have shifted from “hot” emotions (e.g., anger) to cooler, more subtle emotions (e.g., anxiety). The emotional tenor of anxiety makes sense insofar as citizens and journalists consider casino gambling a fact in the community, one with troubling local consequences (for data on changes in other linguistic trends, such as verb tense, see the Web Appendix at <http://www.marketingpower.com/jmmarch10>).

From the affective analysis, I find that though newspapers differ on thematic emphasis, in general they do not differ on the correlations between emotion and theme. Therefore, it can be concluded that each theme is consistently associated with a particular valence but that the emphasis of the frame differs according to newspaper readership, its editorial policies, and its geographical scope. I also find that negative emotion shifts from hot emotions to the more subtle emotion of anxiety.

## Managerial Influence over Legitimacy

The preceding data establish that generalized perceptions about casino gambling changed over time because of the influence of multiple stakeholders (i.e., policy makers, casino executives, and community activists). What was the role of managers in this process? I find that two distinct types of strategic action influenced the process of legitimization and, thus, market creation.

The first type of strategic action is material—the use of social networks, financial resources, and territorial structures to obtain regulatory and normative legitimacy. This kind of material influence directly affects social structure by enabling the deployment of financial and other resources to support the agenda of the social actors (Sewell 1992). As a casino executive notes, “Wall Street and the major corporations, ITT, Hilton, MGM, etc. have invested [in casino gaming] and it places an air of respectability” (J. Terrance Lanni, interviewed in Koughan 1997). Investment of “legitimate” money, the creation of trade associations, and the formation of connections with legitimate enterprise all contributed to legitimating the interests of casino proponents.

In the case of casino gambling, trade organizations on the state, national, and international level were formed to solidify and promote social networks in the industry. These organizations served three legitimizing functions. First, they promoted legitimacy by allowing industry stakeholders to narrow the number and meaning of available frames and to articulate a consistent point of view. Second, they provided channels for the pursuit of isomorphism, mimicry, and coercion (Dimaggio and Powell 1983) by setting standards of company conduct, facilitating communication between companies, and enabling comparison between firms. Third,

by collecting dues from members, these groups lent financial support to lobbying, produced research, and created promotions (American Gaming Association 2003). Industry stakeholders also took strategic action through the formation of social ties outside of the industry to lawmakers, investors, and developers. These ties helped legitimate the industry through procurement of regulatory approval and financial capital. This process began early in legitimization around 1988 and preceded the formation of regulative and normative legitimacy.

Although social ties to stakeholders are necessary for influence over the legitimization process, they are not sufficient. Social actors still need strategies to influence stakeholders through rhetoric. To garner funding from investors, for example, the emerging industry needed to be framed as a legitimate business enterprise, not a questionable, unpredictable organization. As I discuss subsequently, material and rhetorical factors are mutually reinforcing and can be systematically deployed at different stages of market development. Because of the necessary constraints of scope in this article and the rich body of research in the area of material influence, I focus primarily on the second type of strategic action.

The second type of strategic action is rhetorical—the use of mechanisms such as metaphor, metonymy, and selective framing to reposition the meanings of casino gambling. Advocates for casino gambling emphasize the business and entertainment frames to leverage positive associations, while anticasinio advocates emphasize the crime and social problem frames to leverage negative associations with casinos. Previous research in organizational behavior and sociology has demonstrated that coalitions of actors can contribute to the legitimization of a policy, idea, or institution through framing strategies (Benford and Snow 2000; Jones and Livne-Tarandach 2008; Snow and Benford 1988; Weber, Heinze, and Desoucey 2008). Such research can be applied here to assess the ways that casino executives—as a coalition of actors with strategic interests—took symbolic action to legitimate the casino industry.

Four rhetorical strategies have been outlined by previous research (Benford and Snow 2000): amplification, extension, bridging, and transformation. Amplification is “the idealization, embellishment, clarification, or invigoration of existing values or beliefs” (Benford and Snow 2000, p. 624). In the case of casino gambling, amplification occurs when industry representatives emphasize the excitement, fun, or elation of casino gambling and, more specifically, the event of winning. This strategy idealizes the practice, making it congruent with the Western values of romance and reward (Campbell 1987). Extension is a framing strategy in which proponents enlarge the initial concept, “extending [it] beyond its primary interests to include issues and concerns that are presumed to be of importance to potential adherents” (Benford and Snow 2000, p. 625). Extension in the case of casino gambling takes the form of enlarging the initial concept of a casino as a place for gambling (Asbury 1938) to the concept of an “all-inclusive resort” that includes hotel rooms, pools, restaurants, stores, and so forth. The strategy of extension can be used to appeal to multiple stakeholders (i.e., investors, consumers,

and regulators). Bridging is the “linking of two or more ideologically congruent but structurally unconnected frames regarding a particular issue or problem” (Benford and Snow 2000, p. 625). For example, casino proponents used bridging to link casinos with social problems to persuade community leaders and residents. Finally, transformation refers to “changing old understandings and meanings and/or generating new ones” (Benford and Snow 2000, p. 625). In the data, I do not find that casino proponents intentionally used transformation. Although they pursued amplification, extension, and bridging and the meaning of the frame shifted considerably, it was not entirely transformed.

To assess the deployment of framing strategies by managers, I examined company press releases and interviews with executives and reanalyzed quotations from industry executives in the newspaper data set. I find that casino proponents employ the strategies of amplification, extension, and bridging at different points in the legitimization process. The goal in analyzing these additional materials was to answer three questions: (1) Did managers exert a systematic influence on the language in which casino gambling was discussed? (2) What strategies did they use to frame casino gambling? and (3) When in market development did they use particular strategies?

Overall, I find that press releases and manager quotations consistently employ different frames than newspaper articles. The frames of crime, regulation, and social issues and the keyword “gambling” appear more frequently in newspaper articles than in press releases (Table 4). In newspaper articles, for example, .43% of all words are related to regulation, while in press releases, only .24% of all words are related to regulation ( $t = 8.25, p < .001$ ). Conversely, the business frame is used more often in press releases than in newspapers ( $M_{press} = 1.52\%$  versus  $M_{news} = 1.20\%$ ;  $t = -7.14, p < .001$ ), and managers refer to the industry as “gaming” rather than “gambling,” aligning casinos with entertainment instead of vice ( $M_{exec} = .69\%$  versus  $M_{nonexec} = .15\%$ ;  $t = -27.30, p < .001$ ). In the data set of newspaper articles, a comparison of sentences containing executive names (i.e., “executive sentences”) with sentences that did not (i.e., “nonexecutive sentences”) supports these results (for the full results, see the Web Appendix at <http://www.marketingpower.com/jmmarch10>). To examine manager strategy more specifically, I qualitatively analyzed the data set of press releases, using the rhetorical strategies outlined in previous research.

### Amplification

Executives used amplification to highlight aspects of the emerging casino business that are congruent with accepted

cultural values (Dowling and Pfeffer 1975). Quotations from managers emphasize excitement and winning, and yet this amplification stems from traits associated with gambling before legitimization. As a former casino executive noted,

Well, I think there are, in fact, winners on occasion, and I think the operators ... have taken the opportunity to seize upon the infrequent winner who walks over to a progressive slot machine and leaves that casino with \$10–\$15 million; now that happens, but what the state of Nevada and the casino does not tell you is that before the progressive machine paid that particular winner \$10–\$15 million, the machine earned \$45 million and, yes, it is good advertisement to show someone from the state of Washington or Oregon—someone who earns a modest salary. (Koughan 1997)

Amplification is a strategy in which the positive aspects of gambling—that it makes some people winners—are highlighted over other aspects—that most people lose.

Casino executives pursue the amplification strategy not only with an eye toward shaping the future of the industry but also with an eye toward shaping the past, amplifying the parts of gambling’s history that are congruent with contemporary norms and values. Emphasizing parts of the past in this way—shaping collective memory—is one way that groups often pursue legitimacy (Boyarin 1994; Hobsbawm and Ranger 1983; Olick and Robbins 1989; White 1973). In the data, casino executives draw from historical references to the “romance” of the “riverboat age” (e.g., Ameristar Casinos 1994) or the classy days of the 1960s Rat Pack (e.g., Harrah’s Entertainment 1991b). By drawing these historical connections, casino executives amplify aspects of the original frame, diminish others, and use this new amplified concept to establish cultural-cognitive legitimacy. I find that amplification is pursued more in the beginning stages of legitimization, though the small numbers of press releases available on a yearly level prevent testing this qualitative finding quantitatively.

### Extension

Extension is a framing strategy in which proponents extend the concept beyond its initial boundaries, making logical connections to the original frame. Extension is different from amplification in that new semantic connections are generated rather than simply emphasized. Casinos were initially halls in which table and card games of chance were offered (Asbury 1938). Advocates for the industry extended the frame from this initial concept to the idea of an all-inclusive resort. Press releases contain elaborate descriptions of new casinos and renovations of existing casinos that enlarge the initial frame to include restaurants, hotel

**TABLE 4**  
**Frames and Strategies: Newspapers Versus Press Releases**

	Mean Number of Category-Related Words								
	Crime*	Regulation*	Social*	Business*	Amplification	Extension*	Bridging*	Gaming*	Gambling*
Newspapers	.18	.43	.17	1.20	.06	.10	.01	.15	.34
Press releases	.01	.24	.14	1.52	.06	.12	.02	.69	.10

\* $p \leq .05$ .

rooms, pools, and other forms of entertainment, such as bowling or movies. The extension strategy allows for easy elision between the casino industry and other entertainment industries.

Extension was successful primarily because the hospitality frame appealed to multiple audiences—regulators, investors, and consumers. As a proponent notes, “[Las Vegas] has changed. I think that what we’re seeing is that people come to Las Vegas now—not only just to gamble. There are many people who come just to play golf, come to play tennis.... So it’s not just, anymore, the gambling that attracts them” (Frank Fahrenkopf Jr., interviewed in Koughan 1997). Press releases use the extension strategy when detailing the expanded amenities of newly constructed hotels/casinos. This strategy piggybacks on an existing historical shift in the development of entertainment destinations, or what George Ritzer (1999) calls “cathedrals of consumption.” Extension of the initial frame enables proponents to align the casino industry with other legitimate industries. I find that extension is employed primarily in the middle stage of legitimation, when proponents want to sell the idea to a broad range of constituents.

### **Bridging**

Bridging is a framing strategy in which separate, existing issues or frames become united under one frame. It is different from extension in that it forms new connections with frames that exist but are initially unconnected with the original frame. In the context of the casino industry, proponents used bridging late in industry development to incorporate issues such as employment, addiction treatment, and environmentalism. Although these issues may seem disparate, industry proponents united them all under the idea of “responsibility” or “integrity” to explicitly pursue normative legitimacy. This enabled several challenging frames to be neutralized. For example, two issues the industry addressed by bridging were problem and underage gambling. The American Gaming Association developed Project 21, a program to prevent underage gambling, and the National Center for Responsible Gaming, a group that conducts independent research, to demonstrate corporate responsibility (e.g., Harrah’s Entertainment 2001). On these initiatives, the head of the American Gaming Association notes, “Look, if there’s a problem out there—regardless of how small it is—we have an obligation as corporate citizens to do something about it. And they [casinos] are doing something about it. They’re putting a million dollars a year into what we call the Center for Responsible Gaming” (Koughan 1997). By reframing the industry from a for-profit orientation to an industry based on “corporate citizenship,” proponents for casino gambling neutralize potential criticisms of an industry that was initially perceived as predatory.

Although addiction and employment were two commonly bridged issues, several other disparate topics fall under the umbrella of “responsibility” on the part of the company, from the addition of defibrillators in all Boyd casinos (Boyd Gaming Corp. 1997) to environmental practices, such as saving water at Harrah’s resort in Tahoe (Harrah’s Entertainment 1991a). All these initiatives bridge

structurally unconnected frames, such as environmentalism, employment, and addiction, to casino gambling in a way that legitimates actors in the industry. The qualitative analysis indicates that bridging is used late in the development of the market to neutralize competing frames and to assert the legitimacy of industry actors after cognitive-cultural and regulatory legitimacy have been established.

### **Summary**

Although market creation is a complex process in which legitimation partly just “happens” because of exogenous factors, it is also steered by social actors in important ways. Although many states faced a budget crisis in the early 1990s, it was not inevitable that they would turn to the legalization of casino gambling as a source of revenue. There were alternatives to gaining tax revenue, but casino gambling was the solution proposed by industry advocates who strategically positioned the industry for eventual acceptance not only by regulators but by their constituents as well. Despite the historical contingency of the problem, entrepreneurs influenced development of the market. First, executives took strategic action to form social ties both internal and external to the field. Second, they strategically used language to frame casino gambling by amplifying its core attributes, extending the original concept, and bridging to other potentially challenging frames.

Legitimacy is a process in which multiple stakeholders contend to shape the social world. By examining these additional data sources and conducting a strategic analysis, I have outlined the specific ways managers navigated historical changes, connected with other stakeholders, and pursued megamarketing to legitimate their industry. However, note that these strategies are also available to activists, who can use them to steer legitimation as well.

## **Discussion**

The contribution of this research for both marketing managers and scholars is to show that social and cultural structures make an important difference in the development of new markets and that these environments can be influenced by coalitions of actors interested in either promoting or opposing the legitimation of a particular industry or innovation. Diffusion is an institutional, not merely informational, process. To understand market formation, the construction of the three pillars on which any institution rests—cultural-cognitive, normative, and regulatory legitimacy—must be understood. Using the case of the casino industry, I have documented the transformation of casino gambling in the cultural imagination from a practice associated with crime to one that is congruent with existing schemas of business. I have further demonstrated the role of managers in managing these associations through amplification, extension, and bridging. As such, this article depicts how managers can engage in megamarketing to shape the process of legitimation by coordinating multiple stakeholder interests.

Previous diffusion research has often assumed that transmission of an innovation is a purely relational process and therefore has focused on networks of actors and their relationships (Strang and Meyer 1993). Such work adopts



spatial and epidemiological metaphors to suggest that adopters are only connected by specific social and communicative networks (e.g., Bass 1969; Coleman and Katz 1966; Rogers 1995) rather than being people who are influenced by normative, cultural, and legal institutions. When innovations are more or less “rational” to adopt, as in the case of practices for cleaning water in Peru (Wellin 1955), previous diffusion models based on simple transmission may be intuitive. If an innovation is clearly superior to existing products, diffusion is mostly an informational process. However, if diffusion is understood as an institutional process, which explicitly includes cultural, regulative, and normative structures, it comes to seem less like a “mechanistic spread of information” and more like a “complex exercise of social construction” (Strang and Chang 1993, p. 498). Innovation often arises from marginal ideas or practices (Mathews and Wacker 2002), but true success requires the incorporation of these ideas into mainstream institutions. I now discuss a few ways that this research can aid managers in megamarketing.

### **Managing Legitimacy in New Industries**

From this research, several recommendations for managing legitimacy in a new industry can be made. Two types of strategic action—material and rhetorical—can be taken to shape the development of a market. To evaluate the appropriate strategic action, however, it is first necessary to determine the stage of legitimacy using the tools presented here. Which, if any, of the three pillars exist? Which frames are currently surrounding the issue or burgeoning industry? Is there collective agreement about the meaning of frames? Are there solidified social networks in place? The managerial task is to first identify the stage of market development and then select the appropriate framing strategy. Figure 3 demonstrates how this process might work. Johnson and colleagues (2006) outline four stages in the social process of legitimation—innovation, local validation, diffusion, and generalized validation. These stages are marked, not smoothly as previous diffusion research might imply, but discretely according to shifts in regulatory, normative, and cultural-cognitive structure. I now evaluate the place of these rhetorical strategies within the process of market creation, using these four stages as a template for market development (Figure 3).

*Stage 1: innovation.* In the first stage of legitimacy, frames are plentiful and ambiguous. The meaning of a practice or product is not yet clearly defined, and several contradictory meanings are available (Gamson and Modigliani 1989). Amplification can be used to emphasize one set of meanings over others. The managerial task in this stage is to narrow the number of frames and to emphasize the frames that can be aligned with the interests of multiple stakeholders (Sewell 1992; Shudson 1989). Using amplification can provide cultural-cognitive legitimacy early and provide grounding for the pursuit of regulatory and normative legitimacy. To pursue amplification in Stage 1, there must be an awareness of the relevant cultural and normative structures surrounding the organization to assess both the method and the feasibility of culturally reframing. The methodology

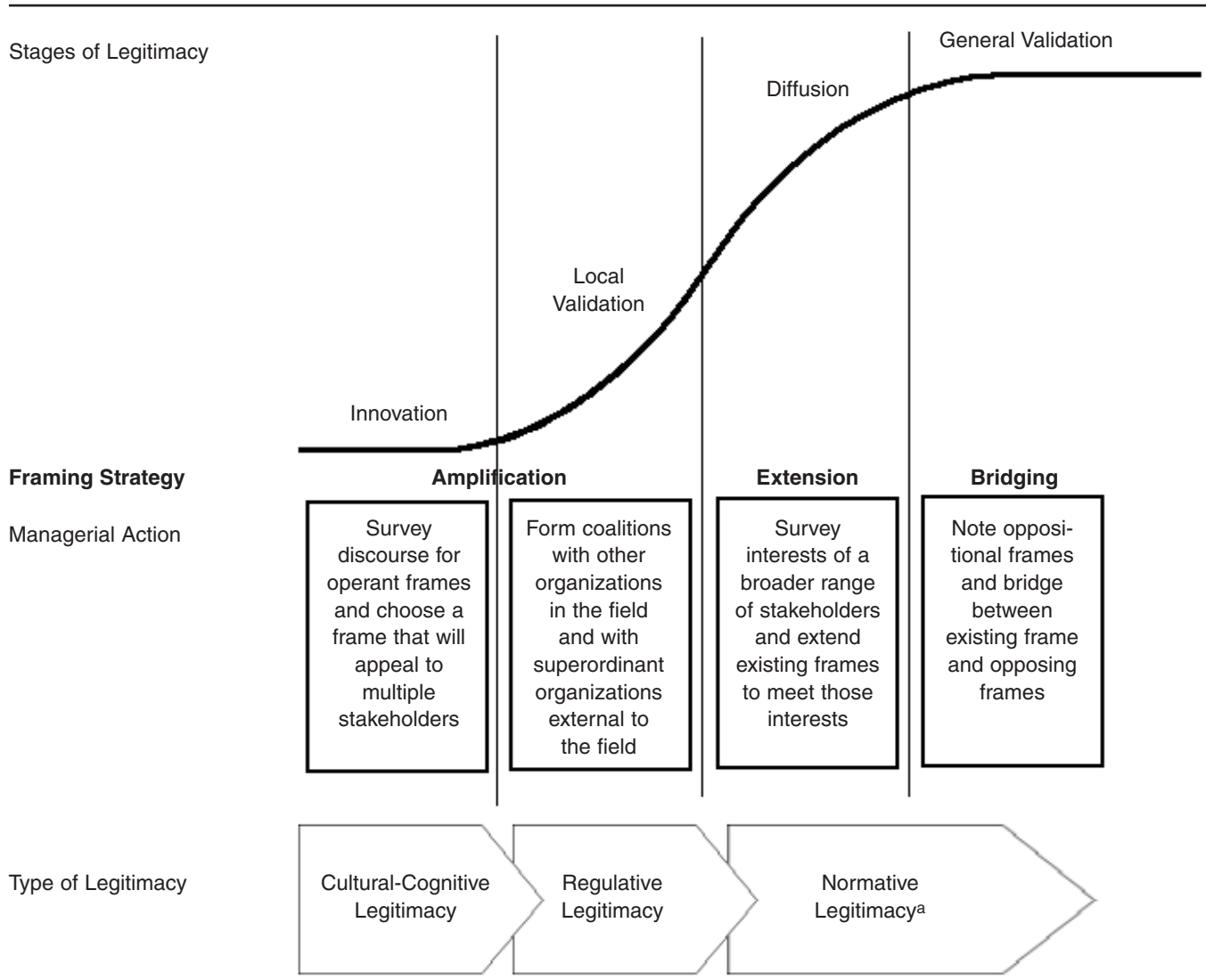
used here can be used effectively by managers to survey the semantic landscape of any industry. An understanding of the cultural environment can provide strategic insights that can be used to position an innovation to multiple stakeholders—consumers, investors, and gatekeepers—by amplifying certain meanings over others. In Stage 1, marketing managers should be aware of the operant frames and carefully choose among them.

*Stage 2: local validation.* In the second stage of market formation, the number of frames is narrower, but political, economic, and social resources are needed to promote one frame over others. In this stage, after cultural-cognitive legitimacy has begun to shift, regulatory legitimacy can be navigated through the formation of coalitions and social ties to legitimate organizations in the field. These organizations work between regulative and normative legitimacy to set safeguards and standards that, though not legally enforceable, still carry normative weight. In addition, they facilitate the flow of information between firms, as they pursue isomorphism and mimicry to build legitimacy within the field of competitors or potential competitors. In this stage, building social networks both inside and outside the field is crucial as the material resources for legitimacy are put into place. Validating the industry by forming trade organizations, building associations with financial institutions, and gaining approval by federal agencies enable legitimation during the stage of local validation.

*Stage 3: diffusion.* In the third stage of market legitimation, social networks are in place, and the meaning of a product or practice has narrowed considerably to two or three frames. However, diffusion in the generalized environment requires that an innovation be palatable to multiple stakeholders, not only to experts but also to casual users and those who are uncertain about the innovation or industry. Since meaning has been established through amplification in Stage 1, extension can be used to include other desirable attributes and win multiple audiences. The extension strategy enables further legitimation by using the pillar of cultural-cognitive legitimacy to support construction of normative legitimacy as adaptors become familiar with the industry on a tactile level. Unlike in Stage 1, legitimacy will be focused on the material establishment of an innovation or industry, such as building construction, and on the teaching of consumer norms and practices, such as item use and exchange rituals.

*Stage 4: general validation.* In the fourth stage of market formation, the meaning of the product or practice is clearly defined with one frame, and social networks are in place. The challenge for general validation is to incorporate challenging frames from opponents. Because the practice is clearly defined, opposing frames also have clear meaning and a legitimacy of their own. Therefore, normative legitimacy is the most important consideration in this stage. Here, bridging can be used to appeal explicitly to competing concerns by connecting structurally disconnected frames under one umbrella frame. During general validation, opposing movements and ideologies can be incorporated through bridging.

**FIGURE 3**  
**Legitimation Stages and Framing Strategies**



<sup>a</sup>Types of legitimacy do not always occur in this order. Steps should be taken to first assess the type and level of legitimacy before choosing a framing strategy.

Again, these techniques can be equally applied by managers who are interested in legitimizing a new industry or by social activists who are interested in disrupting the legitimation process. For example, coalitions of managers might choose to amplify the “fun” aspect of “gaming,” while antigambling activists might choose to amplify the “addictive” nature of “gambling.”

**Further Research and Conclusion**

The primary focus of this article has been to show how the legitimacy process works and to test expectations about the roles of normative, regulative, and cultural-cognitive legitimacy in industry growth. I have introduced a theoretical tool—legitimation—to add conceptual depth to theories of new industry formation and a methodological tool—automated content analysis—to measure changes in legitimacy over time using data from textual communications. Further research in empirical modeling could incorporate these

variables into existing models of diffusion. Beyond quantity of advertising and word of mouth, it is now possible to assess the valence and content associated with communications and demonstrate their effects on diffusion.

Instead of this process approach, further research could take a cross-sectional, variance approach by comparing different regulatory and normative contexts for diffusion. What is the legitimization process like in countries in which culture and regulatory environments are quite different? In drawing comparisons between varying contexts, researchers could assess the effects of institutional variables on the diffusion process, modeling variables such as the coefficients of innovation and imitation and assessing the effects of regulatory variables on these coefficients.

This research has been limited by its necessary focus on one industry rather than multiple emerging industries that compete for the same market. To introduce a richer understanding of legitimation, further research could study the

competitive dynamics both within and among new industries. What are the best strategies for becoming the accepted, dominant industry in a crowded competitive landscape? Research on social movements (Snow and Benford 1988) might be helpful to conceptualize the ways industries and firms compete for legitimacy through cultural frames.

Finally, the larger societal and public policy implications of this research should be explored. How does legitimation of a particular industry affect society? The approach used here could be applied retrospectively (e.g., for tobacco) or prospectively (e.g., for an industry such as marijuana) to assess the impact of legitimation at both the macro level, taking into account the good for all stakeholders, and the micro level, studying the effects of legitimation for a particular group such as consumers.

In general, this article has set an agenda for bringing an awareness of cultural, normative and regulatory factors to the understanding of market development. By theorizing the institutional environment in which diffusion occurs, marketing scholars will be better able to understand multiple facets of industry growth extending beyond mechanical relay of information and to account for some of the social dynamics that enable or hinder diffusion. Marketing managers will be better able to realistically position, predict, and model industry growth. The broader agenda for this stream of research is to introduce an understanding of cultural variables to important and enduring topics of marketing research. Only by understanding social and cultural environments will scholars and managers be able to understand how markets function.

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