

**They Consume and We Deliver, But What?
Frames of Sensemaking in Opportunity Formation.**

ABSTRACT

This study investigates how entrepreneurs make sense of their consumer environment and opportunities formed within. The entrepreneurial opportunities are seen as gradual, socially situated constructions in which consumers dominate opportunity formation without explicit control by the entrepreneur. The findings suggest that entrepreneurs make sense of novel opportunities through three interrelated framing discourses. These are sense of individuality; sense of communality and sense of consumption culture. The study highlights the role of sensemaking in opportunity formation and reveals the social nature of the process in which entrepreneurs make sense of consumer environment and seek legitimacy and acceptance for their novel ideas.

Keywords:

Sensemaking; opportunity formation; socially situated cognition, consumer environment, framing

INTRODUCTION

An entrepreneurial process is leading from idea formation to its exploitation in any commercial context (Davidsson, 2015; Shane and Venkataram, 2000). It covers behavior which responds to a judgmental decision under uncertainty about a possible idea to profit from a market opportunity (McMullen and Shepherd, 2006). In this sense, markets are entrepreneurs' perceptions of the reality (Storbacka and Nenonen, 2011) and represent the entrepreneurs' best guess on what are the consumers' needs. Accordingly, new opportunities cannot be seen as inevitable outcomes of demographic or technological changes, but rather, they are 'fragile social constructions' (Fletcher, 2006). Entrepreneurs need to identify products or services that people need and are willing to buy (Barringer and Ireland, 2016). This willingness to buy links with the role of consumption in building individual identities (Elliott and Wattanasuwan, 1998). Consumers also create value by personalizing and socializing their experiences in 'nonlinear and nonsequential' interactions with their counterparts and various network partners (Prahalad and Ramaswamy, 2004). The challenges arise, if and when entrepreneurs do not recognize the social sphere in which consumers, the potential customers for their market offerings, build their needs and create value of their own.

Prior research has emphasized the understanding of the value of consumers' experiences, and how this can be utilized in entrepreneurs' competitive advantage and success (Woodruff, 1997; Slater, 1997; Schindehutte et al., 2008). Despite the scholarly interest in understanding the social context and embeddedness of entrepreneurial behavior (Cope, 2005; Cornelissen and Clarke, 2010; Drakopolou Dodd and Anderson, 2007), research has not addressed the role that making sense of consumer environment has for the entrepreneurial process.

In this study we focus on opportunity formation within consumer environment in which entrepreneurs seek legitimacy and collective acceptance for their novel ideas (Bitektine 2011; Deephouse and Suchman 2008). We refer to Ardichvili and the others' (2003) approach in opportunity formation as the chance to meet a market need through a creative combination of resources to deliver superior value. Similarly, Santos and Eisenhardt (2005) have concluded that entrepreneurs perceive new opportunities as creation of value, and seek to construct a market around those opportunities. Thus, we are interested in how consumer environment is framed and interpreted in the minds of entrepreneur while they try to make sense of whether the new opportunity is worth of pursuing. In order to investigate this, we employ sensemaking approach (Cornelissen and Clarke, 2010; Weick, 1995), and investigate the role of sensemaking as part of opportunity formation. In this study we approach sensemaking as a construction of multilevel frames through which entrepreneurs seek to make better sense of consumers and adjust their entrepreneurial process accordingly.

Theoretically our study draws on the socially situated cognition (Smith and Semin, 2004) which seeks to describe how social objects shape the process underlying thought and behavior (Mitchell and Mitchell, 2011). Accordingly, our study contributes to the research on the entrepreneurial process of new business idea formation and its exploitation. Sensemaking of the consumer environment opens the black box of "eureka" moments in the entrepreneurial process (Lumpkin et al., 2004). Instead of assuming the importance of objective information about an opportunity (Shane and Venkataraman, 2000), we suggest that sensemaking drives entrepreneurs towards active understanding of an opportunity. Thus, our approach suggest that opportunities are enacted as an outcome of sensemaking (Alvarez and Barney, 2010; Hill and Levenhagen, 1995; Thomas et al., 1993). Sensemaking enables the ultimate moment in which the opportunity starts to exist in the

mind of the entrepreneur which entrepreneurs are pursuing as a part of the opportunity evaluation (Keh, Foo, and Lim, 2002). Building on this, our study proposes that sensemaking approach can enhance the understanding and the examination of entrepreneurial processes beyond those insights previously achieved through human capital, cognition, and information processing theories (Cornelissen and Clarke, 2010; Wood et al., 2012). We argue that sensemaking works as a mechanism through which entrepreneurs gain (or not gain) opportunity confidence (Davidsson, 2015; Dimov, 2010; Sarason et al., 2006). Employing sensemaking in the process of new venture creation (Bhave, 1994) or in theoretical mapping of the opportunity identification process (Ardichvili et al, 2003) enables a better understanding of the iterative nature of entrepreneurial process. Hence, our study contributes with new insights on how entrepreneurs construct frames in order to make sense of contemporary consumer environment and secure their success of their entrepreneurial process.

In addition, our analytical setting contributes to previous entrepreneurship research on opportunity formation. Sensemaking approach enabled us to grasp the inductive emergence of novel concepts and categories through which entrepreneurs have framed the consumer environment. These frames are grounded in existing theory and are empirically informed (Finch, 2002), and thus, sensemaking is about framing the surrounding world (Weick, 1957), and the discourses entrepreneurs use in framing represent how collective meanings are enacted and created through language (Fletcher, 2003). Sensemaking approach involves considerable trial and error, but after all they represent the real lived-in situations of our informants, entrepreneurs (cf. Garud and Giuliani, 2013). Our focus on the language used when narrating of entrepreneurs' sensemaking enabled us to investigate both how entrepreneurs understand their customer base (form) and how they sense their environment in order to act upon it (content). Thus, framing demonstrates what entrepreneurs do, instead of what

they see (Gartner et al., 2003). We consider that the sensemaking enables and enhances the fulfillment of opportunity confidence which gauges entrepreneurial actions exploiting the opportunity at hand (Dimov, 2010).

In order to reveal the role of sensemaking and framing the entrepreneurs use in better understanding consumer environment, our study proceeds as follows: the theoretical background is considered, and thereafter the data and methodology are described. The following sections discuss the findings, implications, future research lines and limitations; finally, the article is closed with conclusions.

THEORETICAL BACKGROUND

Opportunity formation and socially situated cognition

Various scholars emphasize the fundamental and critical role of opportunities in entrepreneurial process (Gartner, 1988; Corbett, 2005; Gaglio, 2004; Gaglio and Katz, 2001; Shane and Venkataraman, 2000). In attempting to explain opportunity recognition and evaluation processes the contributions have been rich, drawing upon a multitude of theoretical approaches (Alvarez and Barney, 2007; Baron, 2008; Gruber, 2007; Foss and Foss, 2008; Gaglio, 2004; Klein, 2008; Westhead et al., 2009). Despite their valuable contribution, a majority of research recent research has focused on the entrepreneurial actor operating with an existing opportunity more than in the opportunity formation itself (Davidsson, 2015; Klein, 2008). In this study, we address the sensemaking of the opportunity, and we discuss more generally about opportunity formation instead of choosing between opportunity discovery or creation in order to overcome the theoretical complexities embedded in the discovery and creation discourses of opportunities (Alvarez and Barney, 2007; Dutta and Crossan, 2005; Shane, 2012; Venkataraman et al., 2012).

In this study we focus on how the entrepreneurs' construction of the social surroundings of consumer environment affect the formation of an opportunity belief. Theoretically, we refer to the socially situated cognition (Smith and Semin, 2004) which seeks to describe how social objects shape the process underlying thought and behavior (Mitchell and Mitchell, 2011). Socially situated cognition comprises underpinnings which emphasize cognition as action oriented and embodied regulation of action and thinking (Smith and Semin, 2004; Mitchell and Mitchell, 2011). Moreover, socially situation cognition suggests that cognition and action emerge from the interaction between an agent and an environment (Smith and Semin, 2004).

Recent research has already recognized opportunity formation in relation to a broader social context and under certain conditions, as subjectively constructed idea development (Alvarez and Barney, 2010). Entrepreneurs make sense of situations they face based on their experiences, knowledge, and sometimes interpretative frameworks which they already possess (Gartner and Shaver, 2004; Gooding and Kinicki, 1995). Prior study has recognized entrepreneurial experience and prior knowledge as valuable assets in entrepreneurial process (Baron, 2007; Shane, 2000). However, leaning too much on previous experience without sensemaking of the current circumstances may hinder the understanding of the social context necessary for opportunity formation. This kind of cognitive biases may serve as shortcuts to make judgments (Simon, Houghon, and Aquino, 2000). Entrepreneurs practice "escalation of commitment" by increasing their investment into projects that are not doing very well and, by holding steady with strategies that have served well in the past (Douglas, 2009). This may take place despite new information arises indicating that the strategy undertaken may not be appropriate for the current circumstances. A social constructivist view stands in line with a substantial base of theoretical work on decision making in general (Simon, 1960; Tversky and Kahnemann, 1981). Yet, the act of realizing a

business opportunity is always relational as “it always connects to something else that is going on, has gone before or will come again in the future” (Fletcher, 2006: 434). Consequently, entrepreneurs offer their current understanding on what is valuable opportunity through introduction of new products, services, or processes that are eventually legitimated or rejected by consumers in the marketplace (Gaglio and Katz, 2001). These nuances highlight the importance of sensemaking in opportunity formation.

Sensemaking approach in opportunity formation

Entrepreneurs operate at the edge of what they do not know and they seek to make ambiguous events non-ambiguous by constructing a new vision of their environment (Alvarez and Barney, 2007). Thus, entrepreneurs engage in a process of clarification and explication of concepts which manifests the tacit and highly idiosyncratic acts of cognition and imagination (Bettiol et al., 2012). Accordingly, in the field of entrepreneurship, sensemaking has offered views on rationalizing opportunities (Cornelissen and Clarke, 2010), coping with uncertainty (Atherton, 2003) and making sense of the environment (Hill and Levenhagen, 1995). However, to best of our knowledge, prior studies have not explicitly touched upon how entrepreneurs make sense of their potential customers and construct opportunity beliefs on the basis of sensemaking. Yet, research has found that entrepreneurs seek to align their actions with prevailing norms in order to gain legitimacy for their activity (Lavoie and Chamlee-Wright, 2001), which implies that entrepreneurs do constantly employ action-oriented and language-based sensemaking (Mitchell and Mitchell, 2011) to find new opportunities.

Sensemaking is rooted in organizational science, where among others Weick (1995) defined it as individuals’ understanding and making meaning of themselves, others and events through a

subjective, mental activity. Thus, sensemaking is as an act of turning circumstances “into a situation that is comprehended explicitly in words and that serves as a springboard to action” (Taylor and Van Every, 2000:40). This ties sensemaking closely to the concept of opportunity confidence and generates similar “conviction of the merits the pursued opportunity” (Dimov, 2010; 1144). With regards to entrepreneurial process, sensemaking is attached to the moment which scholars refer as opportunity formation. It is described as an “eureka” (Gaglio and Taub, 1992 Lumpkin et al., 2004), “aha” (Hansen et al., 2011), or “light bulb” (Feltcher, 2006) moment. Altogether, opportunity formation is described as creative and innovative decisions (Kirzner, 2009; Vaghely and Julien, 2010) or something that entrepreneurs are acquired to be “alert” (Valliere, 2013). Thus, opportunity formation is described to be like “connecting the dots” (Baron, 2006), “thinking outside the box” (Baron and Ward, 2004), or “moments of insights” (Lumpkin and Lichtenstein, 2005). Even if these definitions overlook the uncertainty under which entrepreneurs act while there are no appropriate knowledge structures to solve (Corbett, 2005), they imply that opportunity formation is a product of language (Cornelissen and Clarke, 2010). Drawing from socially situated cognition, entrepreneurs’ action oriented sensemaking requires a communication context and interaction between individual and his/her environment in order to distribute collective meaning of their offerings with their stakeholders (Cornelissen and Clarke, 2010; Downing, 2005; Mitchell and Mitchell, 2011). Awareness of their needs, ambitions, and aims enhances the confidence of the given opportunity (Dimov, 2010) and this can even dictate the success of entrepreneurs’ efforts (Holt and MacPherson, 2010).

Traditionally, consumers are framed only as a target for the goods and services the entrepreneur is providing. However, more recently consumers have been suggested to have become more integral part of the businesses. Von Hippel and Katz (2002: 1) claimed that “research has consistently

shown that new products and services must accurately respond to user needs if they are to succeed in the marketplace”. This is highly relevant in trying to understand the contemporary consumer environment in which consumers seek to personalize and socialize their experiences among their peers (Brodie et al., 2013). If the legitimacy of new products and services is judged outside the personal scope of entrepreneurs, entrepreneurs need to be able to understand and make sense of the consumer environments that are not naturally familiar for them. Instead of “just guessing” whether or not potential customers will value the product or service, this understanding can be gained by listening to “the voice of the consumer” (Griffin and Hauser, 1993) and through interacting with the relevant social agents (Smith and Semin, 2004). For example, from the everyday encounters entrepreneurs are able to pick up the hints that may lead to the development of valuable and profitable business offerings. Steyaert (2004:10) argues that “the everyday is the scene where social change and individual creativity take place as a slow result of constant activity”. This suggests that by employing sensemaking entrepreneurs operate active, cognitive process(es) through which they conclude whether they have identified the potential to create something new (Baron, 2004). In addition, this way entrepreneur are able to match resources and perceived needs and discover possible future problems instead of having to spend a lot of resources to develop offerings those are possibly not in line with the consumer expectations. Thus, sensemaking within opportunity formation comprises entrepreneurs’ conceptualization of their understanding of their environment (market, consumer environment) and opportunity confidence (Dimov, 2010) preceding entrepreneurial actions.

That being said, sensemaking is also seen to be created and influenced by the discourses articulated by the entrepreneur (Bettioli et al., 2012). From communicative perspective, entrepreneurs use sensemaking through various means, such as stories, to identify and legitimate their activities in

order to attract capital investment and hence generate profits (Lounsbury and Glynn, 2001). Previously scholars have also addressed sensemaking as a firm-level capability which contributes to a firm's ability to build and sustain a competitive advantage (Teece et al., 1997). In addition, sensemaking has even been used to understand entrepreneurship in cultural context, because cultural perspective gives insights on causality of sensemaking and brings discussion from individual level to community level (Cardon et al., 2011). In all, for entrepreneurial efforts sensemaking may aid entrepreneurs to address high levels of uncertainty embedded in less legitimate opportunity (Cornelissen et al., 2012). Thus, the sensemaking approach can be utilized for mapping the entrepreneurial process and capture the decisions and actions that occur during opportunity formation. In so doing, sensemaking highlights the iterative nature of opportunity formation process (Dimov, 2011) and illustrate how entrepreneurial actors make sense of opportunities as they transition from having a venture idea to decision to exploit it (Kuratko and Audretsch, 2009; Langlois, 2007; Schindehutte et al., 2006).

METHODOLOGY

Research design

In order to capture sensemaking in opportunity formation, we adopted a qualitative lens to examine how entrepreneurs interpret consumer environments while trying to make sense whether opportunity really exists. This approach is appropriate because our objective is to generate novel understanding of entrepreneurial sensemaking and address the ways through which entrepreneurs understand and interpret potential opportunities. (Gartner and Birley, 2002; Pratt, 2009).

In collecting data we employed purposeful sampling (Gartner and Birley, 2002; Pratt, 2009). In order to address the role of sensemaking in novel opportunity formation, we selected ten

entrepreneurs, who have created their offerings around some specialty, i.e. novel service to the market, whether it is drawn from rare phenomenon in the nature, exciting sport activity, or unique opportunity to experience food, accommodation or tradition (Table 1). Project was conducted in co-operation with Visit Finland, an official travel association that gathers and shares information about tourism in Finland. They provided us with a list of companies that have shown exceptional creativeness, brought difference to tourisms markets in Finland and attracted customers. Likewise in Austria, companies were selected based on interest shown in media and popularity among national and international tourism.

After this selection procedure our sample covers entrepreneurs running service-based businesses, and who have created novel services related to culture, art, nature, or sporting activities. The studied entrepreneurs operate small service businesses ranging from recently launched businesses to established businesses that have been running for years and kept their position within competition.

Insert Table 1 about here

All studied entrepreneurs have faced the rise of experience-driven consumption in which goods and services are no longer seen as enough and the value is embedded in the related experiences (Pine and Gilmore, 1998, 2011). Providing services has shifted from the consumption of a specific service to fulfilment and sharing of experiences (Chen et al., 2012). Accordingly, during the last century service businesses have undergone significant changes and have had to focus more on personal experiences (Holbrook, 2006). All studied entrepreneurs have successfully responded to this change in creative ways.

We conducted in-depth interviews which were loosely structured, starting with broad questions with subsequent questions arising through the dialogue between researcher and the respondent (Cope, 2011). Interviews were rather conversations than interviews, even though they were composed of broad thematic guidance questions to open and mediate discussion, such as: views on their customers, what they expect and value from their point of view, how customers are attracted to their business, how they create value for customers and consumption generally. Thus, insight was allowed to emerge from the data. These interviews were used to provide thick description (Geertz, 1973; Jack, 2005; McKelvey, 2004) and a general picture of what was going on (Steyaert and Bouwen, 1997).

Data analysis

In this study we lean on the premise that the social reality is discursively constructed and maintained. We interpret entrepreneurs' sensemaking as textually constructed discourses (Kozinets, 2008; Thompson, 2004). With this choice we comprehend that interviewed entrepreneurs shape their social reality through language (Alvesson and Kärreman, 2000). Accordingly, this approach allowed us to focus on the meanings that entrepreneurs give to their consumer environment while trying to understand it. With this focus it was clear that much of entrepreneurs' discussions were conveying their experiences, expectations, and future prospects of their field of business. In this context, the language and meanings provided a rich resource for making sense of socially constructed opportunity and consumer environment which can enable opportunity formation.

According to previous studies “sensemaking as an analytical construct requires the individual to be the unit of analysis and for data to be collected via narratives and/or discourse” (Craig-Lees, 2001:4). Stories and storytelling are means of understanding entrepreneurial identities, how entrepreneurs legitimate their actions, and as general ways of imposing order on uncertain situations (Lounsbury and Glynn, 2001). The underlying logic is that “the story provides the reason for a particular action, thus giving it meaning” (Steyaert and Bouwen, 1997: 54). Hence, sensemaking is here captured by looking at the patterns of narratives and discourses presented by individual entrepreneurs and managers (Bettiol et al., 2012; Gioia and Chittipeddi, 1991).

We approach entrepreneurs’ sensemaking by employing discourse analysis. We follow Fairclough’s (1992: 43) views of discourses as ‘different ways of structuring areas of knowledge and social practice’. With this in mind, here sensemaking is about **framing** the surrounding world (Weick, 1995: 134). Further, discourses represent how collective meanings are enacted and created through language (Fletcher, 2003). By focusing on the language used when narrating of entrepreneur’s sensemaking it is likely that this can help to shed light on both how they understand their customer base (form) and sense their environment in order to act upon it (content) (Smith and Semin, 2004). This linguistic approach enabled us to understand the entrepreneurial capability to make sense the individual as well socio-cultural impact on consumer behavior. In this study our focus is on how entrepreneurs understand their consumer environment – consumers’ actions and needs.

Reflection on methodological choices

There is broad consensus that when tackling social phenomena, rich detail is so essential to the research process that qualitative studies are preferred (Bansal and Corley, 2012; Hoang and

Antonicic, 2003; Jack et al., 2010; Pratt, 2009). Additional benefits of qualitative approaches include that they allow for sensitivity to the detail about processes but within an intensive investigation (Johannisson, 1996; Larson, 1992). Understanding was our concern and this approach provided a way to undertake empirical research which was informed by theory and used the literature to generate pre-understanding (Finch, 2002; Jack and Anderson, 2002; Jack et al., 2010). Hence, we used a conceptual toolkit to inform us about the sort of data we should look for and the patterns and themes to explore. Thus, it shaped our research questions while guiding our interests. We were dealing with complex issues, embedded practices and elements of process that take place over time (Curran and Blackburn, 2001). As time (past, present and future) is an endogenous aspect of narratives and discourses, we are convinced that the selected approach enables entrepreneurial agency and opportunities to be examined as temporal, distributed and emergent (Garud et al., 2014). Sensemaking takes place “in the interaction between relational space and durational time” (Garud and Giuliani, 2013: 158).

Our approach enabled the inductive emergence of novel concepts and categories, but at the same time these were grounded in existing theory and were empirically informed (Finch, 2002). Nevertheless, both data collection and analysis were very time consuming. They involved considerable trial and error and things did not always come together smoothly. However, time, discussion and thought lead us to believe that what we present works and represents the real lived-in situations of our respondents. We are therefore confident about our interpretations. We believe the selected techniques provided sufficient depth and scope of data to allow us to address our research question.

FINDINGS

Interrelated framing discourses

Interviewed entrepreneurs' vividly demonstrate in their discourses that entrepreneurs seek to interpret consumer environment in order to construct new and successful business opportunities. Our first collective finding highlights that when entrepreneurs interpreted their business environment, they attempt to make sense about wider consumer environment than just their current customers. Second, entrepreneurs make sense of consumer environment by constructing three interrelated framing discourses – *sense of individuality, sense of communality and sense of consumption culture*.

Entrepreneurs speak both product and service when they highlighted the challenge to understand that some things that are taken for granted by some, are actually rare and unique experiences from other's point of view. Consumers search for places, events and actions that are unique for them. Hence, they often represent rare opportunities that are seldom experiences in their original surroundings and lifestyle. This way the entrepreneurs were able to make sense their consumer environment and gain new understanding on what kind of value creation is needed, when it is needed and how it should be delivered.

Sense of individuality

First of the identified framing discourse relates to the sense of individuality. Entrepreneurs perceive that consumers are doubtful about mass consumption and they are doing effort differentiating themselves of others by seeking after non-material experiences.

*“Interestingly, these people appear to have an anti-consumerism attitude. They deliberately seek a critical examination of their environment rather than the typical mass consumption.”
(Stephen)*

Entrepreneurs described consumers as individualists, who are in charge of their own choices concerning the consumption decisions and they are also very aware of different alternatives:

“They’re people who prefer to decide on their own what is best for them” (Helen)

*“It is people who are oriented towards enjoyment, people who appreciate culinary art”
(Maria)*

The respondents continued to assert that in many cases it is evident that consumers desire to be individuals who have an opportunity to make unique consumption choices.

“Those individuals do not want fixed appointments and schedules.” (Helen)

“We allowed visitors to decide individually whether they want in-depth information on the tasting samples or only brief and superficial information” (Maria)

Consumers are also seen to consume products that represent higher moral values and mental development to them. Within this discourse entrepreneurs describe consumers as seeking after emotional experiences, placing the emotion that product or service creates to a focal position.

This discourse is also about fulfilling consumers’ dreams and providing unique opportunities to consumers by giving a chance to experience something they could have never imagined. The entrepreneur’s central concern how to craft these experiences and how continuously deliver these to demanding consumers and how to achieve the level of their requirements.

“The requirements are totally different than before; now we need persons with language skills and proper education, who has in addition pedagogical background....so that they understand the concept and are able to provide the service” (Samuel)

“We get always full points of our guides, because we have this family kind of service herewe know everybody by their first name, we know their room numbers...” (Samuel)

In addition to product design that brings back the memories from past, entrepreneur’s sense that personal involvement and kindness make the service more personal, thus this adds value to the product giving the impression of appreciation customer and seeing customer as valuable part of the business. Despite the business has its price, customer wants to see company to do extra for them and valuing them as an individuals with service that is not valued by money.

“One of the regular feedbacks from that survey is that guests feel like home here and that they appreciate the friendliness of the staff and the service quality” (Samuel)

“The warm feeling that we are not just milking them....customer needs to feel that they are human...when customer steps in we say hello, and not just continue our own tasks”(Paul)

“You know, our brand has a positive connotation, which is due to both the products and the person of the company’s owner. Once one was here one wants to tell people at home of one’s experiences” (Maria)

Sense of communality

Somewhat paradoxically, while entrepreneurs recognize that individuals seek for individual experiences, experiences are stronger and more meaningful if they are shared with others and sense of communality is present.

“One person tells the other about the stay at a very good hotel and that makes the other person think “I wanna go there, too.” It’s also about indulging oneself something that is usually not affordable, but serves occasionally as a reward for an effort and what not. That’s maybe also that image thing” (Helen)

"We try that the group members get to know each other's here on the spot...then each shares their memories and through memorizing that strengthens when you notice that both you and your mate has had good time" (Samuel)

Consumers are seen as eager to learn new things, and also seeking appreciation among their peers through these consumption experiences.

"But rather the desire to learn about new things which is outweighing the experience." (Stephen)

Both the decision and information seeking is guided by very informal routes, following the example of friends and/or and relying on recommendations of others.

"Word-of-mouth recommendation plays a large role. They might know persons who were here for dinner, had a nice time and liked it and would come again." (Chris)

"You know, we are familiar with the regular visitors, and it occasionally happens that these show up with friends and family from abroad, for example, advising them that our museum is an original and special place, an experience that they do not get anywhere else around." (Joanna)

Consumers are seen to appreciate and even seek after possibilities to leave the daily life with social media updates behind and appreciate personal experiences that take customer to a new level in their life.

The internet-based interaction has enabled the consumer gain valuable information and help in evaluating the options, sharing experiences, (Kozinets et al., 2008) but it also offers an entrepreneur a new window to understand the customers (Kozinets, 1999). Most of our interviewed entrepreneurs utilize this as a tool to collect impressions and feedback from their customers. In addition, entrepreneurs understand social media not only as a marketing tool, but also as a place

where they can build their identity and image as a business and entrepreneurs, for example through storytelling. Using interactional element in their marketing, feedback and commenting builds eventually a certain kind of community around the business.

“We have our own Facebook page. People also place their negative critique there, others comment on that and that really has a large impact. If there are any bad critiques many people can read about it, unless you delete from the page... it is also helpful for advertising.” (Jonathan)

“Well, as far as we know, a lot of this [sharing experiences] is associated with social media. This is why we put a strong emphasis on Facebook and our homepage. We have a growing community there. Furthermore, it is personal story telling.” (Jonathan)

“We have our reviews on different platforms. The curious clients check these evaluations and compare it with the other hotels.” (Helen)

Sense of consumption culture

Within the third identified framing discourse, the entrepreneurs refer to changed culture of trends, where traditions and unique opportunities to seek other cultures and lifestyles are appreciated.

”Picking berries is one good example...people pick up the berries and are overwhelmed...and then we eat the berries...make blueberry pie in the kitchen ..” (Samuel)

Entrepreneurs see that their task is also to offer consumer a new idea of life and new alternative experience, that possible changes their views. This links with the ideas of Pine and Gilmore (1998) who brought forward the discussion around the “transformation business”, where the consequence of the experience is in the core of value-creation. The experience is expected to create change within the consumer, whether it is just offering a new perspective, feeling or emotional change.

“They [customer] may have a hollow feeling, because they don’t have worries here and had possibilities to do another kind of things....and then they start to receive emails and Facebook-messages...” (Samuel)

“After seen art...I claim that you speak differently...I think it is an important experience and heritage we can give to customer; touching their soul, an idea or feeling” (Joanna)

Entrepreneurs emphasized the spirituality and personal development of the customers, but also locality and ecological values. Finnish entrepreneurs find often the nature as a source for mental experiences, but also within the other field of tourism business, sustainability is a value for consumer. Creating positive emotional experiences is also seen as a good way of creating ambassadors for their business, because individuals want to share and recommend their experiences to others.

“When you go around that path in the woods, you realize this thing...when the flow is on and then you feel that I want to share this feeling with others. It is the mental level, nothing physical...positive condition” (Samuel)

“The mental development and interaction with the nature, is another way of describing sustainability. We don’t have pineapple as a food, just local berries etc.” (Samuel)

Multilevel frames of consumer environment

The framing of discourses suggests that entrepreneurs’ sensemaking is a key to understand paradoxical consumer environment, and that is necessary for engage in entrepreneurial actions in terms of new opportunity formation. Drawing from this, the frames that entrepreneurs had formed describe that consumers want to be individuals and differentiate themselves from others. Also increasing belonging to others by using certain products and services is important to consumers. Entrepreneurs see that individuals are highly influenced by others, but that they also reflect their choices and strengthen their views based on the reference group essential that moment.

Insert Table 2 about here

Our analysis suggests that entrepreneurs' sensemaking draws on meaning from three frames when interpreting consumers – *individual consumer, communal consumer and cultural consumer*. At the individual level sensemaking is an interpretation from which entrepreneurs draw meanings and signs to understand particular individual actions and preferences. Communal level sensemaking transforms into situations in which entrepreneurs visualize individuals' needs from a broader perspective, and how individuals' consumption represents a group membership. This describes how the individuals are considered to belong to different social reference groups and how they seek attachment to separate groups related to for example family, hobby, interests or friendship. Each has its role in creating and/or sustaining consumers own identity. Finally, the frame of cultural level illustrates how entrepreneurs interpret the entire cultural environment wherein the consumers act and impact. Entrepreneurs can no longer intrude into consumers lives but must blend in and participate with them. Entrepreneurs need to sense the past movements, trends as well values that has an impact on dominating values behind consumption preferences and choices.

To synthesize our findings, we propose the following framework (Figure 1) to assist in understanding the role of sensemaking in opportunity formation.

Insert Figure 1 about here

Our framework highlights the notion that entrepreneurs do not create new economic activities out of thin air – they make sense of their environment by framing it in order to act upon. Based on our

findings, we argue that the sensemaking enables and enhances the fulfillment of opportunity confidence which gauges entrepreneurial actions exploiting the opportunity at hand (Dimov, 2010).

DISCUSSION

In this study we addressed new opportunity formation by employing sensemaking approach. Sensemaking is as a social activity through which people creates meaning for something in interaction with others rather than individually (Weick, 1979). Our study leans on understanding that opportunity formation is socially situated and constructed (Alvarez and Barney, 2010) and that sensemaking is an intersubjective process that provides meanings through discursive constructions, conversations and narratives. Sensemaking is triggered as a response to ambiguous conditions and equivocality (Cardon et al., 2011); these conditions involve mediating among multiple simultaneous interpretations, uncertainty and a lack of information, which make it difficult to construct plausible interpretations (cf. Sonenshein, 2007).

Our findings highlight that entrepreneurs make sense of the consumer environment through multilevel frames of understanding consumers and their consumption. Based on our qualitative data, where entrepreneurs are narrating their sensemaking, our study suggests that entrepreneurs employ three frames of sensemaking: individual consumer, communal consumer and cultural consumer. By utilizing these frames entrepreneurs make better sense of consumers and their environment which again enables them to resolve the uncertainty attached to new opportunity formation. Dimov (2010) emphasized that this resolving needs active engagement with relevant stakeholders from which entrepreneur have to gather information supporting or not supporting the opportunity at hand. This is the very moment where the frames of sensemaking step in: through the different layers of sensemaking entrepreneurs recognize and analyze new opportunity and gain (or

do not gain) support for their actions in relation to this opportunity. Theoretically, our approach enhances the understanding of entrepreneurial process as an embedded and contextual process (Steyaert, 1997). In this sense, discourses related to an opportunity are not merely individual ‘voices’, but they re-enforce (macro-)cultural metaphors and discourses that simultaneously limit and facilitate the thinking and action of the entrepreneurs. Entrepreneurs’ interpretations are driven by the plausibility of accounts, and they need to be socially acceptable, comprehensive and credible rather than accurate (Weick and Sutcliffe 2001) in order to support entrepreneurial actions. Hence, our approach allowed us to step away from the individual-opportunity nexus discussion (Davidsson, 2015) to investigate the entrepreneurial opportunity formation from a more dynamic perspective.

Regardless of the characteristics of the target market, the entrepreneurial decisions are tied to the socially situated cognitive frameworks that entrepreneurs use to organize cues and stimuli from consumers (Barr and Huff, 1997; Thomas et al., 1993). Entrepreneurs operating mainly in test and tried products are able to base their judgements and actions (investment decisions etc.) of opportunity on established frameworks of thinking and beliefs shared within the industry. If this takes place, the opportunity might be misaligned with consumers’ and ultimately potential customers’ needs and motivations, and thus, a novel opportunity itself might not even exist. Sensemaking and the frames outlined in this study are products of an ongoing process and they are drawn from multiple sources. Our findings highlight that when entrepreneurs are operating with new, innovative service products, the established frames of sensemaking are considerably compromised and challenged. Because of increased uncertainty and changes in the consumption culture, entrepreneurs have to engage in more adaptive sensemaking processes, such as proposed

for hypercompetitive environments (Bogner and Barr, 2000), which involve experimental actions, rapid adaptive decisions and development of cognitive diversity.

Reflecting the core literature on sensemaking in entrepreneurial context, we argue that so far sensemaking has not been given adequate attention in the field of entrepreneurship and studies utilizing sensemaking perspective are still very scattered. Especially, research should try to better grasp the links between entrepreneurial sensemaking of customers and performance of the firms in which the entrepreneurs have ‘better’ sense of their customers or invest more time in understanding the new type of customer. After all, what the customers experience and perceive may be very different from the entrepreneur actually takes home as insight from the daily encounters with these customers.

From a practical point of view, there is a clear need to develop practices that will empower entrepreneurs with the skills to make more nuanced evaluations of consumers. Our findings emphasize the strong influence of social media on customers and thus encourages the entrepreneurs exploit the opportunities of it. Especially social media is seen valuable in regarding customer commitment and personal storytelling is characterized as a good practice for that (Sashi, 2012). As the resources are limited within small business environment, solutions are naturally more hand-made, but at the same time they have the possibility to really attract the individualists who seek unique experiences with their small environment that has the ability to better adjust to changes, personal needs and offer personal contacts that current consumer environment emphasizes.

Limitations and future research

Despite the novel insights on how entrepreneurs make sense of their consumer environment, our exploratory study is not without limitations. The entrepreneurs do represent different fields of tourism, thus their emphasis on business and goals are different. This may reflect on their answers when they evaluate their customer group and their needs. Some of the entrepreneurs are dealing with the business that offers more or less once in a lifetime opportunities that rely on customer spreading their experiences to others, rather on creating committed relationships to customers. However, despite the variety within the data, the findings emphasize the similarities within the current consumption culture that set the challenges for the entrepreneurs and business development. Understanding and “sensing” the customers’ appreciations and values is the key for the entrepreneur to find the solutions that support the business and service experience, so is achieving the logic of serving customers and creating prestige value within experience-based business. There is a clear need to develop tools and processes that would empower entrepreneurs with skills to make more nuanced evaluations of the potential customer expectations.

Moreover, further research should try to better grasp the links between entrepreneurial sensemaking regarding consumers and the performance of firms in which the entrepreneurs have a holistic sense of contemporary consumers. This study is limited in the sense that it concentrates only on entrepreneur’s process of sensemaking, whereas future studies could provide more information on interactive role of sensemaking by employing a matched sample approach by interviewing both entrepreneurs and consumer in order to better understand the interactive loop between sensemaking frames and consumers.

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TABLE 1

Profiles and backgrounds of entrepreneurs and their businesses

Paul, in his early 40s, runs an old-fashioned unique **guesthouse** in Finnish countryside by the beautiful lake side. Guesthouse offers restaurant services, range of adventurous activities and accommodation as well organizes events and weddings. Guesthouse has a history of belonging to Paul’s family for the past five generations and it used to be family farm where Paul spent his childhood and later developed farm into a tourism business after he’s dad’s footsteps. Business employs 10 and was established in year 2000.

Greg, also in his forties, runs an **activity and meeting center** in small commune in south Finland which is profiled to offer luxurious experiences for customers who seek unique and rare experiences. Company was only recently established and is built around unique chance to fly in wind tunnel or try surfing in indoor pools. Idea behind these activities is to “feed inner hero” and live out dreams such as flying. In addition they offer restaurant and customized event services. Business is based on outsourced and flexible service providers and entrepreneurial networks, so it employs only 2 persons.

Jonathan leads family company that offers **accommodation and restaurant services** in historical surroundings to a private and company visitors by the big lake in the middle of Finland. History of firm goes back to the beginning of eighties when Jonathan’s family found place where they were able to build place with traditional, rustic buildings and thus preserve some Finnish history in their own way. They serve Finnish traditional dishes as well as guide tourists with warm hearted style telling unique stories of life over hundred years back. Place is at the same time museum and place to organize events, such as companies’ private parties, wedding and anniversaries.

Samuel, has been running his business in Northern Finland, Lapland already for years and has recently joined a larger network of nature tourists around Finland to enhance the possibilities of marketing. Samuel’s company offers accommodation and nature activities and attracts mainly tourists outside the Finland. They are specialized providing unique, but traditional to Finns, experiences to travelers. Including guided trips to forest to pick berries and eat and chances to prepare local food. Samuel puts effort on creating a warm, welcoming atmosphere and aims to create friendly relationships with customers.

Sarah, in her forties, runs recently established **coffee shop** in tourism friendly city in Finland. Café is situated in very centrally and as a part of group of companies that create the traditional artisan’s residence that is completed together with café with workshops, boutiques and museum. Sarah’s café is decorated in the style of old days with flowery and unique way that takes customers back to the beginning of 19th century. Café employs two workers in addition to owner.

Joanna leads **modern art museum** in the city in west Finland. Museum is built into an old station building in contrast to modern interior design. Museum organizes many national and international exhibitions. Museum is working as a part of network of museums and in addition to exhibitions they arrange art events and workshops and attract tourists with their art shop. Museum is part of town’s organization, but works independently. In addition to CEO, it employs 3-4 people year; receptionist and guides.

Helen has been running for seven years **leisure travel accommodation** for Austrian tourists. Her business idea is to offer state of the art tourist apartments for very distinct target group of people. These high quality apartments are quipped for example with thermal spas.

Maria owns a **sweet and chocolate factory** in Austria. Factory offers behind the scenes tours for friends of gourmet. Company is devoted for culinary art and her customers are both groups from companies or schools and travelling tourists that want to enjoy of chocolate and find information about chocolate production.

Stephen has been running an **open air museum** in Austria for 25 years. Museum gives to its visitors a comprehensive idea of the historical development of a country thus it represents native folk culture to interested ones. Parallel to museum activities they organize seminars and events. Stephen sees their pedagogical role as an important factor as well as preserving the national history.

Chris owns a rustic **restaurant** with a beautiful landscape in Austrian countryside. Restaurant holds a unique atmosphere, because it has a long history of 300 years. Business is closely tied up to region’s local culture and they offer only local dishes and even the tavern bears name of the region.

TABLE 2

Summary of multilevel frames of consumer environment

Frames	Common themes	Framing discourses	Summary of framing discourses
Individual consumer	Individuality, impressive, being special, distinct from the mass, standing out, emphasis on high quality	Sense of individuality	Entrepreneurs refer to their consumers as individuals and describe how the consumption is strongly up to consumers’ own willingness and interests.
Social consumer	Sharing experience, visible part of a network, positive image creation, storytelling, belonging to a group	Sense of communality	Entrepreneurs refer to their consumers as a part of group members and describe how the consumption is accepted and approved within consumers’ wider social context.
Cultural consumer	Emerging consumption trends, lifestyles	Sense of consumption culture	Entrepreneurs refer to their consumers as a bigger mass of people and describe how the consumption is guided by larger consumption trends and prevailing consumption culture.

FIGURE 1

Framing consumer environment in opportunity formation process

