

Public Abstract

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Where does entrepreneurship come from? Why does it occur? Current theories of entrepreneurship have struggled to answer these basic questions, so far observing that entrepreneurs appear to be privileged with certain attributes and information that allows them to exploit perceived opportunities. In this research I propose a radically different approach, suggesting that entrepreneurship be conceptualized as consumer-driven. That is, entrepreneurship is one possible result of consumers' continuous search for new satisfactions to their inherent needs. Building on this basic framework, I explore the nature and origins of entrepreneurial ideas, how those ideas are generated, and what determines whether an idea is good or not. In an experimental exploration of the innovation process, I find that ideas can emerge where one has both a strong knowledge and understanding of unmet consumer needs as well as a sizable knowledge of resources and technologies that might be useful in resolving those ideas. The experiment shows that both types of knowledge are necessary to producing that critical "aha!" moment. Finally, I propose that consumers' uncertainty regarding the value of a new product idea is a critical factor in whether or not a new product becomes successful. I use a computer simulation to explore this possibility, and show that the traditional S-curve model of innovation diffusion can be reproduced with the consumer uncertainty mechanism. Importantly, however, it also can result in new product failures, which so far have remained unexplained in diffusion models. In all I make a strong case that consumers play an integral role throughout the entrepreneurial process.