



STAKEHOLDER MARKETING: WHY 'STAKEHOLDER' WAS OMITTED FROM AMA'S OFFICIAL 2007 DEFINITION OF MARKETING, AND WHY THE FUTURE IS BRIGHT FOR STAKEHOLDER MARKETING

Journal:	<i>Journal of Public Policy & Marketing</i>
Manuscript ID:	JPPM-08-106.R2
Manuscript Type:	Essay
Topics and Methods:	STAKEHOLDER MARKETING, Marketing and Society < Content Areas, MARKETING, MARKETING MANAGEMENT, DEFINITION OF MARKETING

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ABSTRACT

In 2004 the term “stakeholder” was included for the first time in the official definition of marketing issued by the American Marketing Association (AMA). This was a notable change, as the official definition had only been revised twice in 70 years. Further, it appeared to cement the concept of stakeholder marketing as central to the field’s body of thought. Then, in 2007, the American Marketing Association abruptly pulled the 2004 definition, replacing it with a new offering in which ‘stakeholder’ was no longer present. Was this a setback for the stakeholder concept, even a repudiation of it? This short essay briefly explains what happened behind the scenes, why the revision occurred, and what this might mean in the future for the stakeholder marketing movement.

INTRODUCTION

A recent discussion with a leading thinker in the stakeholder marketing movement made quite an impression on us, and led to our offering this essay to communicate to others in stakeholder marketing and the field of marketing more broadly. In brief, the authors were moving through the morning break crowd at a recent conference when they were greeted by a respected scholar and good friend. The colleague was anxious to discuss the new (2007) definition of Marketing that had just been issued by the American

Marketing Association (AMA). We naively indicated our deep satisfaction with the new offering itself, and with the AMA's willingness to revise its previous 2004 definition. We then were surprised at the colleague's expressions of displeasure. On further discussion it was clear that the colleague was very concerned that the "stakeholder" language had just been removed from the official definition for our field, and that this was being viewed as a setback that required an explanation. What follows is our account based upon our respective roles in recent discourse concerning the definition, followed by a brief analysis of what we see as implications for the stakeholder marketing initiative.

A BRIEF HISTORY OF THE AMA DEFINITION OF MARKETING

In 2004 the AMA issued a new official definition for the field, to replace the definition issued nearly twenty years earlier, in 1985:¹

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Upon issuance, this new definition sparked discussion, both positive and negative. A number of scholars expressed their views informally as well as in three well-attended special sessions² held at major AMA conferences as well as in other venues such as the

¹ The AMA had only two definitions up until this point. The original 1935 definition was retained for fifty years "[Marketing is] the performance of business activities that direct the flow of goods and services from producers to consumers." In 1985 a new definition was issued, lasting for nearly twenty years: *[Marketing is] the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.*"

² The first author organized and chaired these meetings.

Bentley Symposium entitled “Does Marketing Need Reform” (Sheth and Sisodia 2006), and the essays developed for the Lusch and Vargo (2006) book entitled *The Service-Dominant Logic of Marketing*.

It is important to recognize that the root of the unrest with the new definition was that it identified the field of marketing as an “organizational function and a set of processes” with the goal of “benefit[ing] the organization and its stakeholders.” *This was seen as much too narrow a view of the entire field of marketing’s scope, as well as of its purposes.* These concerns centered on the view that defining marketing only from the perspective of a single firm excluded many other institutions, actors, individuals, processes, and important additional perspectives known to be part of the larger aggregate marketing system.³

A number of marketing thinkers expressed serious concern with the scope of the 2004 definition. Hunt (2007, p. 281), for example, pointed out that narrowly defining marketing to be an organizational function “...fails to incorporate explicitly the view that marketing is more than a managerial technology within organizations. That is, it fails to acknowledge the existence and role(s) of marketing institutions and marketing systems in society.” Zinkhan and Williams (2007, p. 287) similarly observed that defining marketing as restricted to a firm’s marketing activities fails to “recognize it as a broader societal phenomenon.”

³ Further, these omitted elements have been and are currently the focus of considerable academic scholarship in marketing.

In relation to locus, Wilkie and Moore (2007, p. 270) noted that one negative outcome of adopting only the perspective of a given firm is that the *impacts* that the marketing system is having on the world – both positive and negative – are not examined, and that “important broader questions can go unasked (and unanswered) precisely because the managerial perspective simply never needs to consider these questions in order to act in a single firm’s best interests.” *As one summary conclusion, a number of commentators agreed that the 2004 definition better captured “marketing management” than it did the field of marketing itself.*

After an extensive process in which it considered these points and twice surveyed thousands of its members (*see* Gundlach and Wilkie 2008), AMA issued a new, broadened definition in late 2007:⁴

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

It is our view that the new definition now does represent the larger domain of marketing in our world, and captures more fully the perspectives of all those involved in the marketing field.

WHY WAS “STAKEHOLDERS” DROPPED?

It should now be clear that the definitional change actually wasn’t about “stakeholders” at all. The pivotal distinction for the definitional change was the appropriate “level of analysis” to be adopted to define the field, with the decision being that the 2004 definition’s level of analysis was too micro to adequately reflect the entire

⁴ The second author was a member of the 2007 definition review committee.

field of marketing. When the locus was broadened, however, the term “stakeholder” was considered no longer apt, and it was dropped for that reason.⁵ Proponents of stakeholder marketing should understand this, as it does provide a basis for moving forward in the future.

IMPLICATIONS FOR THE STAKEHOLDER MARKETING MOVEMENT

Is Stakeholder Marketing Out of Step With the New Definition?

Stakeholder marketing represents a firm’s orientation toward its marketing activities that goes beyond consideration of the interests of immediate targeted consumers to include others that may be impacted by their activities (Bhattacharya and Korschun 2008). This includes individuals, employees, institutions, groups, communities, publics, governments and society at large. In addition to understanding the full impact of marketing activities on the interests of these stakeholders explicit consideration is given to them in the analysis, design and implementation of the firm’s activities to begin with (Bhattacharya 2008). Further, marketing concepts and principles are considered not only applicable to customers but also have application in other stakeholder domains. The net impact of stakeholder marketing is to greatly expand the scope of constituents, concerns and applications found in more traditional conceptions of marketing management (Bhattacharya 2008). As an approach to the firm’s marketing activities, stakeholder marketing in our view helps a firm to better recognize the symbiotic relationship of its marketing related actions with the workings of its society.

⁵ However, “value for customers, clients, partners, and society at large” does seem to represent elements of the stakeholder approach.

With respect to the wording of the 2007 definition, then, stakeholder marketing certainly is not at odds with its intentions, and may well be consistent with them.

Consider, for example, stakeholder marketing's explicit recognition and consideration of the larger domain of constituents who may be impacted by and/or who may impact the marketing activities of a firm. There is surely a parallel, if imperfect, relationship to the 2007 definition's identification of "customers, clients, partners and society at large" as the prospective recipients of value arising from the activities, institutions and processes of marketing.

Although, we would not expect that this parallel would be viewed as sufficient by stakeholder proponents, it does suggest a potential. Where would we suggest that this potential be explored?

**A PROPOSAL: THAT THE AMA DEVELOP A NEW DEFINITION OF
"MARKETING MANAGEMENT"**

At present the AMA has officially issued a "Code of Ethics" and two definitions – one for "Marketing" and one for "Marketing Research." We believe that it has now captured a reasonable definition for marketing as a field of study, or a disciplinary definition. There is currently a void, however, in delineating: (1) Marketing as a managerial activity, or what marketers do, and (2) Marketing as a philosophy, as in market-driven organizations. We thus see a need, or at least a use, for further definitional effort.

In particular, we think it would be worthwhile for AMA to issue a definition for "Marketing Management" to sit beside its existing definitions for "Marketing" and for "Marketing Research." Other influential thinkers, including the leader of the 1985 and

2004 definition committees, Robert Lusch (2008), have also called for review of existing theories of “marketing management,” so that considerations specific to an adoption of its definition can be more particularly explicated. Development of an AMA definition of marketing management would also be of service to its constituents. Marketing practitioners comprise a focal constituency of AMA and the practice of marketing is an important focus of academic research and teaching. We recommend therefore that effort toward development of an AMA definition of marketing management commence expeditiously.

In the event AMA decides to offer an official definition of marketing management, it is important to realize that, as was subsequently done for its 2007 definition of marketing, an inclusive and deliberate process of consideration and study needs to be undertaken by an ad hoc committee representing key sectors of the association’s membership. Given that an extensive process is involved, we recommend that special attention be given to the *concepts necessary to be represented in the new definition of marketing management* (more so than the exact wording, as this will be modified again and again as the committee proceeds and obtains inputs from literally thousands of people). We also believe that the natural starting point for consideration should be AMA’s new 2007 definition of marketing, in order to ensure that the definition of marketing management would define the activities of management in relation to marketing’s larger domain.

We would also recommend that strong consideration, together with other important developments in marketing and marketing management, should be given to the insights and understanding developing within the stakeholder marketing movement. As

the term “stakeholders” was included explicitly in the 2004 definition of marketing and a listing of “stakeholders” is now included within the 2007 definition, ideas central to the stakeholder marketing movement have already gained a place in the wider domain of marketing. These observations also form the basis of our optimism regarding the future of the stakeholder concept and for the stakeholder marketing movement.

Thinking About A Stakeholder-Oriented Definition of Marketing Management

So how might one apply these ideas to develop a definition of marketing management?⁶ Most basically, modifying the AMA’s 2007 definition of marketing to view marketing management as that portion of marketing that involves its managerial activities, one definition might be the “determination and implementation of those activities involving a set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

Were it deemed substitutable and with parsimony as a goal, the same definition might be further refined to substitute the term “stakeholders” to capture the broader domain of stakeholders beyond “customers” including “clients and partners.” Thus, a stakeholder marketing oriented definition of marketing management that has as its basis AMA’s 2007 definition of marketing is that:

Marketing management involves the determination and implementation of those activities involving a set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for customers and other stakeholders, as well as for society at large.

⁶ We wish to thank the editor and an unnamed reviewer for their suggestion that we pursue and offer a definition of marketing management.

We do not expect that everyone within the stakeholder movement will agree that this proposal is optimal, nor will many others involved in marketing management. However, we have stressed the need for certain concepts to be present, and have tried to ensure that they were included here. Summarizing our principle points it is most important, in our view, that (1) the definition reflect a consistency with the larger domain of marketing as defined by AMA in 2007; (2) the term “stakeholder” as the most basic principle of the stakeholder movement is included; and (3) that the key elements of value for customers and benefits to society are separately represented. Consistent with our earlier recommendations for careful and considerate process, we offer the above definition and points as merely a starting point for dialogue. We would ask that those in the stakeholder marketing movement and others interested in marketing management not view the definition beyond the limited exploratory purposes for which it is intended here.

Opportunities and Challenges For The Stakeholder Marketing Movement

Holistic conceptions of marketing management are not new to marketing and are included in long-standing concepts such as *societal marketing* and *corporate social responsibility*. As well, a holistic perspective of marketing management is at the center of emergent thinking within marketing. At the foundation of the *service-dominant (S-D) logic of marketing*, for example, is a recognition that marketing and marketing management increasingly involves systemic, relational and dynamic dimensions (Lusch and Vargo 2006).

At the same time, key trends are today serving to further encourage a holistic perspective within marketing and on the part of marketing managers. For example, the emergence of *social media* (as opposed to industrial media) and other mediums enabled

through the second generation of web design (i.e. *Web 2.0*) and captured in the evolving development of *Marketing 2.0* has led to the greater capacity of “stakeholders” to exert influence and safeguard their interests including relative to marketers (Editor note: insert citation to TBA JPPM article in this issue?).⁷ Thus, a stakeholder oriented view of marketing management appears to at once: (1) complement extant conceptions of marketing, (2) be consistent with emergent thinking in marketing management, and (3) to follow logically upon emergent trends in our culture and economy.

CONCLUSION

Adoption of a more holistic orientation for a firm’s marketing both reveals the potential of stakeholder marketing as well as explains why the term “stakeholder” was included in AMA’s official 2004 definition, but abruptly removed for the 2007 definition. Stakeholder marketing’s focus on the marketing activities of the firm, however, suggests its potential to serve as the basis for a broadened conception and theory of marketing management. As a basis for encouraging dialogue toward this end, in this essay we have offered some initial ideas for consideration, including a simple definition that extends AMA’s definition of the larger domain of marketing to that portion that involves marketing management. Relevant stakeholders -- including AMA and those in the stakeholder marketing movement -- are encouraged to consider these ideas as they deliberate whether and how best to define “marketing management,” and to build its attendant theories over time.

⁷ We wish to thank an unknown reviewer for pointing out this emerging dimension.

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