

Stakeholder Marketing: Why “Stakeholder” Was Omitted from the American Marketing Association’s Official 2007 Definition of Marketing and Why the Future Is Bright for Stakeholder Marketing

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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 because the official definition had been revised only twice in 70 years. Furthermore, 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 revised the 2004 definition, replacing it with a new offering in which the term “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 for the future for the stakeholder marketing movement.

Keywords: definition of marketing, corporate social responsibility, stakeholder marketing

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 (see Bhattacharya and Korschun 2008; Stakeholder Marketing Consortium 2009) and the field of marketing more broadly. In brief, we were moving through the morning break crowd at a recent conference when we 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 concerned that the “stakeholder” language had been removed from the official definition for the field and that this was being viewed as a setback that required an explanation. What follows is our account based on our respective roles in recent discourse pertaining to the definition, followed by a brief analysis of

what we believe are 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 20 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.

After this 2004 definition was issued, it sparked discussion, both positive and negative (see Gundlach 2007). Several scholars expressed their views informally and in three well-attended special sessions² at major AMA conferences, as well as in other venues, such as the Bentley Symposium titled “Does Marketing Need Reform” (Sheth and Sisodia 2006) and the essays developed for Lusch and Vargo’s (2006) book *The Service-Dominant Logic of Marketing*.

¹The AMA had only two definitions up to this point. The original 1935 definition was retained for 50 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, which lasted for nearly 20 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.”

²The first author organized and chaired these meetings.

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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.” It was argued that this was a much too narrow view of the entire field of marketing’s scope and its purposes. The 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

Several marketing thinkers expressed serious concern with the scope of the 2004 definition (Gundlach 2007). For example, Hunt (2007, p. 281) points 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 roles of marketing institutions and marketing systems in society.” Zinkhan and Williams (2007, p. 287) similarly observe that defining marketing as restricted to a firm’s marketing activities fails to recognize “it as a broader societal phenomenon.”

In relation to locus, Wilkie and Moore (2007, p. 270) note that one negative outcome of adopting only the perspective of a given firm is that the impacts of the marketing system 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 to act in a single firm’s best interests.” In other words, several commentators agreed that the 2004 definition better captured “marketing management” than it did the field of marketing itself.

After an extensive process in which the AMA considered these points and twice surveyed thousands of its members (see Gundlach and Wilkie 2009), the association issued a new, broader 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 represents the larger domain of marketing in the 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 was not 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 narrow to adequately reflect the entire field of marketing. When the locus was broadened, however, the term “stakeholder” was considered no longer apt, and it was dropped

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

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

for that reason.⁵ Proponents of stakeholder marketing should understand this because the 2007 definition provides a basis for moving forward in the future.

Implications for the Stakeholder Marketing Movement

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 affected by the firm’s activities (Bhattacharya and Korschun 2008), including 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 (Bhattacharya 2008). Furthermore, not only are marketing concepts and principles considered applicable to customers, but they 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, we believe that stakeholder marketing helps a firm better recognize the symbiotic relationship of its marketing-related actions with the workings of society.

With respect to the wording of the 2007 definition, then, stakeholder marketing is not at odds with its intentions and may well be consistent with them. For example, consider stakeholder marketing’s explicit recognition and consideration of the larger domain of constituents that may be affected by and/or may affect 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 do not necessarily expect stakeholder proponents to view this parallel as sufficient, it nonetheless suggests a potential. How would we suggest that this potential be explored?

A Proposal: The AMA Should Develop a New Definition of “Marketing Management”

Currently, the AMA has officially issued a “Code of Ethics” and two definitions—one for “marketing” and one for “marketing research.” We believe that the AMA has now captured a reasonable definition for marketing as a field of study, or a disciplinary definition. However, there is currently a void in delineating (1) marketing as a managerial activity, or what marketers do, and (2) marketing as a philosophy, as in market-driven organizations. Thus, there is a need, or at least a potential use, for further definitional effort.

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

In particular, we believe that it would be worthwhile for the AMA to issue a definition for “marketing management,” one that might exist beside current definitions for both “marketing” and “marketing research.” Other influential thinkers, including the leader of the 1985 and 2004 definition committees, Robert Lusch (2008), have also called for a 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 the organization’s constituents. Marketing practitioners constitute a focal constituency of the AMA, and the practice of marketing is an important focus of academic research and teaching. Therefore, we recommend that effort toward development of an AMA definition of marketing management commence expeditiously.

In the event the 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, which 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 the AMA’s new 2007 definition of marketing, to ensure that the definition of marketing management defines the activities of management in relation to marketing’s larger domain.

We 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. Because the term “stakeholders” was included explicitly in the 2004 definition of marketing and a listing of stakeholders is essentially now included within the 2007 definition, ideas central to the stakeholder marketing movement have already gained a place in the broader 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 these ideas be applied to develop a definition of marketing management?⁶ On the most basic level, modifying the AMA’s 2007 definition of marketing to view marketing management as the portion of marketing that involves its managerial activities, a possible definition might be the “determination and implementation of those activities involving a set of institutions and processes for creating, communicating, delivering, and exchanging offer-

ings 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 the AMA’s 2007 definition of marketing might read as follows:

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.

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. To summarize our principal points, we believe that it is most important that (1) the definition reflects 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) the key elements of value for customers and benefits to society are separately represented. Consistent with our prior recommendations for careful and considerate process, we offer the foregoing 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. Furthermore, a holistic perspective of marketing management is at the center of emergent thinking within marketing. At the foundation of the service-dominant logic of marketing, for example, is a recognition that marketing and marketing management increasingly involve systemic, relational, and dynamic dimensions (Lusch and Vargo 2006).

At the same time, key current trends are further encouraging 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 media enabled through the second generation of Web design (i.e., Web 2.0) and captured in the evolving development of Marketing 2.0 have led to the greater capacity of stakeholders to exert influence and safeguard their interests, including those relative to marketers.⁷ Thus, a stakeholder-oriented view of marketing management appears (1) to complement extant conceptions of marketing, (2) to be consistent with emergent thinking in marketing management,

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

⁷We thank an anonymous reviewer for pointing out this emerging dimension.

and (3) to follow logically on 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 and explains why the term "stakeholder" was included in AMA's official 2004 definition but was subsequently removed from 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 offer some initial ideas for consideration, including a simple definition that extends AMA's definition of the larger domain of marketing to the portion that involves marketing management. Relevant stakeholders, including the 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.

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