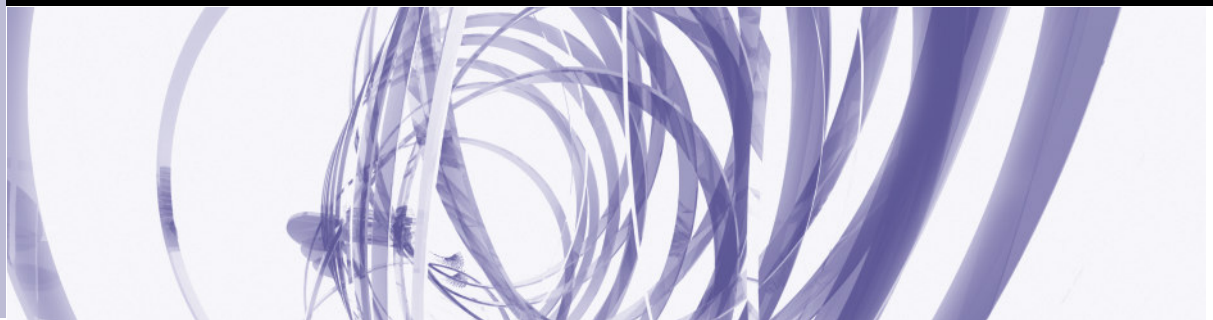


Part 6 : CMS Update Patch 1.1

Chapter 16	AMA (2007) and the new direction of marketing	2
Introduction		1
Exploring the AMA (2007) definition of marketing		2
Development of the AMA Definitions		4
<i>Table 1: American Marketing Association Definitions over time</i>		5
A brief refresher on AMA 2004		5
The Changes between AMA (2004) and AMA (2007)		7
Changing the focus of marketing		7
Exchange theory		8
Customer Relationships		9
Offerings of Value		9
Four Target Groups of Marketing		10
<i>Table 2: Stakeholders, Stakeholder Context and the AMA (2007) recipients of "Offerings that have value"</i>		10
Criticisms of AMA (2007)		11
Relationship Marketing versus the management of customer relationships		11
The Change of Purpose		11
Instability and the Speed of Change		12
The continued absence of planning		12
The need for inclusions by implication		12
Praise for the AMA (2007)		13
Clients		13
Complex Exchange		13
Co creation of symbolic value		13
Conclusion		14
References		15

AMA (2007) and the new direction of marketing

● CHAPTER 16 ◀ ◉



● Introduction

The American Marketing Association (AMA) definition of marketing changed within the first twelve months of Competitive Marketing Strategy's shelf life. As the CMS text is built on the core platform of the 2004 definition of marketing, the text requires an update. In the time honoured tradition and best practice of Microsoft, Apple, and software developers everywhere, the authors are issuing this chapter as an interim patch whilst Competitive Marketing Strategy 2.0 is developed.

The 2004 AMA definition was "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". Following significant criticism amongst the marketing and academic communities, this has now been modified to

"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."

The summary of changes between AMA (2004) and AMA (2007) are as follows:

- Marketing has changed focus from "organisational function" to "activities, processes and functions", and moved away from the previous role of creating benefit for the organisation (AMA 2005) and satisfying organisational goals (AMA 1985) to "exchanging offerings that have value for customers, clients, partners and society at large."

- Exchange theory has been reintegrated into the definition with an expanded role in the marketing process alongside creation, communication and delivery of value.
- The outputs of the marketing process are now "offerings that have value" rather than value itself in recognition of the role of the consumer in the creation of value
- Management of customer relationships for organisational benefit has been relegated to the sidelines due to the interpretation of "managing relationships with customers" as the tactical element of CRM, database marketing rather than the Gronroos (1994) conceptualisation of relationship marketing
- The targets of the outcomes of the marketing process have changed from customers, organisation and stakeholders to four distinct groups of "customers, clients, partners and society at large". Clients are recognised as the recipients of non-commercial marketing, and partners are seen as those involved in the organisation and its value chain

Exploring the AMA (2007) definition of marketing ▶ ▶ ▶ ▶

The definition of marketing can be viewed as a holistic model of the nature of marketing, or a composition of component elements that can inform the view of marketing, but not limit it to the parameters of the definition. A definition can be interpreted as exclusive wherein anything that is not defined as part of the whole is excluded, or can only be added through future interpretation of component elements. Alternatively, a definition can have an inclusive reading whereby anything that can reasonably be read into the definition through the interpretation of both the literal meaning of the words and intention of the definition is fair game for inclusion.

For the purposes of this chapter, the AMA (2007) definition is being read as an inclusive definition whereby aspects of marketing that can be reasonably interpreted as belonging to the definition are implicitly included. However, by interpreting the definition in this manner, the text is providing a wider reading of the definition than may have been intended by the authors. Further, the chapter also explores several of the limitations of the new definition that are caused by either a narrow reading of it as an exclusive definition, or where the definition relies on assumed knowledge that would not be reasonable for a newcomer to marketing to know in order to interpret the definition. The definition of marketing has been divided into three sections for the purposes of interpretation

- the activity, set of institutions and processes
- Creating, communicating, delivering and exchanging offerings that have value
- Customers, Clients, Partners and Society

These changes between the AMA (2004) and the AMA (2007) brought about by these four elements will be examined later in the chapter.

Activity, set of institutions, and processes

The first aspect of the AMA (2007) definition of marketing is the broad inclusion of the possible means by which marketing can be conducted as an activity, set of institutions, and processes. This is similar to the division of marketing as a business philosophy, strategic framework and series of tactical measures (Chapter 1). In following this analogy, the marketing activities are closest to the tactical implementation level, including the objective setting (Chapter 6), marketing planning (Chapter 14), decision making and implementation activities (Chapter 15).

Marketing as a set of institutions has the less clear cut compatibility with the philosophy of marketing, unless the "set of institutions" is interpreted as included aspects such as market orientation, customer focus and other philosophical frameworks of marketing as institutions of the organization. Alternatively, the "set of institutions" aspect can be interpreted as the more mundane level of marketing departments, organizational functions, and the presence of marketing within the Porter Value Chain model (Chapter 4 and Chapter 5).

Marketing processes are the strategic frameworks which connect the marketing tactics with the philosophy of customer orientation (chapter 1). This can also include the processes such as the internal analysis (chapter 4), external analysis (chapter 4), and strategic behaviors such as market development (Chapter 7) or new product development (Chapter 9). Similarly, other procedural aspects of marketing can be incorporated into the "processes for creating, communicating, delivering and exchanging value".

Creating, Communicating, Delivering, and Exchanging Offerings of Value

This aspect of the AMA (2007) is the closest to the AMA (2004) definition, and as such, inherits much of the features of the previous definition. Product, promotion and distribution are represented explicitly as key elements of the process, institution and/or activities of marketing. As with AMA (2004), price is again absent from any form of explicit recognition, and is implied as part of the marketing process of "exchanging offerings that have value".

The exclusion of price as an formal role of marketing presents a complex problem for marketers – at the theoretical, conceptual and ideal level, price is used as both a revenue source and communications tool. In reality, price was more likely to be set by the finances of the organization rather than by the marketer. That said, many marketers also find themselves without a role to play in product development, yet creation of offerings of value remains a marketing role, and price has been subsumed into the creation, communication, delivery and exchange of offerings of value. The AMA (2007) definition also recognizes that whilst value is created by the customer, it is created in conjunction with the offer from the organization. Consequently, marketing implicitly recognizes the role of ideas, goods and services as offers which can be used by the consumer to co-create value. Use of value as a metric of exchange also allows marketing to lay claim over exchanges that involve non-monetary exchange such as brand development, goodwill, awareness, or creation of social meanings associated with the organization's offerings. This is explored further later in the chapter.

Customers, clients, partners, and society at large.

The marketing efforts of the organization are now targeted towards the providing commercial offerings of value to customers or, alternatively, non commercial offerings to clients, whilst also dealing with the flow of exchange between partners and society. The AMA divided the role of the consumer between the recipients of for-profit and not-for-profit activities based on understanding that the term "customer" was too limited to describe the non-commercial applications of marketing.

The term "clients" has been introduced to specifically refer to those beneficiaries of market offerings who are not customers in the traditional sense (e.g. money for goods/services). In this context, the term 'clients' is referring to the recipients of non commercial applications of marketing. Effectively, from a competitive marketing strategy perspective both clients and customers are similar in nature insofar as they are the customer stakeholders in the consumption process.

"Partners" creates a grey area within the definition as to where the organisation sits in terms of receiving value from the marketing process – for the purposes of this chapter, partners includes the organisation and the production context stakeholders. In the preliminary draft of the AMA (2007) definition (see boxed vignette), the term "marketers" was included to replace the AMA (2004) concept of benefit to the organisation. Given that "marketers" was replaced by the broader term "partners", which can include suppliers, distributors, wholesalers and other participants in the marketing process, the term will also be taken to represent the marketing organisation in the new definition.

"Society at large" represents the incorporation of the principles of benefit for stakeholders into the AMA (2007) definition by including the regulation context and environment context stakeholders. The exploration of the role of the four target groups and the stakeholder holder framework is examined in greater detail later in the chapter.

Development of the AMA Definitions ▶ ▶ ▶ ▶

The historical development of the AMA definition is an important factor in understanding how the contemporary definition has incorporated or excluded functions associated with the previous definitions. Table 1 outlines each marketing definition, broken down into component parts, and where these parts match across the evolution of the definition of marketing from 1935 to 2007.

The visual map of the definitions highlights three points explored in depth below. First, between 1935 and 2004, the definition shifted away from an emphasis on organisational outputs of ideas, goods and services and towards the consumer input of "value". In 2007, these outputs were once again recognised as the means by which the market could access "value" being created, communicated, delivered and exchanged. Second, the 2007 definition does not have a clear line of connection with the concepts of organisational benefit or organisational objectives. Finally, the recipients of marketing have been expanded from consumers through to the customers, clients, partner and the whole society as marketing recognises its capacity as both a business tool and a societal influence.

TABLE 16.1

• CHAPTER 16 - AMA (2007) AND THE NEW DIRECTION OF MARKETING

A-5

Table 1: American Marketing Association Definitions over time

AMA (1935)	AMA (1985)	AMA (2004)	AMA (2007)
marketing is the performance of business activities that direct the flow of goods and services from producers to consumers	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	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	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
		an organizational function	
the performance of			the activity
business activities	process of planning and executing	a set of processes for	set of institutions and processes
	conception	creating	creating,
	pricing		
	promotion	communicating	communicating
direct the flow	distribution	delivering	delivering
	to create exchanges		exchanging
goods and services	ideas, goods, and services	value	offerings that have value for
		managing customer relationships	
from producers	organisational objectives	benefit the organization	
to consumers	individual objectives	value to customers	customers
		and its stakeholders	clients
			partners
			society at large

A brief refresher on AMA 2004 ▶ ▶ ▶ ▶

In 2004, after a period of public consultation, the AMA redefined of marketing as

“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.

Three issues need to be noted regarding the 2004 definition of marketing. First, this definition represents the largest, and most radical conceptual shift between marketing definitions. Changes in between the 1935 and 1985 definition were comparatively incremental as marketing moved from “goods and services” to “goods and services and ideas”. In contrast, the AMA (2004) definition replaces the product offerings of goods, services and ideas with the customer created notion of “value”. Although value is undefined within the context of the definition, it is generally accepted to be the bundle of intangible benefits that the consumer derives from ownership and use of the marketer's product offering.

The substitution of the "goods, services and ideas" can be attributed to the rise of value based marketing which was reflected in Vargo and Lusch's (2004) service dominant logic framework, and the Dev and Schultz (2004) alternative marketing mix. Service dominant logic regards marketing as a means of service delivery where the value is co-created by the customer engaging in

- internally administered self service through the adoption and use of idea products
- assisted service whereby the customer is the recipient of a traditional service encounter, or
- the use of an embedded services through the consumption of physical goods

Second, the AMA (2004) definition attempted to shift away from a transactional focus and into the long term management of the relationship between the organisation and the customer. However, "managing customer relationships in ways that benefit the organisation" was not universally interpreted by marketing academics or practitioners. The division arose between the interpretation of "managing customer relationships" as either the tactical level implementation of database driven, direct marketing orientated, customer relationship marketing, or alternatively as the recognition of Grönroos (1994) and the Nordic school of relationship marketing.

Third, the AMA (2004) definition also presented an alternative view of the marketing concept as a set of processes for "creating, communicating and delivering value". In the context of the role and purpose of marketing, "creating" incorporated the AMA (1985) "conception", "communicating" was interpreted to represent promotion, "delivering" incorporated distribution and pricing, and "value" was extended to include "ideas, goods, services". This was seen as replacing the exchange concept based on mutually beneficial outcomes for organisation and consumer with an organisation sided approach to marketing whereby the organisation created, communicated and delivered a value offering to a managed relationship with the customer predominantly or exclusively for the benefit of the organisation. Value and benefit were treated as separate concepts which reduced any formal recognition of the exchange concept within the definition of marketing.

AMA 2007

The 2007 definition was developed as a response to the criticisms of the AMA (2004) by academic and practitioner members of the American Marketing Association. The revised definition describes marketing as:

"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."

The AMA (2007) definition conceptualises marketing as a three part system of "activities, institutions and processes" which in turn are seen as the mechanisms for creating, communicating, delivering and exchanging offerings of value. Stakeholder benefit's inclusion was short-lived as this aspect has been subsumed into a broad statement of "value

for customers, clients, partners and society at large" framework. The AMA (2007) definition has removed the dichotomy of "benefit and value" to emphasize shared value between market and marketer where the actions of the marketer should be beneficial to the market place (customer/clients) broader community including the stakeholders (society at large).

The Changes between AMA 2004 and AMA 2007

There are five distinct areas that have changed in the 2007 definition compared to AMA (2004). These are the change of focus, the return of exchange, altered understanding of the outputs of the marketing process, the end of the brief role of customer relationship management, and the clarification of the targets of the marketing activities, processes and institutions.

Changing the focus of marketing ▶ ▶ ▶ ▶

The first significant change between AMA (2004) and AMA (2007) is the redefinition of marketing as an activity, set of institutions and processes rather than as a functional component of a larger business process. This change increases the range of activities that can be encompassed by the marketing definition to include entrepreneurial behaviours by individuals, firms, non profit, government and social institutions. As an activity, marketing is found when the activity is undertaken, institutions exist or the processes are being used rather than needing a recognised organisational function.

In addition, recasting marketing as an active force rather than a formal function merges the AMA (2004) "set of processes" with the recognition of the reality of marketing in organisations as activities (eg marketing campaigns), sets of institutions (eg marketing department) and processes (eg implementation through sales etc). This aspect of the marketing definition recognises the split responsibility held by marketing in Porter's (1985) value chain with the processes and activities reflected in the primary value chain (sales) and the sets of institutions are explicitly mentioned in marketing's role in the secondary value chain (Chapter 4).

Organisational objectives, organisational benefit and the new definition

Noticeable by its absence in the AMA (2007) definition is the concept of organisational benefit and/or direct and mutual gain for the organisation which has been a factor in the formal marketing definition since 1985. Previous definitions of marketing have been explicit in recognising its role and purpose as a means to meet organisational objectives or to create benefit for the organisation.

Potentially, the most controversial change between AMA 2004 and AMA 2007 is the removal of any explicit recognition of direct benefit to the marketing organisation. Whilst AMA 2004 was criticised for the overemphasis on direct benefit to the exclusion of sub disciplinary areas of marketing dependent on indirect benefit (Dann, 2005), this definition has reversed the trend to the other extreme. Whilst the interpretation of the definition of "partners" as the production context stakeholders allows for the flow of "offerings that have value" to the organisation via the stakeholders proxies, there is no direct role of marketing

as a means to meet organisational objectives under the AMA (2007) definition. This is a significant limitation of the new definition insofar as the role of marketing as the mechanism for meeting organisational goals is now an assumed or implied role, rather than a formally recognised feature of the discipline.

Exchange theory ▶ ▶ ▶ ▶

The restoration of the role of exchange is a significant difference between the two definitions. One of the resounding criticisms of the difference between AMA (2004) and AMA (1985) was the removal of the exchange concept from the marketing definition. Although exchange could be implied in the AMA 2004 definition, it has been restored to formally recognise the historical foundation of marketing as an exchange based paradigm. Exchange is now incorporated as a part of the process of creation, communication and delivery of an offering of value, which incorporates aspects of coproduction into the marketing definition.

Exchange as an activity or process for developing offerings of value recognises the evolution of applications of marketing. This approach incorporates the business to business relationships which are orientated to just-in-time production, electronic data interchange and co-creation of solutions. Similarly, it allows for the incorporation of the services dominant logic approach of co-created service delivery as a mechanism of exchange between customer and the embedded or actual service.

Finally, it also allows for the incorporation of the dynamic of the Web2.0 and new media marketing where the creation of conversation and dialogue has replaced the traditional one way communications approach of non-interactive media. Overall, reintroducing exchange as a companion to the creation, communication and delivery of offerings of value recognises the importance of integrating the customer's role as creator-consumer, whilst maintaining the importance of the steps required to be undertaken by the organisation to present an offering of value to the market.

AMA (2007) and Exchange Theory

The AMA (2007) definition also embodies the complexity of exchange theory as outlined by Bagozzi (1975) at the levels of direct exchange, indirect exchange, and complex exchange between marketer, customer/client and society. These dynamics are outlined as follows:

- Marketer <-> Customer/Client: this is the classic one to one commercial marketing exchange between marketer and customer. Direct benefit is sustained by ongoing relationships between the marketer and the organisation
- Customer/Client <-> Society: which is where the market offerings which create value for the customer also create value for the society when consumed by the customer/client. Whilst this exchange of value is not under the direct auspices of marketing, it is an aspect of ethical marketing that the creation, communication, delivery and exchange of value should consider the impact of the use of the market offering for the broader society.

- Partners <-> Society: which is where the creation, communication, delivery and exchange of market offerings is beneficial to society through economic gain, information, broader access to beneficial information and/or dissemination of goods, services or ideas of value.
- Partners <-> Customer <-> Society <-> Partners: which is where all parties are gaining direct and indirect value from the market offerings.
- Partner -> Customer -> Society -> Partner: this transaction is an application of the extended exchange principle of A to B to C to A that is traditionally associated with social marketing and non profit marketing where benefit to the marketer is gained from society as a result of society benefiting from the client/customer's adoption of the market offerings. No direct benefit accrues to the marketer from the client's adoption of the market offerings, however, the marketer, as part of society, receives an indirect benefit as part of the extended model of value exchange.

Customer Relationships ▶ ▶ ▶ ▶

In the AMA's own words, the 2004 definition had elevated customer relationship management (CRM) from a tactical option in direct marketing to a core principle. The AMA's interpretation of their definition did not place the relationship marketing concept into the core of marketing. Instead, they believed that they had incorporated a tactical element of direct mail and database marketing into the core of the discipline. This represents one of the major separations between American Marketing Association and the Euro-Australian schools. Australian and New Zealand marketing practitioners and academics place greater emphasis on the Nordic School of relationship marketing, and were interpreting the AMA (2004) "managing customer relationships" as reflective of the Grönroos (1994) relationship marketing ideology.

On face value, the AMA (2007) definition is more supportive of marketing as a transaction rather than long term relationship. The AMA (2007) definition has no explicit recognition of long term customer relationships, or the principle of marketing as a series of ongoing relationships. It is possible to incorporate the Gronrossian method of customer relationship as a form of offering of value, which would implicitly incorporate the relationship marketing into the creation, delivery and exchange of offerings that have value. However, this is an interpretative inclusion which, whilst not explicitly rejected by the 2007 definition, is equally not explicitly recognised. However, it should be noted that relationship marketing as understood by the Nordic School was not an explicit part of the 2004 definition under the AMA's own interpretation.

Offerings of Value ▶ ▶ ▶ ▶

The shift from "goods, services and ideas" to "value" has been revised as the AMA introduced the concept of "offerings that have value". This approach retains some of the elements of the AMA (1985) "goods, services and ideas" approach insofar as the output of the creation, communication, delivery and exchange process are "offerings that have value".

One criticism of this approach is the emphasis on the "offerings" which can be seen to be production orientated insofar as the offerings are the outcome of a process conducted away from the customer. In contrast, a holistic interpretation of the definition would see the incorporation of exchange as a recognition that the offerings of value are created through a process of negotiation between the marketer and the marketplace. Similarly, the offerings are defined as having value for the customers, clients, partners and society at large which is closer to Dev and Schultz (2004) SIVA approach than it is to McCarthy's (1960) marketing mix.

Four Target Groups of Marketing ▶ ▶ ▶ ▶

Perhaps the most complex, and most likely to be misinterpreted section of the new definition has been the decision to expand the parameter of "customers" and stakeholders into four separate beneficiary groups. Although stakeholders are no longer directly identified as beneficiaries of marketing in the AMA (2007) definition, their needs are contained within the categories of customer, client, partner and society at large. Incorporating the four targeted recipients integrates the value for benefit exchange concept, along with the value for society aspect of the rising trend for corporate social responsibility. It should be noted that marketing is not required to meet the needs of all four elements simultaneously – for example, value for customers in a commercial transaction does not need to give benefit to the allusive (or non existent) non commercial client of the firm. The reclassification of the stakeholders into the four respective targets of marketing is illustrated in Table 2

Table 2: Stakeholders, Stakeholder Context and the AMA (2007) recipients of "Offerings that have value"

AMA (2007)	Stakeholder	Primary Context
Customers/Clients	Customers	Consumption
Partners	Board of Directors	Production
Partners	Creditors and Financiers	Production
Partners	Distributors	Production
Partners	Employees	Production
Partners	Managers	Production
Partners	Shareholders	Production
Partners	Suppliers	Production
Partners	Unions	Production
Society at Large	Competitors	Environment
Society at Large	Government	Regulation and Control
Society at Large	Local Community	Environment
Society at Large	Media	Environment
Society at Large	Social Pressure Lobby Groups	Environment
Society at Large	Society / Citizens / Community	Environment

The four target recipients of the offerings that have value are clustered into the four stakeholder contexts insofar as the consumption context represents customers and clients, society at large represents the environment and regulation/control context, and the production context stakeholders are the "partners". This is supported by definition of production context stakeholders as (Chapter 3) everyone involved in sourcing the component parts for making the product (e.g. suppliers), being part the organisation (investors, boards of directors, shareholders, employees), or providing the distribution networks (distributors)

Criticisms of AMA (2007)

Any change to the status quo will bring the probability of benefit and the possibility of negative consequences. In the case of the newly minted marketing definition, there are five negative consequences which are:

- the loss of the opportunity for relationship marketing
- the change of purpose of marketing,
- instability and the speed of change.
- the continued absence of planning as a marketing function
- the need for inclusion by implication

Relationship Marketing versus the management of customer relationships ▶ ▶ ▶ ▶

The absence of relationship management from the AMA (2007) closes the door on the brief period of either direct response tactics (Berry, 1983) or long term relationships of trust, reciprocity and commitment (Gronroos, 1994). Although the transition from AMA (2004) to AMA (2007) served a purpose in highlighting the ideological and linguistic barrier between the different schools of thought in the marketing community, it remains a lost opportunity for moving marketing from transaction to long term relationship.

The Change of Purpose ▶ ▶ ▶ ▶

The AMA has ended the role of marketing as the provider of solutions for the organisation through mutual objective matching (AMA, 1985) or direct organisational benefit (AMA (2004). Although it is possible to interpret "partner" as inclusive of the organisation, this is not the mutual benefit of AMA (1985)'s "satisfy individual and organisational objectives" nor is reflective of the AMA (2004) requirement for benefit for the organisation and the stakeholders. Whilst broadening the base of marketing in a manner that is more inclusive for the variety of non commercial roles marketing plays in the modern economy, there is still a need for commercial marketing to have a focus on meeting the needs of the organisation through profit, sales or other objectives.

Although 'partners' can be deliberately interpreted to represent the organisation, suppliers, distributors and other parties involved in the production stakeholder context, this remains an implied and implicit aspect of the modern definition. Similarly, exchange of

value between partners and client / customers is interpreted to provide a context in which to incorporate the direct organisational benefit of meeting organisational goals through satisfying customer requirements at a profit, rather than being a recognised or explicit element of the definition.

Whilst the broad base suits certain sub disciplinary areas such as non profit, political and social marketing, it must be acknowledged that any definition of marketing needs to reflect the commercial realities of the discipline. Having a fundamental flaw in the recasting of the role of marketing away from a problem solver / solution provider for organisational needs may result in a further redefinition of marketing back towards the exclusionary direct benefit orientation of 2004. This will increase the instability of the discipline if a further patch, upgrade and new definition is launched.

Instability and the Speed of Change ▶ ▶ ▶ ▶

Whilst the AMA (2004) definition had its critics, and certainly had flaws and weaknesses, it was given less than three years of operational life before being replaced. The speed of change is noteworthy – marketing has remained reasonably constant in the definition over time with the first official definition of commercial marketing in 1935, refined in 1985 and again a third time in 2004. The half life of transition through marketing definitions at intervals of fifty years, twenty years and now three years threatens to leave the current definition with a life expectancy of only a few months. The central binding definition that represents the core discipline and is adapted out into the sub disciplinary areas needs a greater level of stability than has been presented since the turn of the century. By the end of the first decade of the new millennium, marketers will have operated under three separate definitions of marketing, which indicates a potential instability in the disciplinary structure.

The continued absence of planning ▶ ▶ ▶ ▶

One of the hidden casualties of the AMA (2004) definition had been the recognition of the role of marketing as a "process of planning". In the AMA (1985) definition, marketing was concerned with both aspects of long term planning and the more immediate aspects of execution of the marketing mix. Although the AMA (2007) can be interpreted as referencing marketing planning through the activities and processes aspect of the definition, the continued absence of planning as part of the definition casts doubts on the long term orientation of marketing. Further, combining the absence of planning with the reluctance to move towards the relationship marketing orientation, it could be argued that marketing is moving too far towards a short term transaction orientation where it has the role of implementation, and limited or no contribution to the long term planning or goal setting of the organization.

The need for inclusions by implication ▶ ▶ ▶ ▶

The alternative ways and means of interpreting a definition allowed many marketers to take the AMA (2004) definition, and include key aspects of marketing theory as implied components of the greater whole. For example, marketers chose to argue that exchange was implicit in the concept of value, and therefore, unnecessary as part of the formal definition,

and still incorporated as an implied aspect of marketing. However, implied inclusion relies on the interpreter of the definition understanding that non-explicit elements exist, and further relies on those implicit components having been taught or explained to them. In interpreting the definition for this chapter, numerous components of marketing including marketing planning, market orientation, and the value of long term relationships versus short term transactions have been included by interpretation rather than being part of the formal definition.

Praise for the AMA (2007)

Whilst there are reasons to criticise the new marketing definition, the changes between AMA (2004) and AMA (2007) have also brought benefits for marketing. Three immediately identifiable areas are the recognition of non-customer recipients of marketing outputs, the revival of exchange theory, and the recognition of co-creation of value through customer-customer exchange

Clients ▶ ▶ ▶ ▶

When the AMA initially released their draft version of the marketing definition to AMA members for endorsement, specific mention was made of the need to recognise the marketing activities undertaken by non-profit and social marketing did not always involve "customers", and as such, the AMA included "clients" as an explicit endorsement of the work of the non-commercial arm of marketing. Overt recognition and endorsement of the sub disciplinary areas was also supported by the incorporation of the changes to the definition that ensured the non-commercial arms were not disadvantaged by an overly financial/economic return driven definition.

Complex Exchange ▶ ▶ ▶ ▶

AMA (2007) does more than just restore exchange to the definition of marketing by incorporating it as part of the process of creating, communicating and delivering value. The contemporary definition recognises the complex exchange pattern of marketing as a series of smaller exchanges through a network of offerings of value between customer/clients, partners and the society at large. This recognition and use of Bagozzi's (1975) complex exchange theory gives the AMA (2007) definition an extra level of compatibility with the traditional indirect benefit approach of social marketing. Further, the inclusion of value exchange between customers, and/or partners and/or society is recognition of the co-creation of value by the end users.

Co creation of symbolic value ▶ ▶ ▶ ▶

The new definition recognises the creation, communication and delivery of value through the exchange of symbolic meaning for brands, ideas, and behaviours which strengthens the applicability of the marketing process to social marketing (McCracken, 1989). Co-creation

of value through either services or embedded services has been a hallmark of the service dominant logic (Vargo and Lusch, 2004) whereby the value is created through the customer's use of a product or service. The AMA (2007) definition builds on the co-creation platform by recognising inter-customer exchange as a means of creation, communication and delivery of value which can be utilised by social marketing for developing community driven solution, social norms, cultural and symbolic meanings for brands, and the interpretation of social marketing messages into ideas, values and beliefs.



► Conclusion



Changes to the formal definition of marketing recognise marketing as a dynamic and living discipline which constantly changes in light of changing business practices. The modification of the AMA definition between 2004 and 2007 came about primarily due to criticisms of the content and process by which the 2004 definition was developed. Using a more inclusive and consultative process the 2007 definition addresses many of these criticisms by explicitly re-introducing core foundations of marketing including the exchange paradigm, whilst adopting elements of the 2007 expanded conceptualisation of marketing activity. Whilst stakeholders and relationship marketing had only a brief appearance in formal definitions, their impact is still real in day to day marketing activity. Stakeholders have been replaced with the broad categorisation of the recipients of marketing while a broad interpretation of "value" can encompass the importance of not only gaining, but retaining customers.

The AMA with its flagship publication, *Journal of Marketing* remains the most influential organisation world wide in the promotion of marketing theory and practice. However "marketing", both as a management practice and academic discipline, has reached a level of maturity where it cannot be considered in monolithic terms. Increasingly new applications of marketing are leading to new schools of marketing thought such as the Nordic school of relationship marketing and the emergence of services-dominant logic. Regardless of these developments, there is still a need for a succinct definition of marketing which is broad enough to provide a general framework for theory and practice while simultaneously providing boundaries which clearly delineate its reach.

New definitions of marketing will continue to emerge. This is part of the strength of the marketing discipline and recognises its connection to management practice, consumers and therefore, its ongoing value and relevance to business.

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