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Stakeholder marketing: a definition and conceptual framework

G. Tomas M. Hult · Jeannette A. Mena · O. C. Ferrell · Linda Ferrell

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Abstract Stakeholder marketing has established foundational support for redefining and broadening the marketing discipline. An extensive literature review of 58 marketing articles that address six primary stakeholder groups (i.e., customers, suppliers, employees, shareholders, regulators, and the local community) provides evidence of the important role the groups play in stakeholder marketing. Based on this review and in conjunction with established marketing theory, we define stakeholder marketing as "activities and processes within a system of social institutions that facilitate and maintain value through exchange relationships with multiple stakeholders." In an effort to focus on the stakeholder marketing field of study, we offer both a conceptual framework for understanding the pivotal role of stakeholder marketing and research questions for examining the linkages among stakeholder exchanges, value creation, and marketing outcomes.

Keywords Stakeholder marketing · Stakeholders · Stakeholder orientation · Exchange theory

Introduction

Over the past four decades, the nature and scope of marketing has been broadened. Marketing has evolved beyond traditional economic analysis and is now applied in resolving problems beyond the boundaries of the firm and in attaining societal goals (Lazer 1969). As the marketing function recognized its interface with society, the fields of business ethics and management were independently developing stakeholder theory (Parmar et al. 2010; Freeman 1984). Subsequently, stakeholder theory has become a prominent theory in business research. It has emerged as a narrative to understand and remedy interconnected business problems related to (a) thinking about how value is created and traded, (b) linking ethics and capitalism, and (c) developing a managerial philosophy to rethink the traditional ways of conceptualizing the responsibilities of the firm (Parmar et al. 2010).

While marketing research has mainly focused on single stakeholder relationships, the idea of multiple stakeholder relationships to achieve maximum firm performance has been evolving slowly over the last decade (Maignan et al. 1999; Sen et al. 2006). Over this same time period, knowledge from the management literature has been incorporated in developing stakeholder theory for marketing. Essentially, stakeholder theory provides a valuable framework for examining how different stake-

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G. T. M. Hult (✉)
The Eli Broad College of Business,
Michigan State University,
East Lansing, MI 48824–1122, USA
e-mail: hult@msu.edu

J. A. Mena
College of Business, University of South Florida,
4202 E. Fowler Avenue,
Tampa, FL 33620-5500, USA
e-mail: Jeannette_Mena@Yahoo.com

O. C. Ferrell · L. Ferrell
Anderson School of Management, University of New Mexico,
Albuquerque, NM 87131, USA

O. C. Ferrell
e-mail: OCFerrell@mgt.unm.edu

L. Ferrell
e-mail: LFerrell@mgt.unm.edu

holders affect or are affected by marketing efforts (e.g., Freeman 1984). Special issues of the *European Journal of Marketing* (2005) and *Journal of Public Policy and Marketing* (2010) explore progress in developing a stakeholder orientation. As stakeholder marketing evolves, the discovery of generalizations, uniformities, and theories that contribute to the prediction of marketing outcomes will advance stakeholder theory and practice.

Against this backdrop, the objectives of this article are twofold. First, we propose that marketing researchers move away from studying the firm's relationships with a limited set of individual stakeholders (i.e., customers, shareholders) and, instead, address the wider range of stakeholders. In this context, we present a framework that explains the significance of stakeholder relationships and the potential to manage these relationships. We integrate insights from resource dependence theory to identify six stakeholder groups (i.e., customers, suppliers, employees, regulators, shareholders, and the local community) that are central in marketing. An extensive literature review of 58 marketing articles that address the different stakeholder groups provides evidence of the important role the six groups play in marketing.

The second objective of this article is to establish a definition and understanding of stakeholder marketing to advance the development of marketing theory and research. While the development of the stakeholder concept evolved from concerns about responsibility to society, we propose a holistic stakeholder framework that considers the value creation and exchange processes that occur between and among stakeholders in affecting marketing performance outcomes. Specifically, we propose that future studies should encompass stakeholder marketing activities that create value and interrelated exchange among all parties. We acknowledge that both primary and secondary stakeholders are important in marketing exchanges. In addition, industry is positioned as a moderating influence on stakeholder relationships.

To achieve these two objectives, we begin by tracing the broadening of the marketing concept to include stakeholder and social concerns. While marketing scholars have built a foundation for stakeholder marketing for over 40 years, marketing research in the area began with a focus on social responsibility and the impact of marketing on society. First, we provide an overview of the evolution of stakeholder concepts in marketing as they relate to broadening and redefining marketing. Since stakeholder theory is not new to the management literature, we next provide an overview of the theory and describe the stakeholder groups suggested in the theory. This lays the foundation for a review of the marketing literature. This review shows that marketing has adopted a stakeholder view, but with stakeholders largely viewed as separate entities in individual studies. As such, rather than developing an overarching guide to marketing and stakeholders, marketing researchers have relied upon stakeholder theory to justify individual stakeholder contributions in the field of marketing. Finally, we define stakeholder marketing and provide a framework and research questions for advancing marketing theory and research.

The concept of stakeholders in the broadening and redefining marketing debate

In 1969, Kotler and Levy encouraged marketers to broaden their perspectives and to apply their skills to contributing to social responsibility (Kotler and Levy 1969). Marketing was previously viewed as an activity to serve and satisfy human needs but became more accepted in society to advance nonbusiness organizations, individuals, and ideas (Kotler and Levy 1969). Next, the concept of marketing was expanded beyond the traditional business function. Kotler's (1972) concept of generic marketing was the foundational step in developing the contemporary concept of stakeholder marketing. Marketing considers all of its publics, not just the consuming public (Kotler 1972). Specifically, Kotler said that "[a] management group has to market to the organization's supporters, suppliers, employees, government, the general public, agents, and other key publics" (Kotler 1972, p. 48). The exchange of values can occur between any two parties, including stakeholders. Kotler did not use the term "stakeholder" but provided the first conceptual framework that led to a description which evolved as stakeholder marketing. "Marketing is specifically concerned with how transactions are created, stimulated, facilitated, and valued" (Kotler 1972, p. 49). The four axioms of marketing define the generic concept of marketing:

- Axiom 1: Marketing involves two or more social units, each consisting of one or more human actors;
- Axiom 2: At least one of the social units is seeking a specific response from one or more other units concerning some social object;
- Axiom 3: The marketer's response probability is not fixed;
- Axiom 4: Marketing is the attempt to produce the desired response by creating and offering values to the market (Kotler 1972, pp. 49–50).

These axioms and their corollaries provide the underlying logic of stakeholder marketing. Unfortunately, Kotler's stakeholder theory of marketing (the generic concept of marketing) is not being used in the theoretical development of marketing today. Thus, the marketing stakeholder concept offered here is derived from the normative foundations of business ethics and the descriptive and instrumental application of stakeholder theory. The axioms of marketing that Kotler developed in 1972 may need some adjustment based on more complex relationships between the organization and its stakeholders. But in general, marketers' relationships with stakeholders include two or more social units, marketers are seeking a positive response from stakeholders about some social object, the response probability is not fixed, and there is an attempt to create value for relevant stakeholders. While some scholars today would question the transaction concept based on exchange, there has been a strong tradition that marketing is based on exchange.

The exchange of value concept

According to Bagozzi (1975, p. 39), "exchange is a central concept in marketing, and it may well serve as the foundation for that elusive general theory of marketing." Alderson (1965) provided a law of exchange as the central concept in marketing, although he does not define exchange. The debate that followed Bagozzi's "Marketing as Exchange" article was whether exchange is limited to economic institutions and customers in a traditional sense, or whether it could be expanded to all social entities in a broadened sense. Therefore, a key concern in including the exchange concept in an analysis of stakeholder relationships is whether the exchange concept can accommodate emerging marketing thought related to the cocreation of value (Lusch and Vargo 2006). Bagozzi (1975, p. 38) claims that "exchange is not the simple *quid pro quo* notion characteristic of most economic exchanges. Rather, social marketing relationships exhibit what may be called generalized or complex exchanges. They involve the symbolic transfer of both tangible and intangible entities, and they invoke various media to influence such exchanges." Anthropologists and sociologists view the defining characteristic of exchange as its social nature. The functions of exchange are typically symbolic and reflect normative restraints among a specific group or society at large (Bagozzi 1979). We believe that Bagozzi's exchange theory would explain stakeholder relationships as "a subset of the generic concept of marketing in that it deals with the creation and resolution of exchanges" (Bagozzi 1975, p. 39). More specifically, Bagozzi defines the social units in an exchange as "actual persons, positions in a social network (e.g., roles), groups, institutions, or organizations, or any social unit capable of an abstraction" (Bagozzi 1979, p. 434). Based on this definition, stakeholders do engage in exchanges not only with organizations but with other social units.

Emerging thought signals a paradigm shift toward a service dominant logic (Vargo and Lusch 2004; Sheth and Uslay 2007). This paradigm shift assumes that customers are not passive; they become cocreators of value. Therefore, value creation becomes the ultimate goal of the marketer. An important concern is whether the exchange with stakeholders involves cocreation. The service-dominant logic of cocreation was not conceptualized for stakeholder relationships or the social relationships described by Bagozzi and Kotler, although stakeholders such as regulators and communities do give up time and engage in activities to cocreate value for society. It is more obvious that employees, shareholders, suppliers, and customers are involved in very visible exchange relationships as defined by Bagozzi, and that they engage in cocreation. Therefore, there is no conflict between the cocreation concept and exchange.

As Babin and James (2010) point out, marketing has placed considerable influence on building relationships but has given relatively little attention to the concept of value. These scholars believe that the value equation presents a more complete picture of why customers remain loyal. If Babin and Jones are correct, then the value equation may explain why stakeholders develop positive relationships with an organization. Their conceptualization of the creation of value is consistent with the cocreation of value and the exchange concept. As relationships with stakeholders develop, "get something" and "give something" are exchanged (Babin and James 2010). Since value can be based on intangible perceptions of social benefits, it can be viewed as "what I get versus what I give" (Zeithaml 1988, p. 13). These explanations of value may need further investigation to explain exchanges that are intangible abstractions or symbolic interactions between institutions or other social groups.

The definition of marketing debate

The concept of marketing was narrow, and the focus was on organizational activities and customers throughout the twentieth century. The first official definition of marketing was developed by the National Association of Marketing Teachers in 1935 with the American Marketing Association (AMA) adopting this definition until 1985. The 1935 definition described marketing as "the performance of business activities that direct[s] the flow of goods and services from producer to consumer or user" (American Marketing Association 1960). In 1985, the AMA defined marketing as "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 News 1985). In 2004, a new definition was announced by the AMA: "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" (Keefe 2004). This definition focuses on customers but recognizes stakeholders that provide value to customers. This is the only definition since 1985 that deleted the concept of marketing as exchange.

In this 2004 AMA definition, stakeholders are considered a concern if they relate to customer relationships. When this definition was released, marketers in "marketing and society" as well as consumer behavior voiced concerns that it did not include the role and responsibility of marketing in society (Gundlach 2007). This 2004 definition did not use a holistic view of the importance of all stakeholders. Marketing institutions and marketing systems have been central to marketing thought, and marketing should be understood from a societal viewpoint from both a normative and positive perspective (Hunt 2007). Just as importantly, the 2004 definition omitted the concept of exchange well established by Kotler (1972) and Bagozzi (1975). Both of these conceptualizations of marketing included exchanges with relative publics that are viewed as stakeholders today.

On the other hand, Sheth and Uslay (2007) view the exchange framework as limiting the conceptualization of marketing and state that the absence of exchange in the 2004 AMA definition of marketing was acceptable. These scholars see marketing as cocreation of value rather than as value exchange. In their view, "the need for and desire of actors to cocreate value preempts and supersedes the need for exchange" (Sheth and Uslay 2007, p. 305). On the other hand, Bagozzi's concept of complex social exchange would incorporate the cocreation concept into the exchange concept. The stakeholder perspective in the 2004 definition was seen as a step forward by not limiting marketing to organizations with the roles of institutions and processes, as well as clearly acknowledging marketing's impact on society (Sheth and Uslay 2007). The 2004 AMA definition was controversial and "provoked warranted criticism of the informal and sporadic AMA definition-making process" (Ringold and Weitz 2007, p. 251).

In 2007 a new AMA definition of marketing replaced the 2004 definition, with the term "stakeholder" no longer present. This new definition states that 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" (Keefe 2008). The exchange concept was restored, and any reference to marketing as an organizational function was deleted. Based on Kotler's "generic concept of marketing," marketing is a societal activity beyond just an organizational activity.

The definition of marketing debate continued, with concern that deleting the stakeholder term was a setback that required explanation (Gundlach and Wilkie 2010). The root of the issue in the 2004 AMA definition related to concerns that marketing was only viewed as an "organizational function and a set of processes" as well as the possibility that institutions and other parts of the marketing system had been removed (Gundlach and Wilkie 2010, p. 90). It was claimed that the 2007 definition's identification of "customers, clients, partners and society at large" was parallel, if imperfect, to the stakeholder term (Gundlach and Wilkie 2010). The attempt to define stakeholders from this limited perspective is not only imperfect but also conceptually incorrect from a stakeholder orientation perspective (Ferrell et al. 2010). The 2007 AMA definition still maintains a market orientation perspective by explicitly focusing on "customers, clients, partners, and society at large." Partners and society at large are vague undefined entities from a managerial perspective. Customers, clients, and partners (probably suppliers) are center stage and the explicitly defined focus of marketing.

This definition once again downplays or fails to make explicit stakeholders such as regulators, the local community, and a host of secondary stakeholders such as special interest groups, the mass media, trade associations, and competitors. These stakeholders are not always partners but do exist in the concept "society at large." Society at large is such a broad concept that it is not included in a description of the six major primary stakeholder groups of customers, employees, suppliers, regulators, shareholders, and the community (Maignan and Ferrell 2004). A more appropriate definition of marketing management "should include the role of multiple stakeholders in determining value creation" (Smith et al. 2010, p. 6).

The 2007 definition of marketing did include the exchange concept that Kotler and Bagozzi pioneered and reaffirmed that value creation is the core concept of marketing. While the 2004 definition excluded the exchange concept and included stakeholders, the 2007 definition excluded the stakeholder term and included the exchange concept. Both definitions appear to fail to address stakeholders outside the concerns of customers and to articulate a more sophisticated understanding of a wider set of stakeholders that have social and environmental impacts (Smith et al. 2010). We do not accept the view that the term "stakeholder" should be viewed as only appropriate in organizational or managerial definitions.

Recognizing concerns with the 2007 definition of marketing, Gundlach and Wilkie (2010) offer a revised stakeholder-oriented definition of marketing management: "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 society at large" (p. 91). This definition reaffirms the critical importance of stakeholders in marketing and the failure of the 2007 definition to accurately and clearly define and communicate a holistic stakeholder concept. Stakeholders should be a part of a general theory of marketing and the definition of marketing.

Stakeholder theory

The origin of contemporary stakeholder theory in management can be traced to the seminal work by Freeman (1984), where he develops a comprehensive and integrated understanding of the stakeholder concept. In this work, he stresses that firms must actively deal with a multitude of constituent groups other than shareholders and analyzes what these relationships mean for contemporary business practices. In this regard, the stakeholder approach seeks to broaden management's vision of its responsibilities beyond profit maximization to incorporate the claims of non-stockholding groups (e.g., Freeman 1984; Mitchell et al. 1997). Particularly, stakeholder theory deals with the nature of the relationships between the firm and its various stakeholders—especially in terms of the processes and outcomes for the firm and the stakeholders (e.g., Jones and Wicks 1999). Hence, the unit of analysis is the firm along with its network of stakeholders (e.g., Preston and Donaldson 1999). Marketers have not adopted this unit of analysis and seem to only look at the firm and one stakeholder at a time. Therefore, marketing has not adopted a holistic stakeholder perspective.

Stakeholder theory views the firm as an organizational entity through which a number of different actors (i.e., stakeholders) accomplish multiple and often incongruent objectives (Donaldson and Preston 1995). Given the disparate interests and expectations of these various stakeholders, firms are unlikely to fulfill all the demands of each stakeholder group (Jawahar and McLaughlin 2001). Toward this end, stakeholder theory is intended to address the key question, "which groups are stakeholders deserving or requiring management attention, and which are not?" (Mitchell et al. 1997, p. 855). As such, managerial decision making is at the heart of this theory (e.g., Donaldson and Preston 1995; Jones and Wicks 1999).

The logic of stakeholder theory as a whole rests upon four assumptions that describe the relationship between the firm and its environment. First, firms have relationships with a multitude of stakeholders (e.g., Freeman 1984) who have different rights, objectives, expectations, and responsibilities (e.g., Clarkson 1995). Each of these stakeholders has the power to influence the performance of the firm and/or has a stake in the performance of the firm (e.g., Freeman 1984; Jones 1995). This description confirms that social exchanges can and do occur with stakeholders. Second, firms are essentially run by top corporate managers since they make the majority of strategic decisions for the organization (Jones 1995). Given the unique role of managers to make decisions and allocate resources that address the demands of the other stakeholder groups, they can be viewed as the agents of other stakeholders (Hill and Jones 1992). Third, the divergent interests of the firm and its stakeholders result in potential conflict (Frooman 1999). If these interests were in harmony, managers would not need to worry about juggling stakeholders' competing demands. If stakeholders have demands, this shows activities or involvements that create an exchange relationship. Lastly, firms exist in markets that are characterized by a tendency toward equilibrium. In these markets, competitive pressures can have an effect on behavior; however, inefficient behavior is not necessarily penalized in the short run (Jones 1995).

According to Donaldson and Preston (1995), there are three approaches to stakeholder theory—normative, descriptive/empirical, and instrumental—which are distinct, yet mutually supportive. These approaches provide perspectives developed by scholars from a variety of disciplines to focus on the issues of concern. Freeman (1999) rejects the view that the three approaches to stakeholder theory are mutually exclusive but suggests that this form of inquiry is embedded storytelling to help create more value for the organization and stakeholders.

The normative approach is prescriptive as it identifies moral guidelines that dictate how firms should treat stakeholders. Business ethics has embraced stakeholder theory as an ethical theory to deal with the alternative of only maximizing shareholder returns. One of the central tenets of this approach is that firms should attend to the claims of all of their stakeholders, not only to those of their shareholders (e.g., Jones and Wicks 1999). However, focus is often placed on the relative importance of ethical obligations to the different stakeholder groups. This normative approach relates to the purpose of the organization and how it should be a responsible part of processes, institutions, and society at large. This approach to stakeholder theory has been used to support Kantian Capitalism, fairness, community notions of the common good, critical theory, and integrative social constructs (Parmar et al. 2010).

The descriptive/empirical approach focuses on the actual behaviors of firms. It seeks to describe and explain how firms actually interact with stakeholders. Scholarly work on this approach has shown that firms proactively address the concerns of those stakeholders that are perceived to be critical to the firm's well-being because of their potential to satisfy key organizational needs (e.g., Jawahar and McLaughlin 2001). As such, according to the descriptive/empirical approach, firms consider certain stakeholder groups to be more important than others. While traditional economic analysis focuses on shareholders, when the word "stakeholder" becomes part of the culture of an organization, managers can then be evaluated to determine if they create value for all stakeholders. If value is created for all stakeholders, then many of the normative concerns of stakeholder theory will be incorporated into the descriptive/empirical approach. This is supported by Freeman's (1999) belief that we cannot sharply distinguish between the three approaches to stakeholder theory.

The instrumental approach to stakeholder theory is intended to describe what will happen if firms behave in a particular way (Jones 1995). It provides a framework for examining the relationships between stakeholder management—which includes processes, structures, and practices related to the firm's stakeholders—and corporate objectives such as profitability and growth (Donaldson and Preston 1995). This approach to stakeholder theory predicts that those firms that are able to relate to their stakeholders on the basis of mutual trust and cooperation will gain a competitive advantage over firms that do otherwise (Jones 1995). Hence, it assumes that the ultimate goal of corporate decisions is superior performance, and stakeholder management is a means for achieving that end (Jawahar and McLaughlin 2001). Clarkson (1995) argues that a firm's survival and performance is a function of the ability of its managers to create sufficient wealth, value, or satisfaction for all its primary stakeholder groups, without favoring one group at the expense of others. In this sense, the claims of all legitimate stakeholders are of intrinsic value, and no set of claims is assumed to dominate the rest (e.g., Jones and Wicks 1999). The instrumental approach accommodates economic premises but does not address conflicts between social and economic imperatives. The normative approach could address these conflicts (Parmar et al. 2010).

Who is a stakeholder?

Freeman defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984, p. 46). This definition reflects a broad view of stakeholders, which captures the empirical reality that firms can be affected by, or they can affect, virtually anyone (Mitchell et al. 1997). On the other hand, narrow views of stakeholders accommodate the practical reality that resources, attention, and time to deal with external constraints are limited. Therefore, industries and organizations may prioritize those stakeholders that are most important to their activities.

According to Mitchell et al. (1997), stakeholders can be identified by their possession of at least one of three relationship attributes: power, legitimacy, and/or urgency. Managers give low priority to the claims of a stakeholder who possesses only one attribute, moderate priority if two attributes are present, and high priority if all three are present. Power refers to the degree to which an actor can impose its will in the relationship by accessing coercive, utilitarian, or normative means. Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995, p. 574). Urgency relates to the extent to which stakeholder demands press for immediate attention. It is based on both time sensitivity (i.e., the extent to which managerial delay is unacceptable to the stakeholder) and criticality (i.e., the importance of the demands to the stakeholder). The amount of attention management devotes to a particular stakeholder depends on the combination of power, legitimacy, and urgency. Based on the boundaries of what constitutes a stakeholder (e.g., Mitchell et al. 1997), stakeholders can be categorized as primary or secondary (e.g., Clarkson 1995).

Primary stakeholders

Primary stakeholders are those groups the firm depends on for its survival and continued success. They consist of customers, employees, suppliers, and shareholders, along with what is known as the public stakeholder groups—the governments and communities that provide infrastructures, regulate the firm's activities, and require tax payments (Clarkson 1995). Resource dependence theory (e.g., Pfeffer and Salancik 1978) offers a compelling justification for designating these six groups as primary stakeholders. This theory holds that "[t]o survive, organizations require resources. Typically, acquiring resources means the organization must interact with others who control those resources. In that sense, organizations depend on their environments" (Pfeffer and Salancik 1978, p. 258). In this context, customers supply the firm with sales revenues, employees with labor, suppliers with raw materials and other inputs (e.g., Porter 2008), shareholders with capital (e.g., Day and Fahey 1988), communities with natural resources (e.g., Porter and Kramer 2006), and regulators with funds and access to markets (e.g., Birnbaum 1985). The firm's dependence on these environmental actors for such critical resources provides those actors power over the firm (e.g., Frooman 1999). In turn, the possession of power—one of the key attributes of stakeholders—denominates the actor as a stakeholder that merits managerial attention (Mitchell et al. 1997).

"The instrumental stakeholder literature tends to focus exclusively on primary stakeholders, while the normative stakeholder literature tends to be more inclusive of secondary stakeholders" (Mish and Scammon 2010, pp. 12–13). Primary stakeholders are often assumed to have the most power, and by responding to their demands, it may be reasonable to assume that potential trigger events can be predicted, assessed, and resolved (Handelman et al. 2010). Primary stakeholders are highly visible because of the contractual relationships with those stakeholders that create options, decisions, and the assessment of their demands.

Secondary stakeholders

On the other hand, secondary stakeholder groups, such as competition, the mass media, social media, trade associations, and special interest groups (e.g., advocacy groups), do not have a contractual obligation with the firm nor exercise any legal authority over the firm (Eesley and Lenox 2006). Secondary stakeholders are those that "influence or affect, or are influenced or affected by, the corporation, but they are not essential for its survival" (Clarkson 1995, p. 107). However, these groups can become more powerful than some primary stakeholders and affect or be affected by the firm (Clarkson 1995). For example, to express their interests, secondary stakeholders develop different types of relationships with firms ranging from collaborative to confrontational (e.g., Arenas et al. 2009). Mish and Scammon (2010, p. 13) argue that "recognition of all stakeholders as primary is a key aspect of stakeholder marketing." This is based on their belief that "contextualizing stakeholders within a single interconnected exchange system" represents collaborative value creation (p. 13). This viewpoint is consistent with Bagozzi's view of complex exchange that involves symbolic and intangible transfers of value. As a result of their actions, secondary stakeholders have the capacity to mobilize public opinion in favor of or against a firm's policies and practices, which brings about substantial benefits or damages to the firm (e.g., Clarkson 1995). For example, investigative reporters and mass media coverage of firm misconduct can destroy primary stakeholders' confidence in a firm.

Social networks and blogs can serve the same function as the mass media by communicating both positive and negative information to primary stakeholders and the organization. This illustrates that there can be exchange relationships between primary and secondary stakeholders. All stakeholders form a network capable of complex exchanges. It is necessary to identify interconnectedness, earned legitimacy, and sources of value to guide stakeholder-related decisions/actions (Mish and Scammon 2010).

Competitors are identified as a key secondary stakeholder (Ferrell et al. 2011, p. 36). While competitors may have conflicts, they also cooperate through joint ventures or by sharing a supply chain. Competitors often work with trade organizations and regulators to embrace values and standards that dictate what constitutes acceptable and unacceptable behaviors. Therefore, the industry in which firms compete often provides instructions and processes that relate to exchanges. Firms in an industry often signal each other with their strategies and relationships with their stakeholders. While primary stakeholders may possess a more direct relationship, organizations do engage in exchanges with competitors and other secondary stakeholders. These exchanges can range from complex social exchanges to direct economic exchanges. Most conceptualizations of market orientation focus on competitors, secondary stakeholders, and customers, primary stakeholders, as the two most important stakeholders (Narver and Slater 1990). This provides evidence of the importance of secondary stakeholders in marketing strategy.

Stakeholders and marketing

To understand how various stakeholders have been included in marketing research, we conducted an extensive literature review which consisted of 58 articles published between 1985 and 2009 in the applicable top marketing journals (i.e., *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Consumer Research*, *Marketing Science*, *Journal of the Academy of Marketing Science*, *Journal of Retailing*, *International Journal of Research in Marketing*, and *Journal of Public Policy and Marketing*). In our search, we focused on articles that address primary stakeholders (i.e., customers, employees, suppliers, shareholders, regulators, and the local community) given that these are essential for the firm's survival and continued market success (e.g., Clarkson 1995) and consequently have a more direct impact on marketing efforts (see Table 1). In this section, we discuss the important role the six stakeholder groups play in marketing.

The purpose of the extensive literature review is to determine how marketing addresses stakeholder issues. Our hypothesis is that marketing research does not focus on multiple stakeholder relationships or networks of stakeholders. It is our belief that the field of marketing focuses more on a single stakeholder, not a holistic stakeholder perspective. This review helps us discover weaknesses in the current understanding of a stakeholder orientation in marketing and develop a more accurate holistic definition of stakeholder marketing.

Table 1 A sample of marketing articles addressing stakeholder groups

Author(s)	Context	Stakeholder(s) addressed	Key insights
Kohli (1985)	Empirical study of 114 salespeople from three companies manufacturing and selling industrial products	Employee	Contingent approving supervisory behavior leads to greater role clarity, self-esteem, job satisfaction, and instrumentality, which encourages salespeople to work harder.
Hutt et al. (1986)	Conceptual research about the parallel political marketplace	Regulator	As firms undergo increased pressure and regulation from government agencies, the development of multiple constituency-based marketing strategies becomes more important.
Garrett (1987)	Study involving boycotts directed at allegedly improper marketing policies of target organizations	Community	When confronted with a boycott, firms must evaluate the boycott's pressure potential (both economic and image) and determine how committed they are to the policies the protest groups desire to change.
Day and Fahey (1988)	Conceptual research about value-based planning approaches	Shareholder	Value-based planning approaches, which incorporate factors used by shareholders, are changing the way companies allocate financial resources and marketing decisions are made.
Varadarajan and Menon (1988)	Conceptual research about cause-r elated marketing	Community	Important managerial and social dimensions of cause-related marketing are identified.
Kohli and Jaworski (1990)	Field research of 62 marketing and nonmarketing managers in industrial, consumer, and service industries	Customer Employee	Definition of market orientation is set forth: "the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it."
Narver and Slater (1990)	Empirical study of 140 strategic business units consisting of commodity products businesses and noncommodity businesses	Customer Employee	Customer orientation—"the sufficient understanding of one's target buyers to be able to create superior value for them continuously"—is identified as a behavioral component of a market orientation. In turn market orientation has a positive effect on profitability.
Jaworski and Kohli (1991)	Empirical study of 150 automobile retail salespeople	Employee	Positive feedback that focuses on salespeople's behaviors seems to have the strongest total effect on job satisfaction relative to other types of supervisory feedback, whereas positive output feedback has the strongest total effect on performance.
Buchanan (1992)	Empirical study involving the relationship between a department store and its suppliers (buyers provided information on 2,310 suppliers)	Supplier	Whether vertical trade relationships benefit the firm depends not only on the value of the trade partners' resources, but also on their willingness to work with the focal partner; symmetric high dependence relationships provide advantages to both firms, whereas in asymmetric relationships, dependence represents a tradeoff.
Skinner et al. (1992)	Empirical study of 226 farm and power equipment dealers	Supplier	Cooperation leads to more satisfying supplier-dealer relationships, while conflict reduces satisfaction.
Webster (1992)	Conceptual research centered on the changing role of marketing in the corporation	Customer Supplier	The changing role of marketing in the corporation requires organizations to place increased emphasis on customer value and relationship management.
Deshpandé et al. (1993)	Empirical study of 50 quadrads of major Japanese firms and their key customers	Customer	Customer orientation, defined as "the set of beliefs that puts the customer's interests first," is positively related to business performance.
Jaworski and Kohli (1993)	Empirical study of two national samples (sample 1: 222 business units; sample 2: 230 American Marketing Association members)	Customer Employee	Market orientation is positively associated with business performance, regardless of the market turbulence, competitive intensity, or the technological turbulence of the environment in which it operates.
Day (1994)	Conceptual research of the capabilities of market-driven organizations	Customer Supplier	Market-driven organizations possess superior outside-in capabilities, specifically market sensing and customer linking capabilities, which allow them to anticipate and respond to changing market conditions ahead of competitors.

Table 1 (continued)

Author(s)	Context	Stakeholder(s) addressed	Key insights
Bloch (1995)	Conceptual research about product design	Regulator Customer	The ideal design of a product must adhere to all applicable regulations, complement other elements of the marketing program, and meet cost targets.
Drumwright (1996)	Study about company advertisements with social dimensions	Community	Advertising campaigns with social dimensions that reflect company-cause compatibility are highly effective in achieving company-oriented goals.
Hartline and Ferrell (1996)	Empirical study of 279 hotel units consisting of 236 managers, 561 customer-contact employees, and 1,351 customers	Employee Customer	The use of empowerment has both positive and negative employee outcomes; managers' use of behavior-based employee evaluation leads indirectly to reduced role ambiguity and increased job satisfaction; employee self-efficacy and job satisfaction increase customers' perceptions of service quality.
Menon and Menon (1997)	Conceptual research about enviropreneurial marketing strategy	Regulator	The greater the regulatory and other political intensity, the higher the level of *enviropreneurial* marketing within the firm.
Greenley and Foxall (1998)	Empirical study of 230 managing directors/CEOs of UK companies in diverse industries	Customer Employee Shareholder	Stakeholder orientation is not related to performance; however, the different types of orientations (i.e., consumer, competitor, employee, and shareholder orientations) are related to different measures of performance.
Kerin and Sethuraman (1998)	Empirical study of publicly held U.S. consumer goods firms	Shareholder	There is a positive relationship between a firm's accumulated brand value and shareholder value.
Srivastava et al. (1998)	Conceptual study on the marketing-finance interface	Shareholder	Call for a broadening of marketing's traditional external stakeholders to explicitly include the current and potential shareholders of the firm. Authors propose that market-based assets such as customer relationships, channel relationships, and partner relationships influence shareholder value.
Handelman and Arnold (1999)	Empirical study of 216 mall shoppers	Community Customer	Marketing actions with a social dimension increase consumer support for the organization.
Jap (1999)	Empirical study of 220 matched supplier-buyer dyads, where the buyers were from a *Fortune* 50 manufacturing company	Supplier	The process of collaboration across organizational boundaries is identified as a critical system resource, with coordination efforts and idiosyncratic investments leading to enhanced profit performance and competitive advantages.
Barone et al. (2000)	Empirical study about cause-related marketing tested on undergraduate business students	Community Customer	A company's support of social causes can affect consumer choice.
Cannon and Homburg (2001)	Empirical study of 478 manufacturing firms in the U.S. and Germany	Supplier	Increased communication frequency, supplier accommodation, product quality, and the geographic closeness of the supplier's facilities lower customer firm costs.
Sawhney and Zabin (2002)	Conceptual research involving the network economy	Customer Supplier Employee	Relational equity is not limited to relationships with customers but also includes relationships with all key stakeholders with which the firm relates, including partners, suppliers, and employees.
Banerjee et al. (2003)	Empirical study of 243 managers from a diverse range of firms and industries in North America	Regulator	Regulatory forces influence top management commitment across all industries. In addition, regulatory forces have an impact on the firm's environmental corporate strategy.
Ramaswami and Singh (2003)	Empirical study of 154 industrial salespeople from a *Fortune* 500 firm	Employee	The job satisfaction of salespeople is shaped mainly by interactional fairness, rather than by procedural or distributive fairness.
Selnes and Sallis (2003)	Empirical study of 315 customer-supplier dyads	Supplier	The learning capability of a customer-supplier relationship has a strong, positive effect on relationship performance.
Homburg and Stock (2004)	Empirical study of 164 dyadic cases in a business-to-business context	Employee Customer	Salespeople's job satisfaction has a positive effect on the level of customer satisfaction.
Maignan and Ferrell (2004)	Conceptual research centered on corporate social responsibility	Customer Supplier Employee Shareholder Community Regulator	Call for marketing researchers to expand the scope of marketing beyond the stakeholder groups of consumers and channel members.

Table 1 (continued)

Author(s)	Context	Stakeholder(s) addressed	Key insights
Roy et al. (2004)	Conceptual research centered on innovation generation at the dyadic, supply chain context	Supplier	Innovation generation in supply chain relationships, both incremental and radical, is an outcome of interactions between buyers and sellers.
Mithas et al. (2005)	Empirical study of large U.S. firms	Customer	Customer relationship management applications help firms acquire customer knowledge, which in turn helps firms improve their customer satisfaction.
Qu and Ennew (2005)	Study of 16 top managers from hotels and travel services in China	Regulator	In China, excessive government regulation with respect to competition appears to be an obstacle to the development of a market orientation, while the lack of regulations emphasizing product quality and consumer protection seems to discourage activities related to market orientation.
Christen et al. (2006)	Empirical study of 177 observations from a U.S. grocery retailer (consisting of data from the retailer, district managers, and store managers)	Employee	Corporate profit-sharing plans have positive effects on both effort and job satisfaction; fixed compensation has a significant, positive effect on an employee's job satisfaction, but not on effort.
Luo and Bhattacharya (2006)	Empirical study of *Fortune* 500 firms (452 firm-year observations across 113 firms)	Customer Shareholder Community	Customer satisfaction partially mediates the linkage between corporate social responsibility and firm market value.
Luo and Donthu (2006)	Empirical study of large publicly traded *Fortune* 1000 companies	Shareholder	Marketing communication productivity has an inverted U-shaped influence on shareholder value.
Madden et al. (2006)	Empirical study of a stock portfolio of firms with a proven emphasis on branding	Shareholder	Strong brands create value for their shareholders by delivering returns that are greater in magnitude than a relevant market benchmark, and they do so with less risk.
Sen et al. (2006)	Field experiment involving the actual donation made by a *Fortune* 500 consumer-packaged goods company to a large public university	Employee Customer Shareholder	Corporate social responsibility activity has the potential to increase the intent of stakeholders to commit personal resources such as money and labor to the benefit of a company.
Sorescu et al. (2007)	Empirical study of 419 software and hardware new product preannouncements	Shareholder	In the long run, new product preannouncements have a significantly positive effect on shareholder value.
Bhattacharya and Korschun (2008)	Article summarizing the discussion of the first Stakeholder Marketing Consortium conference	Customer Supplier Employee Shareholder Community Regulator	Call for marketing research that looks beyond customers as the only target of marketing efforts.
Brown and Lam (2008)	Meta-analysis consisting of 28 studies and a cumulative sample size of 6,680	Employee Customer	Employee job satisfaction leads to customer satisfaction and perceived service quality.
Darke et al. (2008)	Empirical study about corrective advertising tested on college students and on broader samples of consumers	Regulator Customer	Regulator endorsements are effective in combating the negative side effects of corrective advertisements.
Fang et al. (2008)	Empirical study of 188 manufacturers across different industries	Supplier Customer	Customer participation improves suppliers' new product development process by enhancing information sharing and customer–supplier coordination.
Jones et al. (2008)	Empirical study using three different samples (sample 1: 225 employees of a large organization in Eastern Ontario; sample 2: 123 patrons of two sports facilities; sample 3: 260 respondents from an online panel)	Employee Customer	Commitment to service employees helps build customer commitment to the service organization.
Kumar et al. (2008)	Two field experiments in the high-technology and telecommunication industries	Customer	Adopting a customer-focused sales campaign can significantly increase financial returns and can also improve the relationship quality between the customer and the firm.
Maxham et al. (2008)	Empirical study of three matched samples of 1,615 retail employees, 57,656 customers, and 306 stores of a single retail chain	Employee Customer	Employees that feel they are being treated fairly by their employer not only perform better, but also influence customer evaluations.
McFarland et al. (2008)	Empirical study of 151 vertically linked	Supplier	Firms imitate the behaviors of their suppliers under

Table 1 (continued)

Author(s)	Context	Stakeholder(s) addressed	Key insights
	manufacturer-dealer-customer supply chain triads		conditions of environmental uncertainty. The degree of imitation depends on the perceived similarity and frequency of contact between boundary-spanning personnel.
Rao et al. (2008)	Empirical study of the U.S. biotechnology industry	Shareholder Customer	The new ventures that gain the most from product introductions are those that adopt strategies that give them legitimacy in the eyes of important stakeholders.
Frazier et al. (2009)	Empirical study of 479 distributors across three industries	Supplier	Distributors share a high degree of external and internal strategic information with their suppliers when dependence asymmetry favors the distributor and when the transaction-specific investments of the supplier and the distributor are high.
Homburg et al. (2009a)	Two empirical studies in the context of German travel agencies	Employee Customer	Frontline employees' degree of customer need knowledge (CNK) is positively associated with the levels of customer satisfaction and willingness to pay.
Homburg et al. (2009b)	Empirical study of German travel agencies	Employee Customer	The degree to which employees identify with a company is positively related to the degree to which customers identify with the company. Such level of customer-company identification increases the customer's willingness to pay, which in turn improves financial performance.
Joshi (2009)	Empirical study of 153 manufacturer-supplier relationships in the following industries: industrial machinery and equipment; electronic equipment; and transportation equipment	Supplier	Collaborative communication in the supplier–manufacturer relationship leads to continuous supplier performance improvement by enhancing supplier knowledge of manufacturer needs and by developing supplier affective commitment toward the manufacturer.
Luo and Bhattacharya (2009)	Empirical study of *Fortune* 1000 large companies	Customer Supplier Employee Shareholder Community Regulator	Superior corporate social performance relative to the firm's competitors lowers firm-idiosyncratic risk.
Kwortnik et al. (2009)	Empirical study that uses different data sources across two contexts—leisure cruises and restaurant dining	Employee Customer	Voluntary tipping, a pervasive form of buyer monitoring, is positively associated with workers' motivation to perform service-enhancing behaviors and with customers' perceptions of service.
Srinivasan et al. (2009)	Study using stock response modeling over 6 years in the automobile industry	Shareholder	New product introductions have positive postlaunch effects on shareholder returns. These effects are stronger when the company launches pioneering innovations with high levels of perceived quality and that are backed by substantial advertising investments.
Wentzel (2009)	Empirical study that uses different samples across three decision contexts—biking equipment, furniture, and adventure travels	Employee Customer	The degree to which an employee's behavior is generalized to the brand depends on the degree to which consumers subtype an employee. This, in turn, is determined by the amount of information they possess about the employee, the extent to which they depend on the employee, and their motivation to form an accurate impression.
Wieseke et al. (2009)	Two empirical studies involving customer-contact employees in (1) a U.S. pharmaceutical company and (2) German travel agencies	Employee	Customer-contact employees who strongly identify with the organization are more likely to achieve higher performance.

Customers

The significance of firms' focus on customers has been discussed extensively in the marketing literature. For example, Webster (1992) identifies customer relationships as the most important business asset. He maintains that it is critical for firms to make long-term commitments to nurturing customer relationships with quality, service, and innovation. Similarly, Deshpandé, Farley, and Webster (1993, p. 27) define a customer orientation as "the set of beliefs that puts the customer's interests first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise." Hence, an important implication of a customer orientation is its significant relationship to key marketing outcomes and business performance. According to Narver and Slater (1990), customer orientation—a behavioral component of a market orientation—requires the firm to understand its target customers in order to continuously deliver superior value for them. This involves taking actions on the basis of market intelligence pertaining to current and future customer needs (Kohli and Jaworski 1990). Such customer focus leads to satisfied customers who not only keep repurchasing from the firm but also engage in favorable word of mouth to potential customers. In addition, research has found that a customer orientation positively influences organizational innovativeness (e.g., Han et al. 1998) and performance (e.g., Deshpandé et al. 1993).

Consequently, those businesses that devote significant resources to understanding their customers and competitors and coordinate the activities of the different functions of the business for an integrated value-creation effort are rewarded with superior profitability, sales growth, and new product success relative to other firms (Slater and Narver 1994). This may require substantial investments in information and information technology (Webster 1992). An example of such investments is in the form of customer relationship management applications that help firms manage customer relationships more effectively throughout the initiation, maintenance, and termination stages of the relationship (Mithas et al. 2005). In turn, the effective management of customer relationships is essential to achieving high levels of customer satisfaction and loyalty (cf. Colgate and Danaher 2000).

Employees

Employees are "the source of a company's success" (Henriques and Sadorsky 1999, p. 89). Research has found that they are instrumental in building customer commitment to the organization (e.g., Jones et al. 2008), in increasing the customer's willingness to pay (e.g., Homburg et al. 2009a; b), and in improving the level of customer satisfaction (e.g., Homburg and Stock 2004). For example, the degree to which employees identify with a company is positively related to the degree to which customers identify with the company (Homburg et al. 2009b). Such level of customer-company identification increases the customer's willingness to pay, which in turn improves financial performance. The frontline employees' extent of customer need knowledge (CNK)—the degree to which a frontline employee can correctly identify a particular customer's hierarchy of needs—is also positively associated with the customer's willingness to pay, as well as with the level of customer satisfaction (Homburg et al. 2009a). In addition, employees' degree of job satisfaction has an impact on customer satisfaction. In particular, workers who are highly satisfied with their jobs are perceived by customers as more balanced and pleased with their environment. Such workers have a positive influence on the level of customer satisfaction (e.g., Homburg and Stock 2004). This is particularly important in service firms, where employees typically have direct contact with customers (e.g., Heskett et al. 1994). Furthermore, salespeople's job satisfaction has an impact on the quality of customer interaction (e.g., Homburg and Stock 2004). For these reasons, it is important for the firm to attend to the interests of its employees and keep them satisfied with their jobs.

Empirical evidence also points to the importance of treating employees with respect and dignity (Ramaswami and Singh 2003), compensating them fairly (Maxham et al. 2008; Ramaswami and Singh 2003), and recognizing them for their efforts (Kohli 1985). For instance, a study of merit pay fairness for industrial salespeople found that interactional fairness, which focuses on the social enactment of procedures, is an important determinant of job satisfaction (Ramaswami and Singh 2003). Another aspect of employees as a stakeholder group is employing a diverse workforce, which can benefit the firm by enhancing its productivity and expanding its markets (e.g., Thomas and Ely 1996). Diversity can also create cost savings for the firm and improve its ability to relate to a broad customer base (Berman et al. 1999). In this context, firms that are successful in managing employee relations are often rewarded with a competitive advantage and superior performance (Berman et al. 1999; Waddock and Graves 1997).

Suppliers

The firm's relationships with its suppliers can also be instrumental to the firm's ability to improve its performance (e.g., Buchanan 1992). A well-performing relationship exists when both the supplier and the firm are satisfied with the effectiveness and efficiency of the relationship (Selnes and Sallis 2003). Research suggests that mutual satisfaction is a function of cooperation and conflict (Skinner et al. 1992). Specifically, dependence and non-coercive bases of power have a positive effect on cooperation, which in turn leads to increased satisfaction. Conflict, on the other hand, reduces satisfaction. Given the influence a supplier can exert on a firm, ensuring that suppliers are satisfied and that the relationship is mutually beneficial are in the interest of the firm. For example, failure to comply with a supplier's demands can negatively affect a firm, as suppliers may stop their delivery of a key input (Henriques and Sadorsky 1999).

The process of collaboration between a firm and its suppliers has been identified as a system resource of the firm that enhances performance and competitive advantages through coordination efforts and idiosyncratic investments (Jap 1999). By cultivating a collaborative culture, establishing objectives for joint learning activities, and developing relational trust, management can promote relationship learning (Selnes and Sallis 2003). This type of learning can improve performance by enabling the focal firm and its suppliers to identify means through which to improve quality and increase flexibility. Furthermore, collaborative communication in the firm-supplier relationship enhances supplier knowledge of the focal firm's needs and develops supplier affective commitment toward the firm, which ultimately leads to continuous supplier performance improvement—i.e., an upward trend in the supplier's track record of meeting a focal firm's expectations on a range of performance metrics over time (e.g., Joshi 2009). As an extension, the "knowledge interface" between the firm and its suppliers can also be managed to produce both incremental and radical innovations (Roy et al. 2004, p. 73). In addition, a supplier can help the firm achieve a competitive advantage by driving down the firm's total costs (Cannon and Homburg 2001).

Shareholders

Firms have an important obligation to shareholders—to maximize their wealth (e.g., Day and Fahey 1988; Rao and Bharadwaj 2008). Shareholders invest in a firm when they expect that the firm will generate better returns from their funds than they could get otherwise and without incurring any great risks (Day and Fahey 1988). As such, top management increasingly requires that marketing move away from exclusively focusing on measures such as market share and sales growth to incorporating shareholder value creation as a criterion for the evaluation of strategic initiatives (Srivastava et al. 1998). Marketing accountability is achieved only when a marketing action that leads to intermediate outcomes such as customer satisfaction, loyalty, and market share also contributes to the enhancement of shareholder wealth (Rao and Bharadwaj 2008). Hence, if a marketing activity requires an investment, it is crucial for marketers to justify the investment by illustrating how it will impact cash flows and shareholders' wealth.

In an attempt to show the accountability of marketing, several studies have examined the link between marketing activities and shareholder wealth. Srivastava et al. (1998) propose that market-based assets such as customer relationships, channel relationships, and partner relationships function as the bridge between marketing and shareholder value. Specifically, they argue that these assets contribute to shareholder value by accelerating and increasing cash flows, reducing the risk associated with cash flows, and increasing the residual value of cash flows. Other studies have provided empirical evidence of the creation of shareholder value through branding (e.g., Kerin and Sethuraman 1998; Madden et al. 2006), new product preannouncements (Sorescu et al. 2007), marketing communication productivity (Luo and Donthu 2006), new product introductions (Srinivasan et al. 2009), and corporate social responsibility (Luo and Bhattacharya 2006).

Many investors embrace the stakeholder model and develop a strategy of social investing, "the integration of social and ethical criteria into the investment decision-making process" (Kinder et al. 1992). Most social investors do not have to worry about a poor return of their investments since socially-conscious firms are often strong performers. Nguyen and Slater (2010) found that firms strong in sustainability create a competitive advantage. Their research pointed out that two out of three companies of *Fortune*'s "Global 100 Most Sustainable Corporations" outperformed their less sustainable competitors (Nguyen and Slater 2010).

Legal and regulatory

Regulators are "important stakeholders that exert external political and economic forces on the firm" (Banerjee et al. 2003, p. 109). Constraints imposed by regulators have an impact on a variety of marketing activities including, for example, the design of products (Bloch 1995), advertising (Pechmann 1996), and packaging (Morgan 1988). For instance, federal regulations require over-the-counter pharmaceuticals to be packaged in tamper-resistant containers (Morgan 1988). Compliance with these and other regulations impose additional costs, but as opposed to the demands of other stakeholder groups, compromise usually does not occur in this area; firms must comply with regulator demands (e.g., Bloch 1995). Some firms try to anticipate future regulations and adjust their strategies accordingly, thereby turning regulation into a business opportunity (Hillman and Hitt 1999).

Research suggests that regulators influence the firm's level of enviropreneurial marketing (e.g., Menon and Menon 1997), as well as its environmental strategies (e.g., Banerjee et al. 2003). For example, Banerjee et al. (2003) not only find that regulatory forces have a direct effect on the firm's environmental corporate strategy, but they also find that such forces influence top management commitment. This, in turn, positively influences the firm's environmental orientation (internal and external) and environmental strategy (corporate and marketing). As firms undergo increased pressure and regulation from government agencies, the development of proactive strategies such as multiple constituency-based strategies becomes important to achieve market success (Hutt et al. 1986). An essential part of these strategies is the close coordination between the marketing and public affairs functions, which lead firms to be more responsive toward the market, and more generally toward stakeholders. In addition to having an impact on marketing strategies, regulators also play a role in helping consumers determine whether a firm is reputable or not (Darke et al. 2008).

It has been suggested that stakeholder theory may require changing laws and the legal system (Van Buren 2001). This stems from the view that doing anything other than maximizing shareholder value might not be legal. Humber (2002, p. 208) believes that passage of enabling legislation that encourages corporations to be managed in the interests of stakeholders is reason to consider various changes to the legal system. The revised amendments to the Federal Sentencing Guidelines for organizations appear to follow this path by requiring top management and the board of directors to develop an ethical corporate culture.

Community members

Community stakeholders include nongovernmental organizations and communities formed because of their geography (e.g., Kassinis and Vafeas 2006). Like secondary stakeholders, communities are influential since they have the ability to mobilize public opinion in favor of or in opposition to a firm's actions (Henriques and Sadorsky 1999). However, this group has a more direct influence on the firm than secondary stakeholders due to the high level of interdependence that exists between the firm and the community (e.g., Clarkson 1995). In particular, firms are expected to act in accordance with the community's regulatory oversight such as zoning as well as social and cultural norms. Marketing actions with a social dimension, such as contributing to local charities or sponsoring little league sports teams, typically increase consumer support for the organization (Handelman and Arnold 1999). Moreover, advertising campaigns with social dimensions that reflect company-cause compatibility are highly effective in achieving company-oriented goals, such as motivating the work force, building brand equity, and enhancing the image of the firm (Drumwright 1996). Similarly, cause-related marketing enables a firm to achieve different corporate and marketing objectives such as generating incremental sales, increasing brand awareness, and broadening the customer base (Varadarajan and Menon 1988). In addition, a firm's support of social causes can have an impact on consumer choice (Barone et al. 2000).

On the other hand, firms that disregard community interests are at risk of losing consumer support in the form of boycotts. A boycott involves a collective, organized protest against a firm on issues of social concern (e.g., Handelman and Arnold 1999). Boycotts not only create financial hardship for a firm but may also tarnish the firm's public image among both non-boycotters and boycotters (Garrett 1987). In addition, firms' disregarding community interests gives consumers a reason to try competitors' products or alternative solutions (Klein et al. 2004). Given that attention to the community may result in a competitive advantage, while poor community relations may have a negative impact on performance, a firm's support of the local community merits careful strategic marketing consideration (e.g., Handelman and Arnold 1999; Waddock and Graves 1997).

A definition and conceptual framework of stakeholder marketing

This review of marketing articles addressing primary stakeholders provides evidence that most marketing research has not addressed multiple stakeholders. In particular, it illustrates that research has consistently found that paying attention to customers and responding to their interests delivers benefits to firms (e.g., Deshpandé et al. 1993; Han et al. 1998; Slater and Narver 1994).

Based on our review, a stakeholder marketing definition can provide direction for advancing theory and research. For our definition we accept that marketing activities occur in a system of social institutions and processes (Hunt 2007). Institutions such as government and education, as well as economic systems, provide the infrastructure for processes that systems can create and maintain exchange relationships with stakeholders. We have documented in the theory development of Kotler, Bagozzi, and two of the last three AMA definitions of marketing that all marketing relationships are based on exchange. Figure 1 illustrates that stakeholders interact to form exchange relations that create value. We have defended that marketing occurs between social units other than just organizations. We accept the arguments of Lusch and Vargo (2006) and Sheth and Uslay (2007) that value can and often does occur through cocreation. This leads us to provide a definition of stakeholder marketing as "activities within a system of social institutions and processes for facilitating and maintaining value through exchange relationships with multiple stakeholders."

Marketing activities are actions and communications that occur in the infrastructure of institutions and processes used

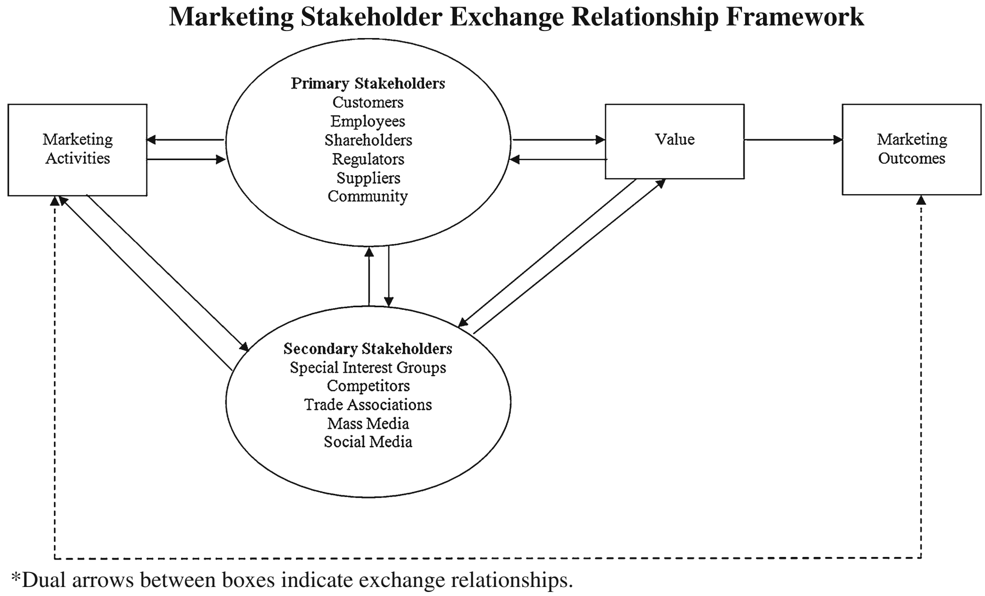

Fig. 1 Marketing stakeholder exchange relationship framework

to create value. The value equation represents tangible and intangible benefits derived from stakeholder exchanges. Multiple stakeholders include both primary and secondary stakeholders that can be prioritized for importance based on the industry and environment. Marketing outcomes relate to performance results that relate to assessments and accountability. Two major outcome metrics are financial performance and social performance.

Stakeholder marketing requires the development of shared values and relationships with multiple entities, not just customers. Marketers must recognize from a managerial perspective that the organization is part of an interdependent web of social relationships, requiring stakeholder marketing to achieve performance objectives through creating value. Stakeholders can be beneficiaries of value but are involved in the cocreation of value, not just value exchange (Sheth and Uslay 2007; Lusch and Vargo 2006). Lusch and Vargo (2006) describe this as value- in-use rather than value-in-exchange. This definition of stakeholder marketing does not specifically use the term "society at large" because this term is difficult to operationalize and does not capture the systems, networks, and real world complexity of marketing activities related to decision making. Focusing on relationships with defined stakeholders should benefit "society at large."

The definition and framework for holistic stakeholder marketing provides a conceptual foundation for research and theory development. First, our review indicates that most previous research in marketing has focused on one primary stakeholder. We provide support for a focus on multiple stakeholders. Sisodia et al. (2007) maintain that stakeholders "are part of a complex network of interests that function in a matrix of interdependencies" (p. xxx). Their argument maintains that no stakeholder is more important than any other, and each stakeholder thrives best when all stakeholders thrive. We agree with this perspective and view all stakeholders as part of marketing activities and processes. Nearly all of the marketing articles we surveyed viewed stakeholder marketing from an organizational perspective. Our definition of stakeholder marketing is from a marketing exchange and societal perspective, not just from an organizational perspective. Marketing activities can occur between stakeholders as well as other social entities. Stakeholder marketing is an approach that can maximize both social and economic performance outcomes.

Our review also reveals how inclusive marketing research has been of the different stakeholders. As can be noted from Table 1, numerous marketing studies address primary stakeholders independently. However, only a few examine multiple stakeholders simultaneously. Despite the fact that previous research has contributed significantly to our understanding of the dynamics of stakeholders in marketing, there is a need to advance knowledge about the value and performance outcomes of stakeholder marketing. As such, the scarcity of holistic stakeholder-related studies is currently a major limitation of marketing research. The major research gap is the narrow focus on one or two stakeholders and the failure to respond to the practical reality that firms increasingly seek to provide value to multiple stakeholders beyond customers and shareholders. Hence, given the growing importance of stakeholder relationships in marketing and the limited marketing research capturing this practical reality, it is imperative to examine, from a holistic perspective, the marketing implications of paying attention and responding to the demands of multiple stakeholder groups (e.g., Bhattacharya and Korschun 2008; Ferrell et al. 2010).

The 2007 AMA definition of marketing was driven by a market orientation focus on customers, not multiple stakeholder relationships (Ferrell et al. 2010). There is a need to coordinate, resolve conflicts, and align the competing and complementary interests of various stakeholders. Kotler (2005) believes that companies can no longer operate as self-contained, fully capable units without dedicated partners, including multiple stakeholders such as suppliers, employees, etc. This is consistent with the view that the executive's job is to create as much value as possible for stakeholders and to manage the distribution of that value (Freeman 1984). There is an opportunity to expand the scant research that has examined the performance implications of a broadened marketing focus to all stakeholders. Next we develop research questions for stakeholder marketing research.

Research questions

1) How do stakeholder marketing exchanges occur?

   Stakeholder exchange must be facilitated and maintained to create long run value relationships. In marketing, the major focus is maintaining relationships and creating value. Exchange concepts are well developed in economics, sociology, psychology, and anthropology, creating an overlap in subject matter between marketing and various behavioral sciences (Bagozzi 1979). This overlap should provide a foundation for marketing research. Much of the social sciences view exchange metaphorically, inferring implicit transactions. Even gift giving or one way transfers can constitute symbolic exchange (Bagozzi 1979). Therefore, how exchange of any type can be facilitated and maintained appears to be an area where more knowledge is needed. More specifically, the exchange relationships with some stakeholders may be significantly different than exchange relationships with customers. Relationships with these stakeholders may relate more to social negotiation. Entities, such as the community or a special interest group, may communicate their desires and look for a positive outcome. Some stakeholders may issue threats or potential punishment for not taking appropriate action, or positive publicity could be a reward.
2) What type of marketing activities affects primary and secondary stakeholders?
3) How do stakeholder exchanges influence the marketing activities organizations perform?

   Organizations engage in a series of utilitarian, symbolic, and mixed exchanges with multiple stakeholders (Bagozzi 1975). Through their marketing activities, organizations positively or negatively affect these stakeholders. In turn, stakeholder responses have an impact on marketing activities. In this context, researchers should investigate what marketing activities affect primary and secondary stakeholders. Product development, advertising, promotion, pricing, distribution, and social responsibility initiatives can all have an influence on different stakeholders. For example, an automobile manufacturer that emphasizes product development may impact customers (by selling cars that have innovative features), regulators (by meeting regulatory demands and standards), and the community (by developing fuel efficient vehicles that are environmentally friendly). Similarly, marketing activities with a social dimension such as donating to charities not only influence the community (by benefitting from the donation), but they also have an effect on customers since these activities increase their support (e.g., Handelman and Arnold 1999). Furthermore, institutional theory holds that uncertainty drives organizations to imitate other organizations in their environment (e.g., competitors—DiMaggio and Powell 1983). It follows that if an organization is unclear about how to perform certain marketing activities, it will copy the competitors' actions. Hence, an organization's marketing activities should have an impact on its competitors (i.e., secondary stakeholders), and vice versa. Such interactions are worth exploring.

   In addition, we see a need for research that examines how stakeholders influence the marketing activities that organizations perform (cf. Frooman 1999). It seems that stakeholders signal to organizations which marketing activities they like or do not like and which activities they approve or disapprove of. For example, customers may signal their attitudes to an organization and its products by continuing to purchase the organization's products, by not purchasing anymore, by engaging in positive or negative word-of-mouth, by complaining to the organization, etc. Similarly, other stakeholders use different tactics to convey important information to the organization. In particular, secondary stakeholders engage in actions such as letter-writing campaigns, proxy votes, boycotts, protests, and civil suits to demand that an organization adopt certain principles, label products, or make operational changes (Eesley and Lenox 2006). Based on these stakeholder actions, an organization will likely alter its current marketing activities and practices. Researchers should investigate this further.
4) How can organizations maximize the value created by stakeholders?

   According to the social exchange paradigm, "people and organizations interact in such a manner so as to maximize their rewards and minimize their costs" (Bagozzi 1974, p. 77). These interactions imply that organizations engage in complex exchanges (Bagozzi 1975) with multiple stakeholders given the value provided by these exchanges. However, it is likely that some stakeholders create more value than others. Stakeholders have competing demands, and at the same time, organizations have limited resources. To maximize value, organizations need to allocate more resources to those stakeholders that convert resources into value. Therefore, it is critical for organizations to prioritize among the different stakeholders in order to determine how many resources to devote to each.

To provide recommendations to organizations on how to maximize the value created by stakeholders, marketing researchers should examine the relative importance of each stakeholder group for value creation given market segment targeted, industry category, and a host of other contingencies that are deemed influential. For example, future studies could disaggregate the construct of stakeholder value into different dimensions—e.g., customer value, employee value, supplier value, shareholder value, regulator value, and community value—to investigate which of these weigh more for the overall concept of stakeholder value. It seems reasonable to argue that some stakeholders will be driving value more than others. As such, organizations should place more emphasis on these key groups in certain circumstances. Organizations that both embrace a holistic stakeholder approach and prioritize among the stakeholders should maximize value as a whole.

5) Is stakeholder value more effective at achieving marketing outcomes than narrower conceptions of value (i.e., customer value, employee value, shareholder value, regulator value, supplier value, community value)?

As shown in Table 1 and previously discussed, scant marketing research examining the organization's simultaneous interactions with multiple stakeholders exists. Consequently, little is known about the marketing outcome implications of the value created by stakeholders. Marketing researchers ought to move beyond the investigation of restricted exchanges involving a single stakeholder (e.g., customers) to incorporate the examination of complex exchanges (Bagozzi 1975) into future studies. Specifically, future research should compare the effectiveness of organizations that deliver superior stakeholder value vis-à-vis organizations that deliver a specific, more limited type of stakeholder value—to a particular stakeholder (customer value, shareholder value, etc.). From a stakeholder theory perspective, a holistic stakeholder approach to doing business is more effective in achieving superior outcomes than other, more limited approaches (e.g., Jones 1995). In this context, providing value to all stakeholders should result in better marketing outcomes than providing value to only a select set of stakeholders.

For example, at first glance, it seems that those organizations that specifically focus on delivering superior customer value will achieve a high level of customer satisfaction and customer loyalty (marketing outcomes). However, if while doing this, these organizations disregard delivering benefits to other stakeholders—such as to the employees or to the community—marketing outcomes could be negatively affected. Evidence suggests that customers want organizations to be socially responsible (e.g., Luo and Bhattacharya 2006). Therefore, an organization that exploits workers or pollutes the environment may still have negative customer satisfaction and customer loyalty even though it attends to its customers. In this case, focusing too much on a single stakeholder brings negative repercussions to the organization. On the other hand, balancing the stakeholders' interests by delivering value to multiple stakeholders may have a stronger, positive impact on marketing outcomes. Is stakeholder value more effective at achieving superior marketing outcomes than narrower conceptions of value (i.e., customer value, employee value, shareholder value, regulator value, supplier value, community value)? If so, what is the incremental contribution of a broader conception of stakeholder value to marketing outcomes? We encourage marketing researchers to explore these issues as they would provide instructive information to management.

6) How do marketing outcomes affect the marketing activities that the firm performs?

Marketing studies frequently examine how different marketing activities, strategies, and capabilities impact marketing outcomes (e.g., Vorhies and Morgan 2005)—and not how outcomes impact activities. Organizations vary in the marketing outcomes they emphasize. For instance, they may focus on customer satisfaction, customer loyalty, brand equity, corporate social performance, reputation, innovation, etc. Depending on which marketing outcomes the organization emphasizes and achieves, the marketing activities performed will vary as well. These marketing outcomes will inevitably favor some stakeholders more than others.

For example, if a key objective of the organization is to attain a high level of customer satisfaction (marketing outcome) and it achieves this, the organization will be prompted to target its marketing activities to delight customers, which *should* create superior value to the customers, which in turn *should* translate into a high level of customer satisfaction. This will lead the organization to continue devoting attention to customers in the activities it performs. Similarly, an organization that focuses on attaining corporate social performance will favor other stakeholders in addition to customers, which will have an impact on its marketing activities. It will support local communities, emphasize diversity in the workplace, purchase locally produced inputs, and seek to develop products with social characteristics (e.g., McWilliams and Siegel 2001). Therefore, such organizations engage in marketing activities that affect communities, employees, suppliers, and customers. How do marketing outcomes affect the marketing activities organizations perform? Which marketing outcomes are closely related to a particular marketing activity (e.g., product development, channel management, pricing)?

7) Are secondary stakeholders ever as important to the organization as primary stakeholders? If so, under what conditions?

According to the normative approach to stakeholder theory, organizations should pay attention to the demands of all of their stakeholders (e.g., Jones and Wicks 1999). As such, no stakeholder should be more important than others. However, several stakeholder typologies (e.g., Clarkson 1995) propose that differences exist between primary and secondary stakeholders—and view primary stakeholders as having a more direct influence on the organization. Further, the stakeholder identification framework set forth by Mitchell et al. (1997) suggests that primary stakeholders have more power, legitimacy, and/or urgency than secondary stakeholders. Hence, primary stakeholders are more salient to management, and so more attention is devoted to them. Is it ever possible for secondary stakeholders to demand more attention than primary stakeholders? Can they ever possess more power, legitimacy, and/or urgency? If so, under what conditions? For example, research on market orientation has highlighted the importance of attending to customers and competitors to achieve the organization's objectives—thereby emphasizing both primary and secondary stakeholders.

Drawing on contingency theory, one could argue that the amount of attention management should pay to primary and secondary stakeholders "depends on the nature of the environment to which the organization relates" (Scott 2005, p. 89). It follows that the industry in which the organization operates influences the importance of stakeholders (e.g., Werther and Chandler 2010). For example, some industries such as the fast food industry are more prone to attend to the diverse interests of various stakeholders. The last decade has seen an increased adoption of healthier food choices in the fast food industry due to the demand of multiple stakeholders. Prior to the fast food industry's attentiveness to multiple stakeholders, the tobacco industry adopted warning labels, limitations on advertisements, and even tips on how to decrease or give up smoking due to a plethora of stakeholder interests. Neither of these industries (fast food and tobacco) changed their behaviors solely due to customers' wishes. Instead, multiple primary and secondary stakeholders influenced these industries to change their behaviors to attend to the needs and wishes of multiple stakeholders. By extension, it is also likely that in some industries and/or cultures secondary stakeholders are more important than some primary stakeholders. Future studies should incorporate the industry and culture (national and/or subcultures) as influencing variables when examining the relative importance of the different stakeholders.

8) Should marketers prioritize among stakeholder groups?

While it is imperative for marketing researchers to study the performance implications of stakeholder marketing efforts (e.g., Ferrell et al. 2010), it is equally important to investigate how firms can effectively prioritize among the six primary stakeholder groups. Stakeholders have conflicting demands, and at the same time, firms have limited resources. Firms that actively monitor both the internal and the external business environment to be cognizant of the demands of their stakeholders and of how these demands change over time face the challenges of trying to respond to their stakeholders' competing demands. Since it is highly unlikely for firms to address all of their stakeholders' interests, it is equally critical that they prioritize among the six stakeholders. By doing so, firms can more easily determine what actions to take in those cases where a conflict exists.

According to Mitchell et al. (1997), managers prioritize stakeholders that possess power, legitimacy, and urgency, while giving lower priority to those that possess only one or two of these attributes. Furthermore, Smith et al. (2010) propose that marketing managers pay "particular attention to stakeholders who include or are especially influential or relevant in regard to customers" (p. 7). However, in order to provide more tangible recommendations to firms, marketing researchers should examine the relative importance of each stakeholder group for performance. For example, future research could disaggregate stakeholder-related constructs such as stakeholder orientation into six dimensions—customer orientation, employee orientation, supplier orientation, shareholder orientation, regulator orientation, and community orientation—to investigate which of these are more significant to achieve firm objectives. In addition, marketing studies should explore whether stakeholder-oriented strategies that respond to and devote resources equally to the six stakeholders are more effective than focused strategies that attend relatively more to select stakeholder groups (e.g., customers, shareholders) while paying less attention to the other groups (cf. Ferrell et al. 2010). This would provide insights into the marginal value or cost of allocating resources to each additional stakeholder.

9) Is the industry a moderating variable in investigating stakeholder marketing?

 The industry in which the firm competes may shape the strategies it implements (e.g., Schmalensee 1985). This suggests that stakeholder strategies are context-dependent and that the relative importance of each stakeholder varies by industry. As such, future studies should incorporate the industry as a moderating variable when examining the antecedents and outcomes of stakeholder marketing. For instance, it would be interesting to explore whether manufacturing firms gain greater benefits from stakeholder marketing than service firms, given that their actions are more tangible, and hence, easier to assess. In addition to studying the moderating effect of the industry in stakeholder relationships, future research should aim for a more fine-grained analysis by investigating how other players within a firm's industry affect how a particular firm responds to its stakeholders. For example, according to institutional theory, uncertainty drives firms to imitate other organizations in their environment (e.g., DiMaggio and Powell 1983). It follows that if a firm is unclear about how to manage its multiple stakeholders, it will model itself after those around it. Hence, if the firm's competitors provide high-quality products and services, employ a diverse workforce, collaborate with suppliers, and contribute to charities, the firm will copy these behaviors. Such convergence of stakeholder-oriented strategies within a given industry is worth exploring.

Conclusions

The purpose of this article has been to advance our understanding of stakeholder theory as it can be applied to various marketing phenomena. The umbrella objective has been to provide a holistic perspective of marketing-focused stakeholder theory as multiple relationships managed to achieve responsible firm outcomes. A conceptual framework was developed that shows linkages and interrelationships between marketing activities, multiple stakeholder exchanges, and performance outcomes. Based on an extensive literature review in marketing, we discovered that most theory and research is based on a single stakeholder perspective. However, there are six primary stakeholders that have an influence on marketing relationships. They include customers, employees, suppliers, shareholders, regulators, and the local community.

A number of research opportunities exist that relate to the discovery of relationships between and among these multiple stakeholders, various moderators such as the industry, and performance outcomes. Related to this research challenge is the need to investigate if firms should try to prioritize the interests of the six primary stakeholder groups and what influences should lead to differential weighting of the six stakeholders, or whether all stakeholders should receive equal concern. Relatedly, a number of environmental and/or industry influences have the potential to shape a firm's strategy for stakeholder orientation.

Finally, many researchers are working to redefine value creation and trade relationships in terms of stakeholder theory (Parmar et al. 2010). While stakeholder theory is grounded in normative concepts related to responsibility and ethics, marketing research is using stakeholder theory to explore positive relationships with marketing outcomes such as financial performance as well as social performance. That begs the question: What are the implications of normative versus positive modeling of stakeholder phenomena? The answer goes to the heart of describing, explaining, and predicting stakeholder marketing and providing a fruitful starting point for future research.

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