Glossary

Adapted global marketing An international marketing strategy that adjusts the marketing strategy and mix elements to each international target market, bearing more costs but hoping for a larger market share and return.

Administered VMS A vertical marketing system that coordinates successive stages of production and distribution, not through common ownership or contractual ties but through the size and power of one of the parties.

Adoption process The mental process through which an individual passes from first hearing about an innovation to final adoption.

Advertising Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

Advertising agency A marketing services firm that assists companies in planning, preparing, implementing, and evaluating all or portions of their advertising programs.

Advertising budget The dollars and other resources allocated to a product or a company advertising program.

Advertising media The vehicles through which advertising messages are delivered to their intended audiences.

Advertising objective A specific communication *task* to be accomplished with a specific *target* audience during a specific period of *time*.

Advertising strategy The strategy by which the company accomplishes its advertising objectives. It consists of two major elements: creating advertising messages and selecting advertising media.

Affordable method Setting the promotion budget at the level management thinks the company can afford.

Age and life-cycle segmentation Dividing a market into different age and life-cycle groups.

Agent A wholesaler who represents buyers or sellers on a relatively permanent basis, performs only a few functions, and does not take title to goods.

Allowance Promotional money paid by manufacturers to retailers in return for an agreement to feature the manufacturer's products in some way.

Alternative evaluation The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set.

Approach A salesperson meets the customer for the first time.

Attitude A person's consistently favorable or unfavorable evaluations, feelings, and tendencies toward an object or idea.

Baby boomers The 78 million people born during years following World War II and lasting until 1964.

Basing-point pricing A geographical pricing strategy in which the seller designates some city as a basing point and charges all customers the freight cost from that city to the customer.

Behavioral segmentation Dividing a market into segments based on consumer knowledge, attitudes, uses, or responses to a product.

Belief A descriptive thought that a person holds about something.

Benchmarking The process of comparing the company's products and processes to those of competitors or leading firms in other industries to identify best practices and find ways to improve quality and performance.

Benefit segmentation Dividing the market into segments according to the different benefits that consumers seek from the product.

Blogs Online journals where people post their thoughts, usually on a narrowly defined topic.

Brand A name, term, sign, symbol, design, or a combination of these, that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors.

Brand equity The differential effect that knowing the brand name has on customer response to the product or its marketing.

Brand extension Extending an existing brand name to new product categories.

Break-even pricing (target return pricing) Setting price to break even on the costs of making and marketing a product or setting price to make a target return.

Broker A wholesaler who does not take title to goods and whose function is to bring buyers and sellers together and assist in negotiation.

Business analysis A review of the sales, costs, and profit projections for a new product to find out whether these factors satisfy the company's objectives.

Business buyer behavior The buying behavior of organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others.

Business buying process The decision process by which business buyers determine which products and services their organizations need to purchase and then find, evaluate, and choose among alternative suppliers and brands.

Business portfolio The collection of businesses and products that make up the company.

Business promotions Sales promotion tools used to generate business leads, stimulate purchases, reward customers, and motivate salespeople.

Business-to-business (B-to-B) online marketing Businesses using online marketing to reach new business customers, serve current customers more effectively, and obtain buying efficiencies and better prices.

Business-to-consumer (B-to-C) online marketing Businesses selling goods and services online to final consumers.

Buyer-readiness stages The stages consumers normally pass through on their way to a purchase, including awareness, knowledge, liking, preference, conviction, and, finally, the actual purchase.

Buyers People in an organization's buying center who make an actual purchase.

Buying center All the individuals and units that play a role in the purchase decision-making process.

Buzz marketing Cultivating opinion leaders and getting them to spread information about a product or service to others in their communities.

By-product pricing Setting a price for by-products to make the main product's price more competitive.

Captive product pricing Setting a price for products that must be used along with a main product, such as blades for a razor and games for a videogame console.

Catalog marketing Direct marketing through print, video, or digital catalogs that are mailed to select customers, made available in stores, or presented online.

Category killer A giant specialty store that carries a very deep assortment of a particular line and is staffed by knowledgeable employees.

Causal research Marketing research to test hypotheses about cause-and-effect relationships.

Chain stores Two or more outlets that are commonly owned and controlled.

Channel conflict Disagreement among marketing channel members on goals, roles, and rewards—who should do what and for what rewards.

Channel level A layer of intermediaries that performs some work in bringing the product and its ownership closer to the final buyer.

Click-and-mortar companies Traditional brick-and-mortar companies that have added online marketing to their operations.

Click-only companies The so-called dot-coms, which operate online only and have no brick-and-mortar market presence.

Closing A salesperson asks the customer for an order.

Co-branding The practice of using the established brand names of two different companies on the same product.

Cognitive dissonance Buyer discomfort caused by postpurchase conflict.

Commercial online databases Collections of information available from online commercial sources or accessible via the Internet.

Commercialization Introducing a new product into the market.

Communication adaptation A global communication strategy of fully adapting advertising messages to local markets.

Competition-based pricing Setting prices based on competitors' strategies, prices, costs, and market offerings.

Competitive advantage An advantage over competitors gained by offering greater customer value, either by having lower prices or providing more benefits that justify higher prices.

Competitive marketing intelligence The systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketing environment.

Competitive marketing strategies Strategies that strongly position the company against competitors and give the company the strongest possible strategic advantage.

Competitive-parity method Setting the promotion budget to match competitors' outlays.

Competitor analysis The process of identifying key competitors; assessing their objectives, strategies, strengths and weaknesses, and reaction patterns; and selecting which competitors to attack or avoid.

Competitor-centered company A company whose moves are mainly based on competitors' actions and reactions.

Complex buying behavior Consumer buying behavior in situations characterized by high consumer involvement in a purchase and significant perceived differences among brands.

Concentrated (niche) marketing A market-coverage strategy in which a firm goes after a large share of one or a few segments or niches.

Concept testing Testing new-product concepts with a group of target consumers to find out if the concepts have strong consumer appeal.

Consumer buyer behavior The buying behavior of final consumers—individuals and households that buy goods and services for personal consumption.

Consumer market All the individuals and households that buy or acquire goods and services for personal consumption.

Consumer product A product bought by final consumers for personal consumption.

Consumer promotions Sales promotion tools used to boost short-term customer buying and involvement or enhance long-term customer relationships.

Consumer-generated marketing Brand exchanges created by consumers themselves—both invited and uninvited—by which consumers are playing an increasing role in shaping their own brand experiences and those of other consumers.

Consumer-oriented marketing A principle of sustainable marketing that holds a company should view and organize its marketing activities from the consumer's point of view.

Consumer-to-business (C-to-B) online marketing Online exchanges in which consumers search out sellers, learn about their offers, and initiate purchases, sometimes even driving transaction terms.

Consumer-to-consumer (C-to-C) online marketing Online exchanges of goods and information between final consumers.

Consumerism An organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers.

Contract manufacturing A joint venture in which a company contracts with manufacturers in a foreign market to produce the product or provide its service.

Contractual VMS A vertical marketing system in which independent firms at different levels of production and distribution join together through contracts to obtain more economies or sales impact than they could achieve alone.

Convenience product A consumer product that customers usually buy frequently, immediately, and with minimal comparison and buying effort.

Convenience store A small store, located near a residential area, that is open long hours seven days a week and carries a limited line of high-turnover convenience goods.

Conventional distribution channel A channel consisting of one or more independent producers, wholesalers, and retailers, each a separate business seeking to maximize its own profits, even at the expense of profits for the system as a whole.

Corporate (or brand) Web site A Web site designed to build customer goodwill, collect customer feedback, and supplement other sales channels rather than sell the company's products directly.

Corporate VMS A vertical marketing system that combines successive stages of production and distribution under single ownership—channel leadership is established through common ownership.

Cost-based pricing Setting prices based on the costs for producing, distributing, and selling the product plus a fair rate of return for effort and risk.

Cost-plus pricing (markup pricing) Adding a standard markup to the cost of the product.

Creative concept The compelling "big idea" that will bring the advertising message strategy to life in a distinctive and memorable way.

Crowdsourcing Inviting broad communities of people—customers, employees, independent scientists and researchers, and even the public at large—into the new-product innovation process.

Cultural environment Institutions and other forces that affect society's basic values, perceptions, preferences, and behaviors.

Culture The set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions.

Customer (or market) sales force structure A sales force organization in which salespeople specialize in selling only to certain customers or industries.

Customer database An organized collection of comprehensive data about individual customers or prospects, including geographic, demographic, psychographic, and behavioral data.

Customer equity The total combined customer lifetime values of all of the company's customers.

Customer insights Fresh understandings of customers and the marketplace derived from marketing information that become the basis for creating customer value and relationships.

Customer lifetime value The value of the entire stream of purchases that the customer would make over a lifetime of patronage.

Customer relationship management The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Customer relationship management (CRM) Managing detailed information about individual customers and carefully managing customer touch points to maximize customer loyalty.

Customer satisfaction The extent to which a product's perceived performance matches a buyer's expectations.

Customer value analysis An analysis conducted to determine what benefits target customers value and how they rate the relative value of various competitors' offers.

Customer value-based pricing Setting price based on buyers' perceptions of value rather than on the seller's cost.

Customer-centered company A company that focuses on customer developments in designing its marketing strategies and delivering superior value to its target customers.

Customer-centered new-product development New-product development that focuses on finding new ways to solve customer problems and create more customer-satisfying experiences.

Customer-managed relationships Marketing relationships in which customers, empowered by today's new digital technologies, interact with companies and with each other to shape their relationships with brands.

Customer-perceived value The customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.

Customer-value marketing A principle of sustainable marketing that holds a company should put most of its resources into customer-value-building marketing investments.

Deciders People in an organization's buying center who have formal or informal power to select or approve the final suppliers.

Decline stage The PLC stage in which a product's sales decline.

Deficient products Products that have neither immediate appeal nor long-run benefits.

Demand curve A curve that shows the number of units the market will buy in a given time period, at different prices that might be charged.

Demands Human wants that are backed by buying power.

Demographic segmentation Dividing the market into segments based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality.

Demography The study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics.

Department store A retail organization that carries a wide variety of product lines—each line is operated as a separate department managed by specialist buyers or merchandisers.

Derived demand Business demand that ultimately comes from (derives from) the demand for consumer goods.

Descriptive research Marketing research to better describe marketing problems, situations, or markets, such as the market potential for a product or the demographics and attitudes of consumers.

Desirable products Products that give both high immediate satisfaction and high long-run benefits.

Differentiated (segmented) marketing A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.

Differentiation Actually differentiating the market offering to create superior customer value.

Direct investment Entering a foreign market by developing foreign-based assembly or manufacturing facilities.

Direct marketing Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships.

Direct marketing channel A marketing channel that has no intermediary levels.

Direct-mail marketing Direct marketing by sending an offer, announcement, reminder, or other item to a person at a particular physical or virtual address.

Direct-response television marketing Direct marketing via television, including direct-response television advertising (or infomercials) and home shopping channels.

Discount A straight reduction in price on purchases during a stated period of time or of larger quantities.

Discount store A retail operation that sells standard merchandise at lower prices by accepting lower margins and selling at higher volume.

Disintermediation The cutting out of marketing channel intermediaries by product or service producers or the displacement of traditional resellers by radical new types of intermediaries.

Dissonance-reducing buying behavior Consumer buying behavior in situations characterized by high involvement but few perceived differences among brands.

Distribution center A large, highly automated warehouse designed to receive goods from various plants and suppliers, take orders, fill them efficiently, and deliver goods to customers as quickly as possible.

Diversification Company growth through starting up or acquiring businesses outside the company's current products and markets.

Dynamic pricing Adjusting prices continually to meet the characteristics and needs of individual customers and situations.

E-procurement Purchasing through electronic connections between buyers and sellers—usually online.

Economic community A group of nations organized to work toward common goals in the regulation of international trade.

Economic environment Economic factors that affect consumer purchasing power and spending patterns.

Environmental sustainability A management approach that involves developing strategies that both sustain the environment and produce profits for the company.

Environmentalism An organized movement of concerned citizens and government agencies to protect and improve people's current and future living environment.

Ethnographic research A form of observational research that involves sending trained observers to watch and interact with consumers in their "natural environments."

Event marketing (event sponsorships) Creating a brand-marketing event or serving as a sole or participating sponsor of events created by others.

Exchange The act of obtaining a desired object from someone by offering something in return.

Exclusive distribution Giving a limited number of dealers the exclusive right to distribute the company's products in their territories.

Execution style The approach, style, tone, words, and format used for executing an advertising message.

Experience curve (learning curve) The drop in the average per-unit production cost that comes with accumulated production experience.

Experimental research Gathering primary data by selecting matched groups of subjects, giving them different treatments, controlling related factors, and checking for differences in group responses.

Exploratory research Marketing research to gather preliminary information that will help define problems and suggest hypotheses.

Exporting Entering a foreign market by selling goods produced in the company's home country, often with little modification.

Factory outlet An off-price retailing operation that is owned and operated by a manufacturer and normally carries the manufacturer's surplus, discontinued, or irregular goods.

Fad A temporary period of unusually high sales driven by consumer enthusiasm and immediate product or brand popularity.

Fashion A currently accepted or popular style in a given field.

Fixed costs (overhead) Costs that do not vary with production or sales level.

FOB-origin pricing A geographical pricing strategy in which goods are placed free on board a carrier; the customer pays the freight from the factory to the destination.

Focus group interviewing Personal interviewing that involves inviting six to ten people to gather for a few hours with a trained interviewer to talk about a product, service, or organization. The interviewer "focuses" the group discussion on important issues.

Follow-up A salesperson follows up after the sale to ensure customer satisfaction and repeat business.

Franchise A contractual association between a manufacturer, wholesaler, or service organization (a franchisor) and independent businesspeople (franchisees) who buy the right to own and operate one or more units in the franchise system.

Franchise organization A contractual vertical marketing system in which a channel member, called a franchisor, links several stages in the production-distribution process.

Freight-absorption pricing A geographical pricing strategy in which the seller absorbs all or part of the freight charges to get the desired business.

Gatekeepers People in an organization's buying center who control the flow of information to others.

Gender segmentation Dividing a market into different segments based on gender.

General need description The stage in the business buying process in which a buyer describes the general characteristics and quantity of a needed item.

Generation X The 45 million people born between 1965 and 1976 in the "birth dearth" following the baby boom.

Geographic segmentation Dividing a market into different geographical units, such as nations, states, regions, counties, cities, or even neighborhoods.

Geographical pricing Setting prices for customers located in different parts of the country or world.

Global firm A firm that, by operating in more than one country, gains R&D, production, marketing, and financial advantages in its costs and reputation that are not available to purely domestic competitors.

Good-value pricing Offering the right combination of quality and good service at a fair price.

Government market Governmental units—federal, state, and local—that purchase or rent goods and services for carrying out the main functions of government.

Group Two or more people who interact to accomplish individual or mutual goals.

Growth stage The PLC stage in which a product's sales start climbing quickly.

Growth-share matrix A portfolio-planning method that evaluates a company's SBUs in terms of its market growth rate and relative market share.

Habitual buying behavior Consumer buying behavior in situations characterized by low-consumer involvement and few significantly perceived brand differences.

Handling objections A salesperson seeks out, clarifies, and overcomes any customer objections to buying.

Horizontal marketing system A channel arrangement in which two or more companies at one level join together to follow a new marketing opportunity.

Idea generation The systematic search for new-product ideas.

Idea screening Screening new-product ideas to spot good ideas and drop poor ones as soon as possible.

Income segmentation Dividing a market into different income segments.

Independent off-price retailer An off-price retailer that is either independently owned and run or is a division of a larger retail corporation.

Individual marketing Tailoring products and marketing programs to the needs and preferences of individual customers—also called *one-to-one marketing*, *customized marketing*, and *markets-of-one marketing*.

Indirect marketing channel Channel containing one or more intermediary levels.

Industrial product A product bought by individuals and organizations for further processing or for use in conducting a business.

Influencers People in an organization's buying center who affect the buying decision; they often help define specifications and also provide information for evaluating alternatives.

Information search The stage of the buyer decision process in which the consumer is aroused to search for more information; the consumer may simply have heightened attention or may go into an active information search.

Innovative marketing A principle of sustainable marketing that requires a company seek real product and marketing improvements.

Inside sales force Salespeople who conduct business from their offices via telephone, the Internet, or visits from prospective buyers.

Institutional market Schools, hospitals, nursing homes, prisons, and other institutions that provide goods and services to people in their care.

Integrated logistics management The logistics concept that emphasizes teamwork—both inside the company and among all the marketing channel organizations—to maximize the performance of the entire distribution system.

Integrated marketing communications (IMC) Carefully integrating and coordinating the company's many communications channels to deliver a clear, consistent, and compelling message about the organization and its products.

Intensive distribution Stocking the product in as many outlets as possible.

Interactive marketing Training service employees in the fine art of interacting with customers to satisfy their needs.

Intermarket segmentation (cross-market segmentation) Forming segments of consumers who have similar needs and buying behavior even though they are located in different countries.

Intermodal transportation Combining two or more modes of transportation.

Internal databases Electronic collections of consumer and market information obtained from data sources within the company network.

Internal marketing Orienting and motivating customer-contact employees and supporting service people to work as a team to provide customer satisfaction.

Internet A vast public web of computer networks that connects users of all types around the world to each other and an amazingly large information repository.

Introduction stage The PLC stage in which a new product is first distributed and made available for purchase.

Joint ownership A joint venture in which a company joins investors in a foreign market to create a local business in which the company shares joint ownership and control.

Joint venturing Entering foreign markets by joining with foreign companies to produce or market a product or service.

Learning Changes in an individual's behavior arising from experience.

Licensing A method of entering a foreign market in which the company enters into an agreement with a licensee in the foreign market.

Lifestyle A person's pattern of living as expressed in his or her activities, interests, and opinions.

Line extension Extending an existing brand name to new forms, colors, sizes, ingredients, or flavors of an existing product category.

Local marketing Tailoring brands and promotions to the needs and wants of local customer segments—cities, neighborhoods, and even specific stores.

Macroenvironment The larger societal forces that affect the microenvironment—demographic, economic, natural, technological, political, and cultural forces.

Madison & Vine A term that has come to represent the merging of advertising and entertainment in an effort to break through the clutter and create new avenues for reaching consumers with more engaging messages.

Management contracting A joint venture in which the domestic firm supplies the management know-how to a foreign company that supplies the capital; the domestic firm exports management services rather than products.

Manufacturers' sales branches and offices Wholesaling by sellers or buyers themselves rather than through independent wholesalers.

Market The set of all actual and potential buyers of a product or service.

Market challenger A runner-up firm that is fighting hard to increase its market share in an industry.

Market development Company growth by identifying and developing new market segments for current company products.

Market follower A runner-up firm that wants to hold its share in an industry without rocking the boat.

Market leader The firm in an industry with the largest market share.

Market nicher A firm that serves small segments that the other firms in an industry overlook or ignore.

Market offerings Some combination of products, services, information, or experiences offered to a market to satisfy a need or want.

Market penetration Company growth by increasing sales of current products to current market segments without changing the product.

Market segment A group of consumers who respond in a similar way to a given set of marketing efforts.

Market segmentation Dividing a market into smaller segments with distinct needs, characteristics, or behavior that might require separate marketing strategies or mixes.

Market targeting (targeting) The process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

Market-centered company A company that pays balanced attention to both customers and competitors in designing its marketing strategies.

Market-penetration pricing Setting a low price for a new product to attract a large number of buyers and a large market share.

Market-skimming pricing (price skimming) Setting a high price for a new product to skim maximum revenues layer by layer from the segments willing to pay the high price; the company makes fewer but more profitable sales.

Marketing The process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.

Marketing channel (or distribution channel) A set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user.

Marketing channel design Designing effective marketing channels by analyzing customer needs, setting channel objectives, identifying major channel alternatives, and evaluating those alternatives.

Marketing channel management Selecting, managing, and motivating individual channel members and evaluating their performance over time.

Marketing concept A philosophy that holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.

Marketing control Measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved.

Marketing environment The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers.

Marketing implementation Turning marketing strategies and plans into marketing actions to accomplish strategic marketing objectives.

Marketing information system (MIS) People and procedures for assessing information needs, developing the needed information, and helping decision makers to use the information to generate and validate actionable customer and market insights.

Marketing intermediaries Firms that help the company to promote, sell, and distribute its goods to final buyers.

Marketing logistics (or physical distribution) Planning, implementing, and controlling the physical flow of materials, final goods, and related information from points of origin to points of consumption to meet customer requirements at a profit.

Marketing management The art and science of choosing target markets and building profitable relationships with them.

Marketing mix The set of tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market.

Marketing myopia The mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.

Marketing research The systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.

Marketing strategy development Designing an initial marketing strategy for a new product based on the product concept.

Marketing strategy The marketing logic by which the company hopes to create customer value and achieve profitable customer relationships.

Marketing Web site A Web site that engages consumers in interactions that will move them closer to a direct purchase or other marketing outcome.

Maturity stage The PLC stage in which a product's sales growth slows or levels off.

Merchant wholesaler An independently owned wholesaler business that takes title to the merchandise it handles.

Microenvironment The actors close to the company that affect its ability to serve its customers—the company, suppliers, marketing intermediaries, customer markets, competitors, and publics.

Micromarketing Tailoring products and marketing programs to the needs and wants of specific individuals and local customer segments; It includes *local marketing* and *individual marketing*.

Millennials (or Generation Y) The 83 million children of the baby boomers, born between 1977 and 2000.

Mission statement A statement of the organization's purpose—what it wants to accomplish in the larger environment.

Modified rebuy A business buying situation in which the buyer wants to modify product specifications, prices, terms, or suppliers.

Motive (drive) A need that is sufficiently pressing to direct the person to seek satisfaction of the need.

Multichannel distribution system A distribution system in which a single firm sets up two or more marketing channels to reach one or more customer segments.

Natural environment Natural resources that are needed as inputs by marketers or that are affected by marketing activities.

Need recognition The first stage of the buyer decision process, in which the consumer recognizes a problem or need.

Needs States of felt deprivation.

New product A good, service, or idea that is perceived by some potential customers as new.

New task A business buying situation in which the buyer purchases a product or service for the first time.

New-product development The development of original products, product improvements, product modifications, and new brands through the firm's own product development efforts.

Nonpersonal communication channels Media that carry messages without personal contact or feedback, including major media, atmospheres, and events.

Objective-and-task method Developing the promotion budget by (1) defining specific promotion objectives, (2) determining the tasks needed to achieve these objectives, and (3) estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget.

Observational research Gathering primary data by observing relevant people, actions, and situations.

Occasion segmentation Dividing the market into segments according to occasions when buyers get the idea to buy, actually make their purchase, or use the purchased item.

Off-price retailer A retailer that buys at less-than-regular wholesale prices and sells at less than retail. Examples are factory outlets, independents, and warehouse clubs.

Online advertising Advertising that appears while consumers are browsing the Web, including display ads, search-related ads, online classifieds, and other forms.

Online focus groups Gathering a small group of people online with a trained moderator to chat about a product, service, or organization and gain qualitative insights about consumer attitudes and behavior.

Online marketing Efforts to market products and services and build customer relationships over the Internet.

Online marketing research Collecting primary data online through Internet surveys, online focus groups, Web-based experiments, or tracking consumers' online behavior.

Online social networks Online social communities—blogs, social networking Web sites, or even virtual worlds—where people socialize or exchange information and opinions.

Opinion leader A person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts social influence on others.

Optional product pricing The pricing of optional or accessory products along with a main product.

Order-routine specification The stage of the business buying process in which the buyer writes the final order with the chosen supplier(s), listing the technical specifications, quantity needed, expected time of delivery, return policies, and warranties.

Outside sales force (or field sales force) Salespeople who travel to call on customers in the field.

Packaging The activities of designing and producing the container or wrapper for a product.

Partner relationship management Working closely with partners in other company departments and outside the company to jointly bring greater value to customers.

Percentage-of-sales method Setting the promotion budget at a certain percentage of current or forecasted sales or as a percentage of the unit sales price.

Perception The process by which people select, organize, and interpret information to form a meaningful picture of the world.

Performance review The stage of the business buying process in which the buyer assesses the performance of the supplier and decides to continue, modify, or drop the arrangement.

Personal communication channels Channels through which two or more people communicate directly with each other, including face to face, on the phone, via mail or e-mail, or even through an Internet "chat."

Personal selling Personal presentations by the firm's sales force for the purpose of making sales and building customer relationships.

Pleasing products Products that give high immediate satisfaction but may hurt consumers in the long run.

Political environment Laws, government agencies, and pressure groups that influence and limit various organizations and individuals in a given society.

Portfolio analysis The process by which management evaluates the products and businesses that make up the company.

Positioning Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Positioning statement A statement that summarizes company or brand positioning. It takes this form: *To (target segment and need) our (brand) is (concept) that (point of difference)*.

Postpurchase behavior The stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction with a purchase.

Preapproach A salesperson learns as much as possible about a prospective customer before making a sales call.

Presentation A salesperson tells the "value story" to the buyer, showing how the company's offer solves the customer's problems.

Price The amount of money charged for a product or service; the sum of the values that customers exchange for the benefits of having or using the product or service.

Price elasticity A measure of the sensitivity of demand to changes in price.

Primary data Information collected for the specific purpose at hand.

Problem recognition The first stage of the business buying process in which someone in the company recognizes a problem or need that can be met by acquiring a good or a service.

Product Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.

Product adaptation Adapting a product to meet local conditions or wants in foreign markets.

Product bundle pricing Combining several products and offering the bundle at a reduced price.

Product concept A detailed version of the new-product idea stated in meaningful consumer terms.

Product concept The idea that consumers will favor products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements.

Product development Company growth by offering modified or new products to current market segments.

Product development Developing the product concept into a physical product to ensure that the product idea can be turned into a workable market offering.

Product invention Creating new products or services for foreign markets.

Product life cycle (PLC) The course of a product's sales and profits over its lifetime. It involves five distinct stages: product development, introduction, growth, maturity, and decline.

Product line A group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges.

Product line pricing Setting the price steps between various products in a product line based on cost differences between the products, customer evaluations of different features, and competitors' prices.

Product mix (or product portfolio) The set of all product lines and items that a particular seller offers for sale.

Product position The way the product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products.

Product quality The characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs.

Product sales force structure A sales force organization in which salespeople specialize in selling only a portion of the company's products or lines.

Product specification The stage of the business buying process in which the buying organization decides on and specifies the best technical product characteristics for a needed item.

Product/market expansion grid A portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification.

Production concept The idea that consumers will favor products that are available and highly affordable and that the organization should therefore focus on improving production and distribution efficiency.

Promotion mix (or marketing communications mix) The specific blend of promotion tools that the company uses to persuasively communicate customer value and build customer relationships.

Promotional pricing Temporarily pricing products below the list price, and sometimes even below cost, to increase short-run sales.

Proposal solicitation The stage of the business buying process in which the buyer invites qualified suppliers to submit proposals.

Prospecting A salesperson or company identifies qualified potential customers.

Psychographic segmentation Dividing a market into different segments based on social class, lifestyle, or personality characteristics.

Psychological pricing Pricing that considers the psychology of prices, not simply the economics; the price says something about the product.

Public Any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.

Public relations (PR) Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.

Pull strategy A promotion strategy that calls for spending a lot on consumer advertising and promotion to induce final consumers to buy the product, creating a demand vacuum that "pulls" the product through the channel.

Purchase decision The buyer's decision about which brand to purchase.

Push strategy A promotion strategy that calls for using the sales force and trade promotion to push the product through channels. The producer promotes the product to channel members who in turn promote it to final consumers.

Reference prices Prices that buyers carry in their minds and refer to when they look at a given product.

Retailer A business whose sales come *primarily* from retailing.

Retailing All the activities involved in selling goods or services directly to final consumers for their personal, nonbusiness use.

Return on advertising investment The net return on advertising investment divided by the costs of the advertising investment.

Return on marketing investment (or marketing ROI) The net return from a marketing investment divided by the costs of the marketing investment.

Sales 2.0 The merging of innovative sales practices with Web 2.0 technologies to improve sales force effectiveness and efficiency.

Sales force management Analyzing, planning, implementing, and controlling sales force activities.

Sales promotion Short-term incentives to encourage the purchase or sale of a product or a service.

Sales quota A standard that states the amount a salesperson should sell and how sales should be divided among the company's products.

Salesperson An individual representing a company to customers by performing one or more of the following activities: prospecting, communicating, selling, servicing, information gathering, and relationship building.

Salutary products Products that have low appeal but may benefit consumers in the long run.

Sample A segment of the population selected for marketing research to represent the population as a whole.

Secondary data Information that already exists somewhere, having been collected for another purpose.

Segmented pricing Selling a product or service at two or more prices, where the difference in prices is not based on differences in costs.

Selective distribution The use of more than one but fewer than all the intermediaries who are willing to carry the company's products.

Selling concept The idea that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.

Selling process The steps that salespeople follow when selling, which include prospecting and qualifying, preapproach, approach, presentation and demonstration, handling objections, closing, and follow-up.

Sense-of-mission marketing A principle of sustainable marketing that holds a company should define its mission in broad social terms rather than narrow product terms.

Service An activity, benefit, or satisfaction offered for sale that is essentially intangible and does not result in the ownership of anything.

Service inseparability Services are produced and consumed at the same time and cannot be separated from their providers.

Service intangibility Services cannot be seen, tasted, felt, heard, or smelled before they are bought.

Service perishability Services cannot be stored for later sale or use.

Service profit chain The chain that links service firm profits with employee and customer satisfaction.

Service retailer A retailer whose product line is actually a service, including hotels, airlines, banks, colleges, and many others.

Service variability The quality of services may vary greatly depending on who provides them and when, where, and how.

Share of customer The portion of the customer's purchasing that a company gets in its product categories.

Shopper marketing Using in-store promotions and advertising to extend brand equity to "the last mile" and encourage favorable in-store purchase decisions.

Shopping center A group of retail businesses built on a site that is planned, developed, owned, and managed as a unit.

Shopping product A consumer product that the customer, in the process of selecting and purchasing, usually compares on such attributes as suitability, quality, price, and style.

Social class Relatively permanent and ordered divisions in a society whose members share similar values, interests, and behaviors.

Social marketing The use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society.

Societal marketing A principle of sustainable marketing that holds a company should make marketing decisions by considering consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.

Societal marketing concept The idea that a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.

Spam Unsolicited, unwanted commercial e-mail messages.

Specialty product A consumer product with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort.

Specialty store A retail store that carries a narrow product line with a deep assortment within that line.

Standardized global marketing An international marketing strategy that basically uses the same marketing strategy and mix in all of the company's international markets.

Store brand (or private brand) A brand created and owned by a reseller of a product or service.

Straight product extension Marketing a product in a foreign market without any change.

Straight rebuy A business buying situation in which the buyer routinely reorders something without any modifications.

Strategic group A group of firms in an industry following the same or a similar strategy.

Strategic planning The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

Style A basic and distinctive mode of expression.

Subculture A group of people with shared value systems based on common life experiences and situations.

Supermarket A large, low-cost, low-margin, high-volume, self-service store that carries a wide variety of grocery and household products.

Superstore A store much larger than a regular supermarket that offers a large assortment of routinely purchased food products, nonfood items, and services.

Supplier development Systematic development of networks of supplier-partners to ensure an appropriate and dependable supply of products and materials for use in making products or reselling them to others.

Supplier search The stage of the business buying process in which the buyer tries to find the best vendors.

Supplier selection The stage of the business buying process in which the buyer reviews proposals and selects a supplier or suppliers.

Supply chain management Managing upstream and downstream value-added flows of materials, final goods, and related information among suppliers, the company, resellers, and final consumers.

Survey research Gathering primary data by asking people questions about their knowledge, attitudes, preferences, and buying behavior.

Sustainable marketing Socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

SWOT analysis An overall evaluation of the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).

Systems selling (or solutions selling) Buying a packaged solution to a problem from a single seller, thus avoiding all the separate decisions involved in a complex buying situation.

Target costing Pricing that starts with an ideal selling price and then targets costs that will ensure that the price is met.

Target market A set of buyers sharing common needs or characteristics that the company decides to serve.

Team selling Using teams of people from sales, marketing, engineering, finance, technical support, and even upper management to service large, complex accounts.

Team-based new-product development An approach to developing new products in which various company departments work closely together, overlapping the steps in the product development process to save time and increase effectiveness.

Technological environment Forces that create new technologies, creating new product and market opportunities.

Telephone marketing Using the telephone to sell directly to customers.

Territorial sales force structure A sales force organization that assigns each salesperson to an exclusive geographic territory in which that salesperson sells the company's full line.

Test marketing The stage of new-product development in which the product and its proposed marketing program are tested in realistic market settings.

Third-party logistics (3PL) provider An independent logistics provider that performs any or all of the functions required to get a client's product to market.

Total costs The sum of the fixed and variable costs for any given level of production.

Trade promotions Sales promotion tools used to persuade resellers to carry a brand, give it shelf space, promote it in advertising, and push it to consumers.

Undifferentiated (mass) marketing A market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer.

Uniform-delivered pricing A geographical pricing strategy in which the company charges the same price plus freight to all customers, regardless of their location.

Unsought product A consumer product that the consumer either does not know about or knows about but does not normally consider buying.

Users Members of the buying organization who will actually use the purchased product or service.

Value chain The series of internal departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products.

Value delivery network A network composed of the company, suppliers, distributors, and, ultimately, customers who "partner" with each other to improve the performance of the entire system in delivering customer value.

Value proposition The full positioning of a brand—the full mix of benefits on which it is positioned.

Value-added pricing Attaching value-added features and services to differentiate a company's offers and charging higher prices.

Variable costs Costs that vary directly with the level of production.

Variety-seeking buying behavior Consumer buying behavior in situations characterized by low consumer involvement but significant perceived brand differences.

Vertical marketing system (VMS) A distribution channel structure in which producers, wholesalers, and retailers act as a unified system. One channel member owns the others, has contracts with them, or has so much power that they all cooperate.

Viral marketing The Internet version of word-of-mouth marketing: Web sites, videos, e-mail messages, or other marketing events that are so infectious that customers will want to pass them along to friends.

Wants The form human needs take as they are shaped by culture and individual personality.

Warehouse club An off-price retailer that sells a limited selection of brand name grocery items, appliances, clothing, and a hodgepodge of other goods at deep discounts to members who pay annual membership fees.

Wheel-of-retailing concept A concept that states that new types of retailers usually begin as low-margin, low-price, low-status operations but later evolve into higher-priced, higher-service operations, eventually becoming like the conventional retailers they replaced.

Whole-channel view Designing international channels that take into account the entire global supply chain and marketing channel, forging an effective global value delivery network.

Wholesaler A firm engaged *primarily* in wholesaling activities.

Wholesaling All the activities involved in selling goods and services to those buying for resale or business use.

Word-of-mouth influence Personal communications about a product between target buyers and neighbors, friends, family members, and associates.

Zone pricing A geographical pricing strategy in which the company sets up two or more zones. All customers within a zone pay the same total price; the more distant the zone, the higher the price.