

Glossary

A

activity-based costing accounting procedures that can quantify the true profitability of different activities by identifying their actual costs.

administered vertical marketing system a marketing structure in which one of the members coordinates successive stages of production and distribution.

advertising the presentation and promotion of ideas, goods, services, and brands using paid media.

agents the brokers, manufacturers' representatives, and sales agents that search for customers and may negotiate on the producer's behalf but do not buy or resell the goods.

alpha testing the evaluation of a product or service within the company.

anticipatory pricing the raising of prices by more than the cost increase, in anticipation of further inflation or government price controls.

areas of dominant influence the geographic or market areas on which the communication budget is focused.

attitudes a person's enduring evaluations, emotional feelings, and behavioral tendencies toward an object or idea.

auction pricing the setting of prices through competitive bidding.

average cost the cost per unit at a specific level of production.

B

behavioral research a means of obtaining data to gain a better understanding of customers' purchasing, consumption, and decision-making processes.

behavioral segmentation the division of target customers into groups based on their actions.

belief a conviction that something is true or real, regardless of whether it is or is not.

beta testing the evaluation of a product or service by customers.

bottom of the pyramid (BOP) a socioeconomic concept that refers to the poorest group of the world's population.

bottom-up idea generation a process that starts with an invention and then seeks to identify an unmet market need.

brand a name and/or design element intended to identify the goods or services of a company and differentiate them from competitive offerings.

brand activism a company's stance on a controversial social, economic, environmental, or political issue.

brand associations all thoughts, feelings, perceptions, images, experiences, beliefs, and attitudes that are attributed to the brand.

brand audit an assessment of the health of the brand and its position in the market.

brand character a brand symbol with human characteristics that enhances brand likability and relatability.

brand dilution the weakening of the power of a brand.

brand equity the monetary value of a brand that reflects the premium placed on a company's valuation because of its ownership of the brand.

brand extension a company's use of an existing brand for an offering in a different product category or price tier.

brand hierarchy a reflection of the way in which a company's brands are related to its products and services, as well as to one another.

brand mantra a succinct articulation of the essence of the brand.

brand personality the human traits attributed to a particular brand.

brand personification a means to determine consumers' brand associations by asking them to equate the brand to a person, animal, or object.

brand portfolio the set of all brands owned by a company.

brand power the ancillary value that the brand contributes to a product or service.

brand tracking the use of quantitative data to provide consistent information about how brands and marketing programs are performing.

brand value chain an assessment of the way marketing activities create brand value.

branded variants specific brand lines supplied to specific retailers or distribution channels.

branding the process of endowing products and services with the power of a brand.

business markets all the organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others.

business-model design the process of determining the ways in which a product or service will create market value.

C

cause marketing the linking of a firm's contributions to a designated cause with its customers' revenue-producing transactions.

channel captain an entity responsible for managing the partnerships within a distribution channel.

channel conflict actions by one channel member that prevent another channel member from achieving its goal.

channel power the ability to alter channel members' behavior so they take actions they would not have taken otherwise.

cobranding two or more brands marketed together.

commercialization the process of informing target customers about the company's offering and making the offering available to them.

communication objective the specific task to be accomplished with a specific audience within a specific period of time.

company demand the company's estimated share of market demand in a given time period.

company sales forecast the expected level of company sales for a given time period based on market trends and company marketing efforts.

company sales potential the upper limit of sales that a company can achieve in a specific market in a given time period.

competitive advantage a company's ability to create market value in a way that competitors are unable to match.

competitive-parity budgeting an approach to communication budgeting based on what the competition is spending.

competitive pricing the setting of prices based on competitors' prices.

concept validation an assessment of the feasibility and attractiveness of the core concept underlying the proposed offering.

conformance quality the degree to which all produced units are identical and meet promised specifications.

conjoint analysis measurement of the value that consumers place on specific attributes of an offering.

consumer incentives the rewards offered to customers to encourage purchase.

containerization the placement of goods in containers for easy transfer between transportation modes.

contextual placement the purchase of ads on sites related to the product being advertised.

contract manufacturing the use of local manufacturers to produce the company's product in a specific market.

contractual vertical marketing system a group of independent firms at different levels of production and distribution that contractually integrate their programs to obtain greater economies or sales impact.

conventional marketing channels systems of independent producers, wholesalers, and retailers.

conversion rate the percentage of customers who move to the next stage of the customer acquisition process.

core competency expertise in an area that gives a company a competitive advantage.

corporate culture the shared experiences, stories, beliefs, and norms that characterize an organization.

corporate vertical marketing system a strategy that combines successive stages of production and distribution under a single entity.

cost inflation a circumstance in which rising costs unmatched by productivity gains squeeze profit margins and lead companies to regular rounds of price increases.

creative brief a succinct document that outlines the specific communication approach to be used in a creative assignment.

crowdsourcing the gathering of data and opinions from the public to enrich the marketing process.

customer acquisition funnel a depiction of the phases of the process of attracting new customers.

customer base customers who are loyal to the company and its offerings.

customer-centricity a focus on the customer that underlies all company offerings and activities.

customer empowerment the ability of customers to choose how they want to engage with the company.

customer equity the total sum of the lifetime values of all company customers.

customer lifetime value the total amount a customer is expected to spend during his or her tenure with the company.

customer profile the observable demographic, geographic, behavioral, and psychographic customer descriptors.

customer profitability analysis a means of assessing and ranking customer profitability.

customer relationship management the process of managing detailed information about individual customers and all customer touch points to maximize loyalty.

customer touch points the occasions on which a customer encounters the brand, product, or service.

customer value analysis assessment of how consumers view the company's strengths and weaknesses relative to the competition.

customer value management analysis of customer perceptions of an offering's value to develop marketing strategies to acquire and retain customers and drive purchase behavior.

customer value proposition the value the company aims to create for its target customers.

D

demand forecast an estimation of the size of the potential market for the company's offering.

design the totality of features that affect the way a product looks, feels, and functions.

design thinking a process of developing design concepts.

direct exporting the sale of a company's offering in other countries by the company itself.

direct investment the process by which a foreign company can buy a partial or full interest in a local company or build its own manufacturing or service facilities.

direct marketing channel a manufacturer selling directly to the final customer.

distribution channel a set of interdependent organizations participating in the process of making a product or service available to the target market.

diversification strategy a move to enter a new market with an offering that is new to the company.

diversified portfolio a fairly broad assortment of multiple product lines.

divesting the process of selling an asset of a company or the company itself.

dual-level channel a distribution channel that contains two intermediaries, typically a wholesaler and a retailer.

E

economic-value-to-customer pricing the setting of the price a consumer is willing to pay based on the perception of the product's value.

elaboration likelihood model a description of the process by which consumers make evaluations in both low- and high-involvement circumstances.

ethnographic research a particular observational research approach that uses concepts and tools from anthropology and other social science disciplines to provide deep cultural understanding of how people live and work.

everyday low pricing (EDLP) a consistently low retail price with little or no price promotion or special sales.

exclusive distribution the use of a highly limited number of intermediaries.

expectancy-value model the process by which people evaluate products and services by combining their assessments according to the weighted importance of those assessments.

experience-curve pricing the setting of a lower price based on the future ability to lower production costs through experience.

external marketing the process of designing, communicating, and delivering a product or service to customers.

F

facilitators the transportation companies, independent warehouses, banks, and advertising agencies that assist in the distribution process but do not take title to goods or negotiate sales.

fad a short-lived mode of behavior that has no social, economic, or political significance.

fixed costs costs that do not vary with changes in production level.

flagship product an offering that best represents or embodies the brand.

flanking an attack on a competitor's weak spot to steal market share.

focus group a small group of people who are selected based on certain demographic, psychographic, or other considerations and brought together to discuss various topics of interest.

forward buying the purchase of a greater quantity of favorably priced goods than a retailer can immediately sell.

frame of reference a benchmark against which customers can evaluate the benefits of a company's offering.

franchising granting permission to use a company's know-how, procedures, intellectual property, business model, and brand to sell its branded products and service.

frontal attack a move to match a competitor's marketing strategy and tactics.

G

geofencing a mobile promotion strategy that targets customers when they are within a defined geographic space, typically near or in a store.

geographic segmentation the division of the market into geographic units such as nations, states, regions, counties, cities, or neighborhoods.

goodwill an accounting term that includes brand equity and signifies the monetary value of all intangible assets of a company.

gray market the diversion of branded products from authorized distribution channels.

greenwashing providing misleading information or giving the impression that products or practices are more environmentally friendly than they really are.

guarantee the assurance that if a product fails to function as promised or as customers expect, the company will provide some type of compensation to the purchaser.

guerrilla attack a series of small, intermittent attacks on the competition.

H

harvesting the reduction of investment in an offering to reap the greatest possible profit.

heuristics rules of thumb that facilitate the decision process.

high–low pricing higher retailer prices on an everyday basis, with frequent promotions featuring prices temporarily lower than EDLP-level prices.

horizontal channel conflict a dispute between channel members at the same level of the distribution network.

horizontal marketing systems two or more unrelated companies pooling resources or programs to exploit an emerging marketing opportunity.

I

image pricing the act of setting prices higher to make an offering more desirable in the eyes of consumers.

incentives the typically short-term sales promotion tools designed to stimulate the purchase of a product or service.

incremental innovation a minor improvement of an existing offering or process.

indirect exporting the use of independent intermediaries to sell a company's offering in other countries.

influencer marketing the use of a popular figure to promote a product, service, or brand within his or her social media sphere.

informational appeal an elaboration of product or service attributes or benefits to influence the consumer purchasing decision.

institutional market schools, hospitals, nursing homes, prisons, and other entities that provide goods and services to people in their care.

integrated marketing the coordination of all marketing activities and programs aimed at designing, communicating, and delivering consistent value to consumers.

integrated marketing communication an approach to managing a communication campaign through the coordinated use of different communication tools.

intensive distribution the placement of goods or services in as many outlets as possible.

interactive marketing the company's encouragement of, and response to, consumer perspectives and behaviors regarding an offering or brand.

internal marketing the hiring, training, and motivating of employees to serve customers in a way that reflects the company's goals.

intrapreneur a company employee whose duties are focused on fostering product, service, and process innovation within the company.

J

joint venture a business enterprise engaged in by two or more otherwise separate entities.

just-in-time inventory management the ordering of production components as needed, to save on warehousing costs and improve cash flow.

L

laddering a series of increasingly specific questions that can reveal consumers' motivations and deeper goals.

licensing granting permission to manufacture and sell a company's offering in a specific market.

line extension the addition of new products to a company's current product line.

line filling a lengthening of a company's product line by adding more items to the existing range.

line stretching an expansion of the product line beyond its current range.

localized marketing program an approach that tailors its marketing activities to individual target markets.

long-term memory the capacity to remember and store information indefinitely, or even permanently.

loss-leader pricing the setting of a low price for a product to attract greater consumer traffic.

M

macromodel of marketing communication description of the interaction between the sender (company) and the recipient (consumer) of the communication message.

macroscheduling decision the allocation of communication expenditures related to seasons and the business cycle.

market demand the total volume of a product that would be bought by a defined customer group in a defined geographic area in a defined time period in a defined marketing environment under a defined marketing program.

market-development strategy a focus on expanding sales of a product or service to new target markets.

market expansion a move that makes an offering available to the entire target market.

market forecast the market demand projected for a future time period.

market leader the company with the largest share of the market in which it competes.

market logistics infrastructure design and control of the flow of materials and goods from manufacturer to customer.

market offering the actual good that the company deploys in order to fulfill a particular customer need.

market-penetration strategy a focus on increasing sales of the company's current offerings to its existing customers.

market position a company's share of the market in which it competes.

market potential the maximum sales that can be achieved in a specific market in a given time period.

market segmentation the division of a consumer group into subsets that share a similar set of needs and/or profile characteristics.

market skimming the setting of a relatively high price to make the offering affordable only to customers with the greatest willingness to pay.

market test a means of validating the offering in a portion of the market or in the entire market.

marketing the identification and meeting of individual and social needs in a way that harmonizes with the goals of the organization.

marketing communication the means by which firms inform, persuade, and remind consumers about the products and brands they sell.

marketing dashboards a structured way to disseminate the insights gleaned from marketing metrics and marketing-mix modeling.

marketing management the art and science of choosing target markets and getting, retaining, and growing customers by delivering superior value.

marketing mix the attributes (product, service, brand, price, incentives, communication, and distribution) that define the company's offering.

marketing network the company and its supporting stakeholders, with whom it has built mutually profitable business relationships.

marketing-mix models a way to analyze data from multiple sources to understand the effects of specific marketing activities.

markup pricing a pricing method that adds a standard markup to the product's cost.

mass customization the use of mass production techniques to produce offerings that can be customized to meet the needs of individual customers.

mass marketing addressing the entire market with a single offering.

merchant wholesalers the intermediaries that buy directly from the manufacturer, store the product, and then sell it to the customer.

merchants the wholesalers and retailers that buy and resell the offering to consumers.

micromodel of marketing communication description of consumers' specific responses to communications.

microscheduling decision the allocation of communication expenditures within a short time period to obtain maximum impact.

mission a clear, concise, and enduring statement of the reasons for an organization's existence.

Moore's model an adaptation of the Rogers' model for technology products.

multichannel conflict a dispute between two or more channels that sell to the same market.

N

native advertising a form of advertising that resembles the medium's editorial content but is intended to promote the advertiser's product.

net price analysis the "real price" of the offering after discounts and advertising and promotion costs are deducted.

niche marketer a company that caters to a subset of customers with an offering exclusively tailored to their needs.

O

objective-and-task budgeting an approach for determining the communication budget based on the specific task to be achieved.

observational research a means of obtaining data by unobtrusive observation of customers' shopping or consumption habits.

opinion leader a person who offers informal advice or information on how best a specific product or product category can be used; also known as an influencer.

optimal value proposition the value an offering creates for customers, collaborators, and the company.

order-to-payment cycle the time between an order's receipt, delivery of the product or service, and payment.

organic growth an increase in the company's revenues, profits, and/or market position through the use of its own resources.

P

penetration pricing the setting of a low price to maximize market share.

perception the process of selecting, organizing, and interpreting information to create a meaningful picture of the world.

perceptual map a visual representation of consumer perceptions and preferences.

performance marketing the financial and nonfinancial returns to business and society from marketing activities and programs.

permission marketing the practice of marketing to consumers only after gaining their expressed permission.

personality a set of distinguishing human psychological traits that lead to relatively consistent responses to environmental stimuli, including buying behavior.

personal selling the face-to-face interaction between the salesperson and the buyer.

personas the detailed profiles of one or more target consumers that depict the typical consumer in the target market.

points of difference (PODs) attributes or benefits that differentiate the company's offering from the competition.

points of parity (POPs) attributes or benefits that are not unique and are shared with other brands.

positioning statement a summary of a product or brand's strategy that aims to guide the company's actions.

positioning designing a company's offering and image to occupy a distinctive place in the minds of the target market.

price discrimination sale of the same offering at different prices to different customers.

price elasticity of demand the degree to which a change in price leads to a change in quantity sold.

price image the general perception that consumers have about the level of prices at a given retailer.

price indifference band a range within which changes in price have little or no effect on consumer purchases.

pricing cues a means of prompting customers to rely on price to infer the value of a product.

primary data information gathered for a specific purpose or project.

primary target the subset of target customers for which an offering will initially be made available.

principle of congruity psychological mechanism by which consumers like to view seemingly related objects as being as similar as possible in favorability.

private label a proprietary brand developed and sold by retailers and wholesalers.

product-development strategy the creation of new products or modifications to existing products in the target market.

product life cycle the length of time between the introduction of an offering in the market and its removal from the market.

product line a group of related products sold by the same company.

product–market growth framework a grid that outlines the different growth strategies; also known as the Ansoff matrix.

product-mix pricing the setting of prices in a manner that maximizes profits on the total mix of company offerings.

product portfolio the total number of products offered by a company, including various product categories and product lines.

product-value analysis the assessment of a product's value by examining ways components or processes can be modified to reduce costs without adversely affecting product performance.

projective technique a process of presenting consumers with an incomplete or ambiguous stimulus, such as word association or choice ordering, in order to get a better understanding of their thought processes.

prototype a model of an offering that aims to weed out potential problems before the actual offering is created.

psychographic segmentation the division of target customers into groups based on psychological traits, lifestyles, or values.

psychological resistance a reluctance to change established preferences or opinions that are barriers to purchase.

public relations a variety of programs designed to promote a company's image among the relevant stakeholders.

publicity the securing of editorial content to promote an offering, idea, organization, or image.

pull strategy the use of advertising, promotion, and communication to persuade consumers to demand the product from intermediaries.

push strategy the selling of a product to end users through collaborators.

Q

quality the degree to which a product or service fulfills customer expectations of value.

questionnaire a set of questions presented to respondents to collect primary data.

R

reference groups all groups that have a direct or indirect effect on an individual's beliefs, decisions, and behavior.

reference prices pricing information a consumer retains in memory that is used to interpret and evaluate a new price.

relationship marketing the development of mutually satisfying long-term relationships with key constituents to earn and retain their business.

retailing the activities involved in selling goods or services directly to final consumers for nonbusiness use.

retention rate the number of customers that continue to do business with a company over a defined period of time.

revenue leaders the group of customers that represent the highest customer lifetime value to the company.

reverse-flow channel a distribution channel in which goods flow backward from the user to the producer, typically for recycling, resale, or disposal.

reverse innovation the use of a successful product as a base for creating an inexpensive alternative for developing markets.

Rogers' model a classification of consumers according to the speed with which they adopt new offerings.

S

sales force incentives the means used to motivate the sales force, such as bonuses and trips.

sample size the number of people who should be surveyed to provide credible results that can be extrapolated to the entire target population.

sampling procedure a means of choosing survey respondents that makes the sample more representative of the total target population.

sampling unit the respondents who should be surveyed to glean information about a specific market, product, or behavior.

search engine marketing (SEM) the practice of paying search engine companies for one's product, service, brand, or organization to be featured in the results of particular keyword searches.

search engine optimization (SEO) the activities designed to increase the likelihood that a link for a company or brand ranks as high as possible in the order of all nonpaid links that appear during online searches.

secondary data existing information collected for another purpose.

selective attention the process of focusing on specific environmental stimuli while ignoring others.

selective distortion the tendency to interpret information to fit our preconceptions.

selective distribution the use of a number of carefully selected intermediaries willing to carry a particular product.

selective market deployment an approach that deploys the company's offering only to specific areas of the target market to test market reaction.

service an intangible act that one entity performs for another that does not result in a change in ownership.

service blueprint a mapping of the service provided by the company from the customer's point of view.

short-term memory the capacity to keep a limited amount of information in mind for a short time.

showrooming examination of a product in a store before purchasing it from a different retailer, typically to secure a lower price.

single-level channel a distribution channel that contains one selling intermediary, such as a retailer.

social marketing marketing done by a nonprofit or government organization to further a cause, such as “say no to drugs.”

specialized portfolio a fairly narrow assortment of one or a few product lines.

stage-gate framework a multiphase model for managing the process of developing new offerings.

standardized marketing program a strategy that uses the same strategic and tactical approach across different markets and countries.

strategic brand management the design and implementation of marketing activities and programs to build, manage, and measure brands.

strategic business unit (SBU) a single business or collection of related businesses that can be planned separately from the rest of the company, with its own set of competitors and a manager who is responsible for strategic planning and profit performance.

strategic targeting a focus on customers whose needs the company can fulfill better than the competition.

strategy a company’s game plan for achieving its goals.

subliminal perception messages that consumers are not consciously aware of but that affect their behavior.

supply chain management the procurement of inputs and their conversion into finished products that are dispatched to the final destinations.

sustainability avoidance of the depletion of natural resources by reducing the impact of human activity on the environment.

systems buying the purchase of a total solution to a business problem or need from one company.

systems selling a marketing approach to attract buyers that prefer to buy entire systems from one company.

T

tactical targeting identifying the means to reach strategically viable customers to communicate and deliver the company's offering.

tactics the marketing mix that makes the company's strategy come alive and defines the key aspects of the offering developed to create value in a given market.

target attractiveness the ability of a market segment to create value for the company.

target compatibility a reflection of the company's ability to fulfill the needs of target customers.

target market the market in which a company aims to create and capture value.

target-rate-of-return pricing the setting of a price that will yield the desired rate of return.

targeting the process of identifying those customers for whom the company will optimize its offering.

time-and-duty analysis an hour-by-hour breakdown of activities to help employees understand how they might increase their productivity.

top-down idea generation a product-development process that begins with identifying a market opportunity.

total costs the sum of the fixed and variable costs for a given level of production.

total customer benefit the perceived functional, psychological, and monetary value that customers derive from a market offering.

total customer cost the perceived functional, psychological, and monetary costs that customers incur to evaluate, obtain, use, and dispose of an offering.

trade incentives the rewards offered to members of the distribution channel.

trend a change in behavior or sequence of events that has momentum and durability.

triple bottom line the concept that a company has a responsibility to stakeholders, which include employees, customers, and society as a whole.

V

value proposition the type of value that the company plans to create for target customers.

variable costs costs that vary directly with the level of production.

vertical channel conflict a dispute between members at different levels of the distribution network.

vertical marketing system a marketing system in which producers, wholesalers, and retailers work together as a unit.

visualization a way for marketers to gain insight into people's perceptions by asking them to create a collage or drawing.

W

warranties formal statements of expected product performance by the manufacturer.

wholesaling all activities involved in selling goods or services to those who buy for resale or make large purchases for business use.

word association a research method that involves asking respondents what words come to mind when they hear the brand name.

Y

yield pricing a pricing strategy based on anticipating and influencing customers' behavior.

Z

zero-level channel a distribution channel that involves a manufacturer selling directly to the final customer; also called a direct marketing channel.

zone of tolerance the range in which customers will deem company service satisfactory.