Product Marketing Terms

Advertising – A paid form of communication and promotion involving a product and its attributes.

  • **Advertising campaign** – A marketing message(s) focused on a target audience over an extended period.
  
  • **Advertising platform** – The product attributes and issues conveyed in an advertising message to the target audience.
  
  • **Advertising target market** – The specific group of individuals identified as willing and able buyers at which an advertising message is aimed.
  
  • **Advertising theme** – The central message of an advertising campaign that is repeated throughout the campaign.
  
  • **Cooperative advertising** – Advertising (usually in-store) that is designed and paid for cooperatively by both the marketer and retailer.
  
  • **Selective demand advertising** – Advertising in which the marketer attempts to create awareness of, and provide information about, a specific brand.
  
  • **Slice-of-life advertising** – An advertising message that portrays consumers in situations similar to their perceptions of their own lifestyles.
  
  • **Testimonial** – An advertising message that is presented by someone who is viewed as an expert or user of the product.
  
  • **Vertical cooperative advertising** – Advertising by marketers at different stages of the distribution system who advertise jointly.

Agent – An intermediary who does not take title to merchandise but facilitates exchanges by bringing buyers and sellers together.

  • **Commission merchant** – An agent that sells for manufacturers.
  
  • **Manufacturer’s agent** – An independent sales representative who works for several manufacturers of related but non-competing product lines.
  
  • **Selling agent** – An individual who is responsible for all of the marketing activities for a manufacturer.

Brand – An identification (name, symbol, etc.) of a product that is unique and distinguishable from competitor’s products.

  • **Brand leveraging** – Using the power of an existing brand name to support a company’s entry into a new, but related, product category.
  
  • **Brand line extension** – Using an established product’s brand name to launch a new, slightly different item in the same product category.
  
  • **Brand mark** – The symbol or design associated with a brand.
  
  • **Brand name** – The words or numbers associated with a brand.
  
  • **Dealer brand** – A brand that is created and owned by an intermediary.
  
  • **Flanker brand** – A new brand introduced into the market by a company that already has an established brand in the same product category. It is designed to compete in the same category but target a different consumer group.
  
  • **Generic name** – A brand name associated with the type of a product rather than with a specific product.
  
  • **Manufacturer’s brand** – A brand that is owned and marketed by the manufacturer that produces the branded product.
  
  • **Trademark** – Legal production against copycats of a brand.
Channel of distribution – A product’s trip from producer/manufacturer to the buyer.

• Consumer – The ultimate user of a product.
• Buyer’s remorse – The buyer’s anxiety associated with the perception of having made a poor purchase decision.
• Consumer market – A market dominated by consumers as buyers.
• Early buyers – Consumers who look for new products or product attributes and often buy a product early in its life cycle.
• Early majority – Consumers who watch early buyer’s response to new products before buying.
• Laggards – Consumers who are strongly oriented toward existing products and are the last buyers of a new product.

Coupon – A certificate that entitles a consumer to a price reduction or a cash refund.

Demand – A schedule of the amount of a product that will be purchased at various prices.

• Derived demand – A demand that is predicated on another demand. For example, the demand for cattle by meat packers is derived from the demand for beef by consumers.
• Effective demand – The combination of the desire to buy a product and the financial ability to buy the product.
• Elastic demand – When a percentage change in price results in a greater percentage change in quantity demanded.
• Inelastic demand – When a percentage change in price results in a smaller percentage change in quantity demanded.
• Joint demand – When the demand for two different products are complementary.
• Selective demand – Demand for a particular product brand.
• Unitary demand – When a percentage change in price results in the same percentage change in quantity demanded.

Discount – A deduction from the list price in the form of cash or something else of value.

• Cash discount – A discount offered to buyers who pay for the product within a stated period.
• Seasonal discount – A discount offered to customers who purchase a product during a season of the year when demand for the product is low.
• Quantity discount – A discount offered to buyers who purchase larger than normal quantities of the product.

Forecasting – To predict the quantity of a product that will be sold at various times in the future.

• Barometric techniques – Using the analyses of past trends to predict the future.
• Delphi technique – A panel of experts is asked to assign rankings and probabilities to various factors that may influence future events.
• Market breakdown technique – The sales forecast for a large unit is divided into forecasts for smaller units.
• Market buildup technique – Forecast information on market segments is aggregated to arrive at a total sales forecast.
• Market share analysis – The sales forecast for the firm is based on the forecast for the industry (based on assumption of market share).
• Scenario analysis – A description of future outcomes is developed based on probabilities of occurrence and cause-and-effect relationships.
• Simple trend analysis – Historical data is used to project future trends.

Income – Money received in return for labor or services provided, sale of assets and return on investments.

• Discretionary income – The amount of disposable income a consumer has remaining after essentials such as food, shelter and clothing are purchased.
• Disposable income – The amount of after-tax income a consumer has available for spending.
Intermediary – An independent or corporate-owned business that helps move products from the producer to the ultimate consumer.

• Intermediate market – A set of wholesalers and retailers that buy goods from others and resell them.

• Merchant middleman – An intermediary that takes title to the products it distributes.

Label – A tag or part of a package that provides information about a product.

• Grade label – Product quality is identified by a number, word or letter.

• Descriptive label – Describes the important attributes of a product.

• Informative label – Explains the use or preparation of a product.

• Open dating – Provides the expected shelf life of a product.

• Nutritional labeling – Describes the ingredients of a food product (i.e., amounts of protein, fat, carbohydrates, calories, etc.).

Market – A group of individuals with unsatisfied wants and needs who are willing and able buyers. It can be defined as narrowly as a specific place where buying and selling takes place or as broadly as the demand for a product.

• Contestable markets – Rivalry among competitors keeps profits to a competitive level.

• Horizontal market – Includes a broad spectrum of industries.

• Industrial market – Consists of firms that engage in the manufacture of products.

• Institutional market – Not-for-profit organizations that buy products for use in achieving a particular goal or mission.

• Market segment – A portion of a large market group of customers within a broader market who possess a common set of characteristics. A group of buyers within a market who have similar wants and needs.

• Market share – The number of units of a product (or their dollar value) expressed as a percentage of the total number of units sold by all competitors in a given market. The percentage of the total amount of product sold in a market that is sold by an individual company.

• Market structure – The number and size distribution of firms in a market.

• Marketing audit – A systematic and periodic examination of an organization’s marketing environment, including its goals, strategies and activities.

• Marketing information system – A set of procedures and methods for the regular planned collection, analysis and presentation of marketing information.

• Marketing intelligence system – Activities for monitoring the external environment for emerging trends.

• Marketing mix – Focusing on product, price, place and promotion to create a successful marketing program (the four Ps of marketing).

Marketing research – A systematic and objective approach to developing and providing information for decision making regarding a specific marketing problem.

• Causal studies – Research where cause-and-effect relationships are explored.

• Consumer panel – A group of consumers who provide information about a product and its attributes.

• Demographics – Statistics about population (sex, age, marital status, birthrate, mortality rate, education, income and occupation).

• Observational approach – Observing people’s behavior and recording these observations.

• Secondary source – Published data that has been collected by a public or private sector organization and provided (published) to users.

• Test-marketing – Introducing a small amount of a new product into a market to identify consumer acceptance.
• **Primary data** – Data collected from the actual market (surveys, panels, interviews, etc.).

**Marketing strategy** – Marketing approach or method used to achieve a marketing goal.

• **Differentiated marketing** – Where a broad market is segmented and a separate marketing program is designed for each market segment.

• **Industrial marketing** – Designing a product and its attributes for industrial customers.

• **Market aggregation** – A single marketing program focuses on all potential consumers.

• **Market atomization** – Treating each individual consumer as a unique market segment.

• **Positioning** – Communicating a distinct place for a product or a brand in the minds of consumers.

• **Product differentiation** – Using promotion and other marketing activities to convince consumers that the product is different from, or better than, those of competitors.

• **Target marketing** – A market segment is identified and marketing activities are focused on the segment.

• **Trading down** – When a company known for selling high-priced products offers lower-priced products for sale.

• **Trading up** – When a company known for selling low-priced products offers higher-priced products for sale.

**Packaging** – Designing and producing the container or wrapper for a product.

**Personal selling** – Person-to-person communication in which the receiver provides immediate feedback on the source’s message.

**Purchasing** – To obtain a product in exchange for money or its equivalent.

• **Just-in-time purchasing** – Parts or ingredients are provided just before production in order to reduce inventory costs.

**Price** – The amount of money asked for in exchange for something else (e.g. product).

• **Even pricing** – A form of psychological pricing in which the price is an even number.

• **Limit pricing** – The practice where a firm can discourage entry into the industry by charging a low price.

• **List price** – The initial price of a product. Also termed the base price.

• **Transfer price** – The price at which a good or resource is transferred from one enterprise (strategic business unit) to another within the firm. Market price is usually used as the basis for determining transfer price.

**Price fixing** – When several firms in an industry collectively establish the price for a product.

• **Horizontal price fixing** – Marketers of the same or similar products collectively decide to set their price at the same level.

• **Vertical price fixing** – Marketers at different levels of the distribution system get together to set the retail price.

**Pricing strategies (market based)** – Approaches to setting prices based on the willingness of the buyer to purchase the product.

• **Bait-and-switch pricing** – A product is priced low to lure customers into the store. Then an attempt is made to persuade them to buy a more expensive product.

• **Customary pricing** – A traditional price level is used.

• **Flexible price policy** – The product is sold to different customers at different prices.

• **Loss leader** – A product that is priced below its normal price in order to attract customers to a store.

• **Penetration pricing** – The price is set low in order to generate the greatest possible penetration of the market (largest market share).
• **Predatory pricing** – Aggressive pricing against a rival with the intent of driving the rival out of business.

• **Price lining** – Prices are set at various levels so that products are sorted into different categories or product lines based on product attributes.

• **Price-off** – A price reduction used to entice customers to try a product or expand usage of it.

• **Psychological pricing** – A product is priced to psychologically appeal to consumers.

• **Skimming** – The price is set high to skim off those buyers in the market who are willing to pay a high price for the product.

**Pricing strategies (cost based)** – Approaches to setting prices based on the cost of producing the product.

• **Break-even pricing** – Setting the price of a product based on the cost of producing the product so that the seller will break-even.

• **Cost-plus pricing** – An extension of break-even pricing where the price is based on the cost of producing the product plus a profit margin.

• **One-price policy** – The same price is charged to all customers who purchase the same quantity of the product under the same conditions.

• **Target return pricing** – The price is based on a specific rate of return on the capital used in producing and marketing the product.

• **Unit pricing** – Pricing that is based on a standard measure of quantity.

**Pricing strategies (geography based)** – Approaches to setting price based on the location and transportation costs associated with delivering the product to the buyer.

• **Basing-point pricing** – One or more geographic locations are established from which the rate that a buyer is charged is calculated.

• **Freight absorption** – The price includes the same freight rate as the freight rate of the competitor that is located nearest to the buyer.

• **Uniform delivered pricing** – The same price level is quoted to all buyers regardless of their location.

• **Uniform FOB (free on board) pricing** – A price based on pickup at the sellers loading dock. The buyer absorbs any freight charges.

• **Zone pricing** – The geographic market area is divided into zones. Every buyer in a zone is charged the base price plus the standard freight rate for that zone.

**Product** – Something produced that is sold to willing buyers.

• **Convenience products** – Inexpensive and frequently purchased products that consumers want to buy with the least possible effort.

• **Product life cycle** – A series of stages in the life of a product that begins with commercialization and ends with removal from the market.

• **Product line** – A group of products that are similar in attributes.

• **Product mix** – The range of products that a company offers to its customers.

• **Product portfolio** – A strategic view of a company from the perspective of its range of products and the stage of each product in its life cycle.

• **Product re-launch** – Finding new markets and new product uses to reinvigorate product sales.

• **Rollout** – Launching a new product in a series of geographic areas over an extended period of time.

• **Specialty products** – Products designed for unique markets.

**Product distribution** – The process of providing a product when and where it is desired by the consumer.

• **Exclusive distribution** – Where the number of intermediaries is limited to one for each geographic territory.
• **Extensive distribution** – A distribution program that seeks the widest possible geographic coverage.

• **Industrial distributor** – An independently owned operation that buys, stocks and sells industrial products.

• **Selective distribution** – Where there are a limited set of outlets in a given territory.

• **Physical distribution** – All the activities of distribution from the point of procurement to the ultimate consumer.

• **Tying agreement** – When the producer forces the dealer to buy additional products in order to secure one highly desired product.

**Promotion** – Providing and communicating favorable information about a product to potential buyers.

• **Advertising** – A paid form of communication and promotion involving a product and its attributes.

• **Point-of-purchase promotion** – Locating attention-getting information at the place of purchase.

• **Promotional discount** – A discount is offered to intermediaries for carrying out promotional activities.

• **Sales promotion** – Techniques used to stimulate current sales.

• **Publicity** – Product information is communicated through mass media but not paid for.

• **Public relations** – Activities to communicate a favorable image of a company and/or its product to promote goodwill.

• **Pull strategy** – A promotional strategy intended to stimulate demand which will pull products through the distribution system.

• **Pulsing strategy** – An on-going marketing campaign that is combined with short bursts of heavy advertising.

• **Push strategy** – A promotional strategy intended to push products through the distribution system and present them to consumers.

**Quality control** – The traditional approach to quality in which problems are detected after manufacturing and an effort is made to remove sub-standard products before shipping to customers.

**Retailing** – All activities used to sell products to ultimate consumers.

• **Specialty-line retailer** – A limited-line retailer that carries only one or two product lines, but offers substantial depth and expertise in those lines.

**Selling** – Assisting and/or persuading a prospective customer to buy a product.

• **Prospecting** – Seeking and identifying potential buyers.

• **Telemarketing** – Selling products by telephone.

**Transaction** – An exchange between two or more parties.

**Value proposition** – How a product will provide value to its customers. Why a product will provide sufficient value to its customers to be worth its price.

**Wholesaling** – All of the activities involved in selling products to retailers: to industrial, institutional, farm and professional businesses; or to other types of wholesaling intermediaries.

• **Broker** – A wholesaler whose primary purpose is to supply market information and establish contacts to facilitate sales for clients.

• **Full-service wholesaler** – A wholesaler who performs a full range of services for its customers.

• **Limited-service wholesaler** – A wholesaler who performs a limited number of services for its customers.

• **Mail-order wholesaler** – A limited-service wholesaler that sells by means of catalogs.

• **Single-line wholesaler** – A full-service wholesaler that carries only one or two product lines.
• **Specialty-line wholesaler** – A full-service wholesaler that carries a limited number of products for customers with specialized needs.

• **Manufacturer’s sales branch** – A wholesaling establishment that is owned and operated by a manufacturer separately from its factories.

• **Merchant wholesaler** – A wholesaling business that is independently owned and takes title to the products it sells.

• **Truck wholesaler** – A limited-service wholesaler that specializes in selling and delivery services.

• **Wholesaler** – An intermediary that distributes products primarily to commercial or professional users.