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 or manufacturer to the buyer.

- **Consumer –** The ultimate user of a product.
- **Buyer's remorse –** The anxiety associated with a buyer's perception that they made a poor purchase decision.
- **Consumer market –** A market dominated as 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.

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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 re-sells 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 P's 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 (gender, 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.
- **Social media marketing –** The use of social media or social networks to market a product.
- **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 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 collectively 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 them 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 seller's 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 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 or persuading a prospective customer to buy a product.

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

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.

Prepared by Don Hofstrand
retired extension value added agriculture specialist

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