

Glossary

Adapted marketing mix An international marketing strategy for adjusting the marketing-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 objective A specific communication task to be accomplished with a specific target audience during a specific period of time.

Advertising specialty Useful article imprinted with an advertiser's name, given as a gift to consumers.

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 The step in the selling process in which the 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.

B2B (business-to-business) e-commerce Using B2B trading networks, auction sites, spot exchanges, online product catalogs, barter sites, and other online resources to reach new customers, serve current customers more effectively, and obtain buying efficiencies and better prices.

B2C (business-to-consumer) e-commerce The online selling of goods and services to final consumers.

Baby boomers The 78 million people born during the baby boom, following World War II and lasting until the early 1960s.

Balance sheet A financial statement that shows assets, liabilities, and net worth of a company at a given time.

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 groups based on consumer knowledge, attitude, use, or response 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 find ways to improve quality and performance.

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

Brand A name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

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

Brand extension Using a successful brand name to launch a new or modified product in a new category.

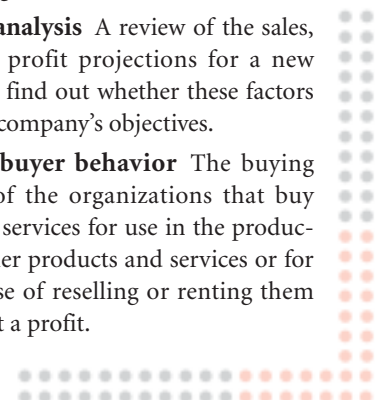
Brand personality The specific mix of human traits that may be attributed to a particular brand.

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

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 the organizations that buy goods and services for use in the production of other products and services or for the purpose of reselling or renting them to others at a profit.



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.

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

Buyers The people who make an actual purchase.

Buying center All the individuals and units that participate in the business buying-decision 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 in order to make the main product's price more competitive.

C2B (consumer-to-business) e-commerce Online exchanges in which consumers search out sellers, learn about their offers, and initiate purchases, sometimes even driving transaction terms.

C2C (consumer-to-consumer) e-commerce Online exchanges of goods and information between final consumers.

Captive-product pricing Setting a price for products that must be used along with a main product, such as blades for a razor and film for a camera.

Cash refund offer (rebate) Offer to refund part of the purchase price of a product to consumers who send a "proof of purchase" to the manufacturer.

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

Category killer 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 owned and controlled in common, have central buying and merchandising, and sell similar lines of merchandise.

Channel conflict Disagreement among marketing channel members on goals and roles—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 e-marketing to their operations.

Click-only companies The so-called dot-coms, which operate only online without any brick-and-mortar market presence.

Closing The step in the selling process in which the 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.

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 the prices that competitors charge for similar products.

Competitive advantage An advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices; An advantage over competitors gained by offering consumers greater value than competitors offer.

Competitive marketing strategies Strategies that strongly position the company against competitors and that 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 who buy goods and services for personal consumption.

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

Consumer-oriented marketing The philosophy of enlightened marketing that holds that the company should view and organize its marketing activities from the consumer's point of view.

Consumer product Product bought by final consumer for personal consumption.

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

Contests, sweepstakes, games Promotional events that give consumers the chance to win something—such as cash, trips, or goods—by luck or through extra effort.

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 Consumer product that the customer usually buys frequently, immediately, and with a minimum of 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 VMS A vertical marketing system that combines successive stages of production and distribution under single ownership—channel leadership is established through common ownership.

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

Cost of goods sold The net cost to the company of goods sold.

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

Countertrade International trade involving the direct or indirect exchange of goods for other goods instead of cash.

Coupon Certificate that gives buyers a saving when they purchase a specified product.

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

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

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

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

Customer perceived value The difference between total customer value and total customer cost.

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

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

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

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

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

Customerization Leaving it to individual customers to design the marketing offering—allowing customers to be prosumers rather than only consumers.

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

Decline stage The product life-cycle 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.

Demarketing Marketing to reduce demand temporarily or permanently; the aim is not to destroy demand but only to reduce or shift it.

Demographic segmentation Dividing the market into groups based on demographic variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, gender, 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—typically clothing, home furnishings, and household goods; 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.

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

Direct-mail marketing Direct marketing through single mailings that include letters, ads, samples, foldouts, and other "salespeople with wings" sent to prospects on mailing lists.

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

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

Direct-response television marketing Direct marketing via television, including direct-response television advertising and home shopping channels.

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

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

Disintermediation The displacement of traditional resellers from a marketing channel 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 A strategy for company growth through starting up or acquiring businesses outside the company's current products and markets.

Downsizing Reducing the business portfolio by eliminating products or business units that are not profitable or that no longer fit the company's overall strategy.

Dynamic pricing Charging different prices depending on individual customers and situations.

E-business The use of electronic platforms—intranets, extranets, and the Internet—to conduct a company's business.

E-commerce Buying and selling processes supported by electronic means, primarily the Internet.

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

Economic environment Factors that affect consumer buying power and spending patterns.

E-marketing The marketing side of e-commerce—company efforts to communicate about, promote, and sell products and services over the Internet.

Embargo A ban on the import of a certain product.

Engel's laws Differences noted over a century ago by Ernst Engel in how people shift their spending across food, housing, transportation, health care, and other goods and services categories as family income rises.

Enlightened marketing A marketing philosophy holding that a company's marketing should support the best long-run performance of the marketing system; its five principles include consumer-oriented marketing, innovative marketing, value marketing, sense-of-mission marketing, and societal marketing.

Environmental management perspective A management perspective in which

the firm takes aggressive actions to affect the public and forces in its marketing environment rather than simply watching and reacting to them.

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 living environment.

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

Exchange controls Government limits on the amount of foreign exchange with other countries and on the exchange rate against other currencies.

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

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

Experimental research The gathering of 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.

Extranet A network that connects a company with its suppliers and distributors.

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

Fad A fashion that enters quickly, is adopted with great zeal, peaks early, and declines very quickly.

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

Fixed costs 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 6 to 10 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 The last step in the selling process, in which the salesperson follows up after the sale to ensure customer satisfaction and repeat business.

Forecasting The art of estimating future demand by anticipating what buyers are likely to do under a given set of conditions.

Franchise A contractual association between a manufacturer, wholesaler, or service organization (a franchiser) 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 franchiser, 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 in order to get the desired business.

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

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

General need description The stage in the business buying process in which the company 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.

Generation Y The 72 million children of the baby boomers, born between 1977 and 1994.

Geographic segmentation Dividing a market into different geographical units

such as nations, states, regions, counties, cities, or neighborhoods.

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.

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

Gross margin The difference between net sales and cost of goods sold.

Gross sales The total amount that a company charges during a given period of time for merchandise.

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

Growth-share matrix A portfolio-planning method that evaluates a company's strategic business units in terms of their market growth rate and relative market share. SBUs are classified as stars, cash cows, question marks, or dogs.

Growth stage The product life-cycle stage in which a product's sales start climbing quickly.

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

Handling objections The step in the selling process in which the salesperson seeks out, clarifies, and overcomes 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 in order to spot good ideas and drop poor ones as soon as possible.

Income segmentation Dividing a market into different income groups.

Independent off-price retailer Off-price retailer that is either owned and run by entrepreneurs or is a division of a larger retail corporation.

Indirect marketing channel Channel containing one or more intermediary levels.

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

Industrial product 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 active information search.

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

Inside sales force Inside salespeople who conduct business from their offices via telephone 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 direct marketing Direct-marketing campaigns that use multiple vehicles and multiple stages to improve response rates and profits.

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) The concept under which a company carefully integrates and coordinates its 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 Marketing by a service firm that recognizes that perceived service quality depends heavily on the quality of buyer–seller interaction.

Intermarket 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 information obtained from data sources within the company.

Internal marketing Marketing by a service firm to train and effectively motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction.

Internet The vast and burgeoning global web of computer networks with no central management or ownership; A vast public web of computer networks, which connects users of all types all around the world to each other and to an amazingly large “information repository.” The internet makes up one big “information highway” that can dispatch bits at incredible speeds from one location to another.

Intranet A network that connects people within a company to each other and to the company network.

Introduction stage The product life-cycle stage in which the 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.

Leading indicators Time series that change in the same direction but in advance of company sales.

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, offering the right to use a manufacturing process, trademark, patent, trade secret, or other item of value for a fee or royalty.

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

Line extension Using a successful brand name to introduce additional items in a given product category under the same brand name, such as new flavors, forms, colors, added ingredients, or package sizes.

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

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

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.

Markdown A percentage reduction from the original selling price.

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

Market buildup method A forecasting method that identifies market factors that correlate with market potential and combines them into a weighted index.

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

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

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

Market factor index method A forecasting method that calls for identifying the potential buyers in each market and estimating their potential purchases.

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

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

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

Market penetration A strategy for company growth by increasing sales of current products to current market segments without changing the product.

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

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

Market potential The upper limit of market demand.

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 distinct groups of buyers who have distinct needs, characteristics, or behavior and who might require separate products or marketing mixes; Dividing a market into distinct groups with distinct needs, characteristics, or behavior who might require separate products or marketing mixes.

Market-skimming pricing 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 A social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Marketing audit A comprehensive, systematic, independent, and periodic examination of a company's environment, objectives, strategies, and activities to determine problem areas and opportunities and to recommend a plan of action to improve the company's marketing performance.

Marketing channel (distribution channel) A set of interdependent organizations involved in the process of making a product or service available for use or consumption by the consumer or business user.

Marketing communications mix (promotion mix) The specific mix of advertising, personal selling, sales promotion, and public relations a company uses to

pursue its advertising and marketing objectives.

Marketing concept The marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.

Marketing control The process of measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that 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 The process that turns marketing strategies and plans into marketing actions in order to accomplish strategic marketing objectives.

Marketing information system (MIS) People, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers.

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

Marketing intermediaries Firms that help the company to promote, sell, and distribute its goods to final buyers; they include resellers, physical distribution firms, marketing service agencies, and financial intermediaries.

Marketing logistics (physical distribution) The tasks involved in 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 controllable tactical marketing tools—product, price, place, and promotion—that the firm blends to produce the response it wants in the target market.

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

Marketing process The process of (1) analyzing marketing opportunities, (2) selecting target markets, (3) developing the marketing mix, and (4) managing the marketing effort.

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

Marketing strategy The marketing logic by which the business unit hopes to achieve its marketing objectives.

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

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

Markup The percentage of the cost or price of a product added to cost in order to arrive at a selling price.

Maturity stage The stage in the product life cycle in which sales growth slows or levels off.

Merchant wholesaler Independently owned 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 The practice of tailoring products and marketing programs to the needs and wants of specific individuals and local customer groups—includes local marketing and individual marketing.

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 A state of felt deprivation.

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

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

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

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

Nontariff trade barriers Nonmonetary barriers to foreign products, such as biases against a foreign company's bids, or product standards that go against a foreign company's product features.

Objective-and-task method Developing the promotion budget by (1) defining specific objectives; (2) determining the tasks that must be performed 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 The gathering of primary data by observing relevant people, actions, and situations.

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

Off-price retailer 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 surfing the Web, including banner and ticker ads, interstitials, skyscrapers, and other forms.

Online databases Computerized collections of information available from online commercial sources or via the Internet.

Online (Internet) marketing research Collecting primary data through Internet surveys and online focus groups.

Open trading networks Huge e-market-spaces in which B2B buyers and sellers find each other online, share information, and complete transactions efficiently.

Operating ratios Ratios of selected operating statement items to net sales that allow marketers to compare the firm's performance in one year with that in previous years (or with industry standards and competitors in the same year).

Operating statement (profit-and-loss statement, income statement) A financial statement that shows company sales, cost of goods sold, and expenses during a given period of time.

Opinion leader Person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts 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) Outside salespeople who travel to call on customers.

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.

Partnering with marketing intermediaries Coca-Cola provides Wendy's much more than just soft drinks. It also pledges powerful marketing support.

Patronage reward Cash or other award for the regular use of a certain company's products or services.

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 rates its satisfaction with suppliers, deciding whether to continue, modify, or drop them.

Personal communication channels Channels through which two or more people communicate directly with each other, including face to face, person to audience, over the telephone, or through the mail.

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

Personality A person's distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.

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

Point of purchase (POP) promotion Display and demonstration that takes place at the point of purchase or sale.

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

Portfolio analysis A tool by which management identifies and evaluates the various businesses making up the company.

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.

Preapproach The step in the selling process in which the salesperson learns as much as possible about a prospective customer before making a sales call.

Premium Good offered either free or at low cost as an incentive to buy a product.

Presentation The step in the selling process in which the salesperson tells the

“product story” to the buyer, highlighting customer benefits.

Price The amount of money charged for a product or service, or the sum of the values that consumers 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.

Price pack (cents off deal) Reduced price that is marked by the producer directly on the label or package.

Primary data Information collected for the specific purpose at hand.

Primary demand The total demand for all brands of a given product or service.

Private brand (or store brand) A brand created and owned by a reseller of a product or service.

Private trading networks (PTNs) B2B trading networks that link a particular seller with its own trading partners.

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

Product development A strategy for company growth by offering modified or new products to current market segments; Developing the product concept into a physical product in order to ensure that the product idea can be turned into a workable product.

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

Product mix (or product assortment) 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 ability of a product to perform its functions; it includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes.

Product sales force structure A sales force organization under 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.

Production concept The idea that consumers will favor products that are available and highly affordable.

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 The step in the selling process in which the salesperson identifies qualified potential customers.

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

Psychological pricing A pricing approach that considers the psychology of prices and not simply the economics; the price is used to say 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 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 advertising and consumer promotion to build up consumer demand. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers.

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 wholesalers, the wholesalers promote to retailers, and the retailers promote to consumer

Quota A limit on the amount of goods that an importing country will accept in certain product categories.

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

Retailer Business whose sales come *primarily* from retailing.

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

Return on investment (ROI) A common measure of managerial effectiveness—the ratio of net profit to investment.

Sales force management The analysis, planning, implementation, and control of sales force activities. It includes setting

and designing sales force strategy; and recruiting, selecting, training, supervising, compensating, and evaluating the firm's salespeople.

Sales promotion Short term incentives to encourage the purchase or sale of a product or 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 acting for a company by performing one or more of the following activities: prospecting, communicating, servicing, and information gathering.

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 demand The demand a given brand of a product or service.

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

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

Selling process The steps that the salesperson follows 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 enlightened marketing that holds that a company should define its mission in broad social terms rather than narrow product terms.

Sequential product development A new-product development approach in which one company department works to complete its stage of the process before

passing the new product along to the next department and stage.

Service Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

Service inseparability A major characteristic of services—they are produced and consumed at the same time and cannot be separated from their providers, whether the providers are people or machines.

Service intangibility A major characteristic of services—they cannot be seen, tasted, felt, heard, or smelled before they are bought.

Service perishability A major characteristic of services—they cannot be stored for later sale or use.

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

Service variability A major characteristic of services—their quality may vary greatly, depending on who provides them and when, where, and how.

Shopping center A group of retail businesses planned, developed, owned, and managed as a unit.

Shopping product Consumer good that the customer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price, and style.

Simultaneous (or team-based) 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.

Single-source data systems Electronic monitoring systems that link consumers' exposure to television advertising and promotion (measured using television meters) with what they buy in stores (measured using store checkout scanners).

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

Social marketing The design, implementation, and control of programs seeking to increase the acceptability of a social idea, cause, or practice among a target group.

Societal marketing A principle of enlightened marketing that holds that 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 the organization should determine the needs, wants, and interests of target markets and deliver the desired satisfactions more effectively and efficiently than do competitors in a way that maintains or improves the consumer's and society's well being.

Specialty product 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 marketing mix An international marketing strategy for using basically the same product, advertising, distribution channels, and other elements of the marketing mix in all the company's international markets.

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 business unit (SBU) A unit of the company that has a separate mission and objectives and that can be planned independently from other company businesses.

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. It involves defining a clear company mission, setting supporting objectives, designing a sound business portfolio, and coordinating functional strategies.

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 Large, low-cost, low-margin, high-volume, self-service store that carries a wide variety of food, laundry, and household products.

Superstore A store much larger than a regular supermarket that carries a large assortment of routinely purchased food and nonfood items and offers services such as dry cleaning, post offices, photo finishing, check cashing, bill paying, lunch counters,

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 The gathering of primary data by asking people questions about their knowledge, attitudes, preferences, and buying behavior.

Systems 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, 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.

Target marketing The process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

Tariff A tax levied by a government against certain imported products.

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

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 marketing program are tested in more realistic market settings.

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

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

Total market demand The volume of a product or service 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 level and mix of industry marketing effort.

Transaction A trade of values between two parties.

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.

Unsold product Consumer product that the consumer either does not know about or knows about but does not normally think of buying.

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

Value analysis An approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production.

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

Value chain The series of departments that carry out value-creating activities to

design, produce, market, deliver, and support a firm's products.

Value-delivery network The network made up of the company, suppliers, distributors, and ultimately customers who “partner” with each other to improve the performance of the entire system.

Value marketing A principle of enlightened marketing that holds that a company should put most of its resources into value-building marketing investments.

Value pricing Offering just the right combination of quality and good service at a fair price.

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

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—e-mail messages or other marketing events that are so infectious that customers will want to pass them along to friends.

Wants The form taken by a human need as shaped by culture and individual personality.

Warehouse club 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.

Web communities Web sites upon which members can congregate online and exchange views on issues of common interest.

Webcasting The automatic downloading of customized information of interest to recipients' PCs, affording an attractive channel for delivering Internet advertising or other information content.

Wheel-of-retailing concept A concept of retailing 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 all the necessary links in distributing the seller's products to final buyers, including the seller's headquarters organization, channels among nations, and channels within nations.

Wholesaler A firm engaged *primarily* in wholesaling activity.

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

Word-of-mouth influence Personal communication 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.

