

Marketing Terms and Definitions

ACCORDIAN INSERT: An ad inserted in a magazine, folded with an accordion-style fold.

AD COPY: The printed text or spoken words in an advertisement.

ADVERTISING ALLOWANCE: Money provided by a manufacturer to a distributor for the purpose of advertising a specific product or brand. Also known as Cooperative advertising.

ADVERTISING BUDGET: Money set aside by the advertiser to pay for advertising. There are a variety of methods for determining the most desirable size of an advertising budget.

ADVERTISING ELASTICITY: The relationship between a change in advertising budget and the resulting change in product sales.

ADVERTISING PLAN: An outline of what goals an advertising campaign should achieve, how to accomplish those goals, and how to determine whether or not the campaign was successful in obtaining those goals.

ADVERTISING RESEARCH: Research conducted to improve the efficacy of advertising. It may focus on a specific ad or campaign, or may be directed at a more general understanding of how advertising works or how consumers use the information in advertising. It can entail a variety of research approaches, including psychological, sociological, economic, and other perspectives.

ADVERTISING SPECIALTY: A product imprinted with, or otherwise carrying, a logo or promotional message. Also called a promotional product.

ADVERTORIAL: An advertisement that has the appearance of a news article or editorial, in a print publication.

AGENCY COMMISSION: The agency's fee for designing and placing advertisements. Historically, this was calculated as 15 percent of the amount spent to purchase space or time in the various media used for the advertising. In recent years the commission has, in many cases, become negotiable, and may even be based on performance of the campaign's success.

AFFILIATE: The publisher or salesperson in an associate or affiliate marketing relationship. The affiliate gives wider distribution to the affiliate merchant's products in return for compensation based on performance. The affiliate's source of distribution usually comes in the form of Web site traffic or email list subscribers. Also known as an associate or partner.

AFFILIATE MARKETING: Revenue sharing between online advertisers/merchants and online publishers/salespeople, whereby compensation is based on performance measures, typically in the form of sales, clicks, registrations, or a hybrid model. Also known as associate marketing.

AFFILIATE DIRECTORY: A categorized listing of affiliate programs. Also known as affiliate program directory and associate program directory.

AFFILIATE NETWORK: A value-added facilitator that provides services, including aggregation, for affiliate merchants and affiliates. Affiliate networks offer tracking technology, reporting tools, payment processing, and access to a large base of affiliates. Affiliate networks offer such services as one-click application to new merchants, reporting tools, and payment aggregation to affiliates. Also known as associate network.

BANNER AD: A graphical web advertising unit, typically a large headline or title extending across the full page width often measuring 468 pixels wide and 60 pixels tall

BRAND: A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller.

BRAND IDENTITY: How you want the consumer to perceive your product or your brand. Companies try to bridge the gap between the brand image and the brand identity.

BRAND IMAGE: The perception of your product or your brand by the consumer.

BRAND MANAGER: Person who has marketing responsibilities to develop and execute marketing programs that increase brand identity and awareness for a specific product.

BUSINESS-TO-BUSINESS ADVERTISING: Advertising directed to other businesses, rather than to consumers.

CAPTION: A caption can be an advertisement's headline or the text accompanying an illustration or photograph.

CAR CARD: Also known as Bus Card. An advertising poster placed on buses, subways, etc.

CARD RATE: Media rates published by a broadcast station or print publication on a "rate card." Typically the highest rate charged by an advertising vehicle.

CHANNEL DISTRIBUTION: An organized network of agencies and institutions which in combination perform all the functions required to link producers with end customers to accomplish the marketing task.

CIRCULATION: Of a print publication, the average number of copies distributed. For outdoor advertising this refers to the total number of people who have an opportunity to observe a billboard or poster. Also known as Broadcast.

CLASSIFIED ADVERTISING: Print advertising that is limited to certain classes of goods and services, and usually limited in size and content.

COMPARATIVE ADVERTISING: Also known as Competition Oriented Pricing. A pricing strategy that is based upon what the competition does.

COOPERATIVE ADVERTISING: A system by which ad costs are divided between two or more parties. Usually, such programs are offered by manufacturers to their wholesalers or retailers, as a means of encouraging those parties to advertise the product. Also known as Co-op Advertising or Co-op Program.

COPYRIGHT: The right of copyright gives protection to the originator of material to prevent use without express permission or acknowledgement of the originator.

CORRECTIVE ADVERTISING: Advertisements or messages within advertisements that the Federal Trade Commission orders a company to run, for the purpose of correcting consumers' mistaken impressions created by prior advertising.

COST EFFICIENCY: For a media schedule, refers to the relative balance of effectively meeting reach and frequency goals at the lowest price.

COST PER INQUIRY: The cost of getting one person to inquire about your product or service. This is a standard used in direct response advertising.

COST PER RATING POINT (CPP): The cost, per 1 percent of a specified audience, of buying advertising space in a given media vehicle.

COST PER THOUSAND (CPM): The cost, per 1000 people reached, of buying advertising space in a given media vehicle.

COUNTER ADVERTISING: Advertising that takes a position contrary to an advertising message that preceded it. Such advertising may be used to take an opposing position on a controversial topic, or to counter an impression that might be made by another party's advertising.

CREATIVE STRATEGIES: An outline of what message should be conveyed, to whom, and with what tone. This provides the guiding principles for copywriters and art directors who are assigned to develop the advertisement. Within the context of that assignment, any ad that is then created should conform to that strategy. Also known as Copy Platform.

CREATIVES: The art directors and/or copywriters in an ad agency.

DAGMAR: A process of establishing goals for an ad campaign such that it is possible to determine whether or not the goals have been met. It stands for Defining Advertising Goals for Measured Advertising Results.

DAY-AFTER RECALL TEST: A research method that tests consumers' memories the day after they have seen an ad, to assess the ad's effectiveness.

DECEPTIVE ADVERTISING: The FTC defines this as being a representation, omission, act or practice that is likely to mislead consumers acting reasonably under the circumstances. To be regulated, however, a deceptive claim must also be material.

DEMOGRAPHICS: Basic objective descriptive classifications of consumers, such as their age, sex, income, education, size of household, ownership of home, etc. This does not include classification by subjective attitudes or opinions of consumers

DIRECT MAIL: Marketing communications delivered directly to a prospective purchaser via the U.S. Postal Service or a private delivery company.

DIRECT MARKETING: Sending a promotional message directly to consumers, rather than via a mass medium. Includes methods such as Direct Mail and Telemarketing.

DIRECT RESPONSE: Promotions that permit or request consumers to directly respond to the advertiser, by mail, telephone, e-mail, or some other means of communication. Some practitioners use this as a synonym for Direct Marketing.

EARNED RATE: A discounted media rate, based on volume or frequency of media placement.

END-USER: The person who actually uses a product, whether or not they are the one who purchased the product.

EQUAL TIME: A Federal Communications Commission requirement that when a broadcaster allows a political candidate broadcast a message, opposing candidates must be offered equal broadcast time.

EIGHTY-TWENTY RULE: A rule-of-thumb that, for the typical product category, eighty percent of the products sold will be consumed by twenty percent of the customers.

EXPOSURE: Consumers who have seen or heard a media vehicle, whether or not they paid attention to it.

EYE TRACKING: A research method that determines what part of an advertisement consumers look at, by tracking the pattern of their eye movements.

FCC: Federal Communications Commission. The federal agency responsible for regulating broadcast and electronic communications.

FTC: FTC stands for the Federal Trade Commission. This federal agency is primarily responsible for regulating national advertising.

FIXED-SUM-PER-UNIT-METHOD: A method of determining an advertising budget, which is based directly on the number of units sold.

FLAT RATE: A media rate that allows for no discounts.

FLIGHTING: A media schedule that involves more advertising at certain times and less advertising during other time periods.

FOCUS GROUP INTERVIEW: A research method that brings together a small group of consumers to discuss the product or advertising, under the guidance of a trained interviewer.

FOUR P's: Stands for Product, Price, Place (i.e., distribution), and Promotion.

FULL POSITION: An ad that is surrounded by reading matter in a newspaper, making it more likely consumers will read the ad. This is a highly desirable location for an ad.

FULL-SERVICE AGENCY: An agency that handles all aspects of the advertising process, including planning, design, production, and placement. Today, full-service generally suggests that the agency also handles other aspects of marketing communication, such as public relations, sales promotion, Internet and direct marketing.

GALVANOMETER TEST: A research method that measures physiological changes in consumers when asked a question or shown some stimulus material such as an ad.

GENERIC BRAND: Products not associated with a private or national brand name.

GROSS AUDIENCE: The audiences of all vehicles or media in a campaign, combined. Some or much of the gross audience may actually represent duplicated audience.

GROSS IMPRESSIONS: Total number of unduplicated people or households represented by a given media schedule.

GROSS RATING POINTS (GRP's): Reach times average frequency. This is a measure of the advertising weight delivered by a vehicle or vehicles within a given time period.

HIERARCHY-OF-EFFECTS THEORY: A series of steps by which consumers receive and use information in reaching decisions about what actions they will take (e.g., whether or not to buy a product).

HOLDING POWER: The ability to keep an audience throughout a broadcast, rather than having them change channels. It is represented as a percent of the total audience.

HOLDOVER AUDIENCE: The percent of a program's audience that watched or listened to the immediately preceding program on the same station.

HORIZONTAL DISCOUNT: A discount on a media purchase resulting from a promise to advertise over an extended period of time.

HOUSE AGENCY: An advertising agency owned and operated by an advertiser, which handles the advertiser's account.

IMAGE ADVERTISING: An advertising agency owned and operated by an advertiser, which handles the advertiser's account.

IN-PACK PREMIUM: A premium included in the packaging of another product. For example you buy a can of shaving cream and get a free razor in the same package. Also known as Package Enclosure or Bundling.

INDUSTRIAL ADVERTISING: A form of business-to-business advertising, this is advertising aimed at manufacturers. This advertising typically promotes parts, equipment, and raw materials used in the manufacturing process.

INFOMERCIAL: A commercial that is very similar in appearance to a news program, talk show, or other non-advertising program content.

INTEGRATED MARKETING COMMUNICATION (IMC): A management concept that is designed to make all aspects of marketing communication such as advertising, sales promotion, public relations, and direct marketing work together as a unified force, rather than permitting each to work in isolation.

JINGLE: A short song, usually mentioning a brand or product benefit, used in a commercial.

JUMBLE DISPLAY: A mixture of products or brands on a single display, such as a clearance table.

KEEPER: A premium used to induce a consumer to take some action, such as completing a survey or trying a product.

KEY SUCCESS FACTORS: The factors that are a necessary condition for success in a given market.

LEAVE-BEHIND: A premium left with prospective customers by a sales person, to remind them of the product or service being sold.

LIFESTYLE SEGMENTATION: Separating consumers into groups, based on their hobbies, interests, and other aspects of their lifestyles.

LIST BROKER: An agent who sells lists of sales prospects.

LOSS LEADER: A retail item advertised at an invitingly low price in order to attract customers for the purchase of other, more profitable merchandise.

LOYALTY INDEX: Frequency of listenership of a particular broadcast station.

MACROMARKETING: A type of marketing in which a company adapts itself to uncontrollable factors within the industry.

MARGINAL ANALYSIS: Technique of setting the advertising budget by assuming the point at which an additional dollar spent on advertising equals additional profit.

MARKET PROFILE: A summary of the characteristics of a market, including information of typical purchasers and competitors, and often general information on the economy and retailing patterns of an area.

MARKET SEGMENTATION: To divide a market by a strategy directed at gaining a major portion of sales to a subgroup in a category, rather than a more limited share of purchases by all category users.

MARKET SHARE: The percentage of a product category's sales, in terms of dollars or units, obtained by a brand, line, or company.

MARKETING FIRM: A business that affects the distribution and sales of goods and services from producer to consumer; including products or service development, pricing, packaging, advertising, merchandising, and distribution.

MARKETING MIX: The levels and interplay of the elements of a product's or service's marketing efforts, including product features, pricing, packaging, advertising, merchandising, distribution, and marketing budget; especially as these elements affect sales results.

MARKETING RESEARCH: The systematic gathering, recording, analyzing, and use of data relating to the transfer and sale of goods and services from producer to consumer.

MATERIALITY: The FTC theoretically will not regulate a deceptive advertisement unless the deceptive claim is also material. This means, in simple terms, that the claim must be important to consumers, rather than trivial. The FTC requires that the deception be likely to affect consumers' "choice of, or conduct regarding, a product."

MEDIA STRATEGY: A plan of action by an advertiser for bringing advertising messages to the attention of consumers through the use of appropriate media.

MOTIVATION RESEARCH: Research used to investigate the psychological reasons why individuals buy specific types of merchandise, or why they respond to specific advertising appeals, to determine the base of brand choices and product preferences.

NAD: National Advertising Division of the Council of Better Business Bureaus. This organization serves as a major self-regulatory mechanism for advertising.

NARROWCASTING: Using a broadcast medium to appeal to audiences with special interests. For example, the "Food Station" would be a narrowcast, because it appeals to an audience with a specific interest.

NATIONAL BRAND: A nationally distributed product brand name. May also be distributed regionally or locally.

NET UNDUPLICATED AUDIENCE: The combined cumulative audience exposed to an advertisement.

NOMINAL SCALE: A measurement scale in which numbers are assigned to attributes of objects or classes of objects solely for the purpose of identifying the objects.

NONPROFIT MARKETING: The marketing of a product or service in which the offer itself is not intended to make a monetary profit for the marketer.

NORMS: The rules of behavior that are part of the ideology of the group. Norms tend to reflect the values of the group and specify those actions that are proper and those that are inappropriate, as well as rewards for adherence and the punishment for conformity.

OBJECTIVES: The desired or needed result to be achieved by a specific time. An objective is broader than a goal, and one objective can be broken down into a number of specific goals.

OBSERVATION: A method of data collection in which the situation of interest is watched and the relevant facts, actions and behaviors are recorded.

ON-PACK (ON-PACK PREMIUM): Used to promote sales of a product. Discount coupons or gifts that are attached to or accompany the product to be purchased.

PARITY PRODUCTS: Product categories where the several brands within that category possess functionally equivalent attributes, making one brand a satisfactory substitute for most other brands in that category.

PAYMENT THRESHOLD: The minimum accumulated commission that an affiliate must earn to trigger payment from an affiliate program. This threshold often involves two factors such as minimum payment and scheduled intervals.

PATRONAGE MOTIVES: The motives that drive an individual/user toward selection of a particular outlet, retailer, or supplier of services.

PENETRATED MARKET: Actual set of users actually consuming the product or service.

PER INQUIRY: An agreement between a media representative and an advertiser in which all advertising fees are paid based on a percentage of all money received from an advertiser's sales or inquires.

PERCENT-OF-SALES METHOD: Method of determining the advertising budget based on an analysis of past sales, as well as a forecast for future sales.

PERCEIVED RISK: A functional or psychosocial risk a consumer feels he/she is taking when purchasing a product.

PERSUASION PROCESS: The process used by advertising to influence audience or prospect attitudes, especially purchase intent and product perception by appealing to reason or emotion.

POTENTIAL MARKET: A set of consumers who profess some level of interest in a designed market offer.

PRODUCT DIFFERENTIATION: Developing unique product differences with the intent to influence demand.

PRODUCT LIFE CYCLE: A marketing theory in which products or brands follow a sequence of stages including: introduction, growth, maturity, and sales decline.

PRODUCT POSITIONING: The consumer perception of a product or service as compared to its competition

PROMOTION: All forms of communication other than advertising that call attention to products and services by adding extra values toward the purchase. Includes temporary discounts, allowances, premium offers, coupons, contests, sweepstakes, etc.

PROMOTIONAL MIX: Using several different types of communication to support marketing goals which include Advertising, Personal selling, Publicity, and Sales promotions.

PSYCHOGRAPHICS: A term that describes consumers or audience members on the basis of psychological characteristics initially determined by standardized tests.

PUBLICITY: A type of public relations in the form of a news item or story which conveys information about a product, service, or idea in the media.

PUPILOMETRICS: A method of advertising research in which a study is conducted on the relationship between a viewer's pupil dilation and the interest factor of visual stimuli.

PSYCHOLOGICAL SEGMENTATION: The separation of consumers into psychological characteristic categories on the basis of standardized tests.

QUALITATIVE RESEARCH: A method of advertising research that emphasizes the quality of meaning in consumer perceptions and attitudes; for example, in-depth interviews and focus groups.

QUANTITATIVE RESEARCH: A method of advertising research that emphasizes measurement of incidence of consumer trends within a population.

QUALITY CONTROL: An ongoing analysis of operations, to verify goods or service meet specified standards, or to better answer customer and/or user complaints.

QUESTIONNAIRE: A document that is used to guide what questions are to be asked respondents and in what order, sometimes lists the alternative responses that are acceptable.

RANGE: The maximum distance a consumer is ordinarily willing to travel for a good or service; as such it determines the outer limit of a market area.

RATE CARD: Information cards provided by both print and broadcast media, which contain information concerning advertising costs, mechanical requirements, issue dates, closing dates, cancellation dates, and circulation data, etc.

REACH: The estimated number of individuals in the audience of a broadcast that is reached at least once during a specific period of time.

REFERENCE GROUP: A group of people or organization of which an individual respects, identifies with, or aspires to join, e.g., membership or associative groups.

REFERRAL PREMIUM: A premium offered to customers for helping sell a product or service to a friend or acquaintance.

SELLING ORIENTATION: A company-centered rather than a client-centered approach to conduct of business. This orientation tends to ignore what the customer/user really wants and needs.

SLOGAN: The verbal or written portion of an advertising message that summarizes the main idea in a few memorable words--a tag line.

STRATEGIC MARKET PLANNING: The planning process that yields decisions in how a business unit can best compete in the markets it elects to serve. The strategic plan is based upon the totality of the marketing process.

SUBLIMINAL PERCEPTION: An advertising message presented below the threshold of consciousness. A visual or auditory message that is allegedly perceived psychologically, but not consciously. Also known as Subception.

TAG LINE: A slogan or phrase that visually conveys the most important product attribute or benefit that the advertiser wishes to convey. Generally, a theme to a campaign.

TARGET AUDIENCE: A specified audience or demographic group for which an advertising message is designed.

TARGET MARKET: A group of individuals whom collectively, are intended recipients of an advertiser's message.

TARGET MARKET IDENTIFICATION: The process of using income, demographic, and life style characteristics of a market and census information for small areas to identify the most favorable locations.

UNIQUE SELLING PROPOSITION: The unique product benefit that the competition can not claim.

VALUES AND LIFESTYLES RESEARCH (VALS): A research method which psychologically groups consumers based on certain characteristics such as their values, lifestyles, and demographics.

VEHICLE: A specific channel or publication for carrying the advertising message to a target audience. For example, one medium would be magazines, while one vehicle would be Time magazine.

VERTICAL PUBLICATIONS: Publications whose editorial content deals with the interests of a specific industry, e.g., National Petroleum Magazine and Retail Baking Today.

VISION: A guiding theme that articulates the nature of the business and its intentions for the future, based upon how management believes the environment will unfold. A vision is informed, share, competitive and enabling.

WORD OF MOUTH ADVERTISING: Advertising that occurs when people share information about products or promotions with friends.

WEAR OUT: The point reached when an advertising campaign loses it's effectiveness due to repeated overplay of ads.

WORD PAINTING: A technique used in the radio broadcast industry that uses highly descriptive words to evoke images in reading material as an attempt to place the listener into the scene.