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## Chapter 19

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## Appendix

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# Glossary

## A

**activity-based cost (ABC)** accounting procedures that can quantify the true profitability of different activities by identifying their actual costs.

**adoption** an individual's decision to become a regular user of a product.

**advertising** any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.

**advertising objective** a specific communications task and achievement level to be accomplished with a specific audience in a specific period of time.

**anchoring and adjustment heuristic** when consumers arrive at an initial judgment and then make adjustments of their first impressions based on additional information.

**arm's-length price** the price charged by other competitors for the same or a similar product.

**aspirational groups** groups a person hopes or would like to join.

**associative network memory model** a conceptual representation that views memory as consisting of a set of nodes and interconnecting links where nodes represent stored information or concepts and links represent the strength of association between this information or concepts.

**attitude** a person's enduring favorable or unfavorable evaluation, emotional feeling, and action tendencies toward some object or idea.

**augmented product** a product that includes features that go beyond consumer expectations and differentiate the product from competitors.

**available market** the set of consumers who have interest, income, and access to a particular offer.

**availability heuristic** when consumers base their predictions on the quickness and ease with which a particular example of an outcome comes to mind.

**average cost** the cost per unit at a given level of production; it is equal to total costs divided by production.

## B

**backward invention** reintroducing earlier product forms that can be well adapted to a foreign country's needs.

**banner ads (Internet)** small, rectangular boxes containing text and perhaps a picture to support a brand.

**basic product** what specifically the actual product is.

**belief** a descriptive thought that a person holds about something.

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

**brand architecture** see branding strategy.

**brand-asset management team (BAMT)** key representatives from functions that affect the brand's performance.

**brand associations** all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand node.

**brand audit** a consumer-focused exercise that involves a series of procedures to assess the health of the brand, uncover its sources of brand equity, and suggest ways to improve and leverage its equity.

**brand awareness** consumers' ability to identify the brand under different conditions, as reflected by their brand recognition or recall performance.

**brand community** a specialized community of consumers and employees whose identification and activities focus around the brand.

**brand contact** any information-bearing experience a customer or prospect has with the brand, the product category, or the market that relates to the marketer's product or service.

**brand development index (BDI)** the index of brand sales to category sales.

**brand dilution** when consumers no longer associate a brand with a specific product or highly similar products or start thinking less favorably about the brand.

**brand elements** those trademarkable devices that serve to identify and differentiate the brand such as a brand name, logo, or character.

**brand equity** the added value endowed to products and services.

**brand extension** a company's use of an established brand to introduce a new product.

**brand image** the perceptions and beliefs held by consumers, as reflected in the associations held in consumer memory.

**brand knowledge** all the thoughts, feelings, images, experiences, beliefs, and so on that become associated with the brand.

**brand line** all products, original as well as line and category extensions, sold under a particular brand name.

**brand mix** the set of all brand lines that a particular seller makes available to buyers.

**brand personality** the specific mix of human traits that may be attributed to a particular brand.

**brand portfolio** the set of all brands and brand lines a particular firm offers for sale to buyers in a particular category.

**brand promise** the marketer's vision of what the brand must be and do for consumers.

**brand-tracking studies** collect quantitative data from consumers over time to provide consistent, baseline information about how brands and marketing program are performing.

**brand valuation** an estimate of the total financial value of the brand.

**brand value chain** a structured approach to assessing the sources and outcomes of brand equity and the manner in which marketing activities create brand value.

**branded** entertainment using sports, music, arts, or other entertainment activities to build brand equity.

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

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

**branding strategy** the number and nature of common and distinctive brand elements applied to the different products sold by the firm.

**breakeven analysis** a means by which management estimates how many units of the product the company would have to sell to break even with the given price and cost structure.

**brick-and-click** existing companies that have added an online site for information and/or e-commerce.

**business database** complete information about business customers' past purchases; past volumes, prices, and profits.

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

## C

**capital items** long-lasting goods that facilitate developing or managing the finished product.

**captive products** products that are necessary to the use of other products, such as razor blades or film.

**category extension** using the parent brand to brand a new product outside the product category currently served by the parent brand.

**category membership** the products or sets of products with which a brand competes and which function as close substitutes.

**cause-related marketing** marketing that links a firm's contributions to a designated cause to customers' engaging directly or indirectly in revenue-producing transactions with the firm.

**channel conflict** when one channel member's actions prevent the channel from achieving its goal.

**channel coordination** when channel members are brought together to advance the goals of the channel, as opposed to their own potentially incompatible goals.

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

**club membership programs** programs open to everyone who purchases a product or service, or limited to an affinity group of those willing to pay a small fee.

**co-branding** (also **dual branding** or **brand bundling**) two or more well-known brands are combined into a joint product or marketed together in some fashion.

**cohorts** groups of individuals born during the same time period who travel through life together.

**communication adaptation** changing marketing communications programs for each local market.

**communication-effect research** determining whether an ad is communicating effectively.

**company demand** the company's estimated share of market demand at alternative levels of company marketing effort in a given time period.

**company sales forecast** the expected level of company sales based on a chosen marketing plan and an assumed marketing environment.

**competitive advantage** a company's ability to perform in one or more ways that competitors cannot or will not match.

**company sales potential** the sales limit approached by company demand as company marketing effort increases relative to that of competitors.

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

**conjoint analysis** a method for deriving the utility values that consumers attach to varying levels of a product's attributes.

**conjunctive heuristic** the consumer sets a minimum acceptable cutoff level for each attribute and chooses the first alternative that meets the minimum standard for all attributes.

**consumer behavior** the study of how individuals, groups, and organizations elect, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

**consumer involvement** the level of engagement and active processing undertaken by the consumer in responding to a marketing stimulus.

**consumerist movement** an organized movement of citizens and government to strengthen the rights and powers of buyers in relation to sellers.

**consumption system** the way the user performs the tasks of getting and using products and related services.

**containerization** putting the goods in boxes or trailers that are easy to transfer between two transportation modes.

**contractual sales force** manufacturers' reps, sales agents, and brokers, who are paid a commission based on sales.

**convenience goods** goods the consumer purchases frequently, immediately, and with a minimum of effort.

**conventional marketing channel** an independent producer, wholesaler(s), and retailer(s).

**core benefit** the service or benefit the customer is really buying.

**core competency** attribute that (1) is a source of competitive advantage in that it makes a significant contribution to perceived customer benefits, (2) has applications in a wide variety of markets, (3) is difficult for competitors to imitate.

**core values** the belief systems that underlie consumer attitudes and behavior, and that determine people's choices and desires over the long term.

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

**corporate retailing** corporately owned retailing outlets that achieve economies of scale, greater purchasing power, wider brand recognition, and better-trained employees.

**countertrade** offering other items in payment for purchases.

**critical path scheduling (PS)** network planning techniques to coordinate the many tasks in launching a new product.

**cues** stimuli that determine when, where, and how a person responds.

**culture** the fundamental determinant of a person's wants and behavior.

**customer-based brand equity** the differential effect that brand knowledge has on a consumer response to the marketing of that brand.

**customer churn** high customer defection.

**customer consulting** data, information systems, and advice services that the seller offers to buyers.

**customer database** an organized collection of comprehensive information about individual customers or prospects that is current, accessible, and actionable for marketing purposes.

**customer equity** the sum of lifetime values of all customers.

**customer lifetime value (CLV)** the net present value of the stream of future profits expected over the customer's lifetime purchases.

**customer mailing list** a set of names, addresses, and telephone numbers.

**customer-management organization** deals with individual customers rather than the mass market or even market segments.

**customer perceived value (CPV)** the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives.

**customer-performance scorecard** how well the company is doing year after year on particular customer-based measures.

**customer profitability analysis (CPA)** a means of assessing and ranking customer profitability through accounting techniques such as activity-based costing (ABC).

**customer relationship management (CRM)** the process of carefully managing detailed information about individual customers and all customer "touch points" to maximize loyalty.

**customer training** training the customer's employees to use the vendor's equipment properly and efficiently.

**customer value analysis** report of the company's strengths and weaknesses relative to various competitors.

**customer-value hierarchy** five product levels that must be addressed by marketers in planning a market offering.

**customerization** combination of operationally driven mass customization with customized marketing in a way that empowers consumers to design the product and service offering of their choice.

## D

**data mining** the extracting of useful information about individuals, trends, and segments from the mass of data.

**data warehouse** a collection of current data captured, organized, and stored in a company's contact center.

**database marketing** the process of building, maintaining, and using customer databases and other databases for the purpose of contacting, transacting, and building customer relationships.

**declining demand** consumers begin to buy the product less frequently or not at all.

**deep metaphors** basic frames or orientations that consumers have toward the world around them.

**delivery** how well the product or service is delivered to the customer.

**demand chain planning** the process of designing the supply chain based on adopting a target market perspective and working backward.

**demand-side method** identifying the effect sponsorship has on consumers' brand knowledge.

**design** the totality of features that affect how a product looks, feels, and functions to a consumer.

**direct (company) sales force** full- or part-time paid employees who work exclusively for the company.

**direct marketing** the use of consumer-direct (CD) channels to reach and deliver goods and services to customers without using marketing middlemen.

**direct-order marketing** marketing in which direct marketers seek a measurable response, typically a customer order.

**direct product profitability (DDP)** a way of measuring a product's handling costs from the time it reaches the warehouse until a customer buys it in the retail store.

**discrimination** the process of recognizing differences in sets of similar stimuli and adjusting responses accordingly.

**display ads** small, rectangular boxes containing text and perhaps a picture to support a brand.

**dissociative groups** those groups whose values or behavior an individual rejects.

**distribution programming** building a planned, professionally managed, vertical marketing system that meets the needs of both manufacturer and distributors.

**drive** a strong internal stimulus impelling action.

**dual adaptation** adapting both the product and the communications to the local market.

**dumping** situation in which a company charges either less than its costs or less than it charges in its home market, in order to enter or win a market.

**durability** a measure of a product's expected operating life under natural or stressful conditions.

## E

**e-business** the use of electronic means and platforms to conduct a company's business.

**e-commerce** a company or site offers to transact or facilitate the selling of products and services online.

**elimination-by-aspects heuristic** situation in which the consumer compares brands on an attribute selected probabilistically, and brands are eliminated if they do not meet minimum acceptable cutoff levels.

**environmental threat** a challenge posed by an unfavorable trend or development that would lead to lower sales or profit.

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

**everyday low pricing (EDLP)** in retailing, a constant low price with few or no price promotions and special sales.

**exchange** the process of obtaining a desired product from someone by offering something in return.

**exclusive distribution** severely limiting the number of intermediaries, in order to maintain control over the service level and outputs offered by resellers.

**expectancy-value model** consumers evaluate products and services by combining their brand beliefs—positive and negative—according to their weighted importance.

**expected product** a set of attributes and conditions buyers normally expect when they purchase this product.

**experience curve (learning curve)** a decline in the average cost with accumulated production experience.

**experimental research** the most scientifically valid research designed to capture cause-and-effect relationships by eliminating competing explanations of the observed findings.



## F

**fad** a craze that is unpredictable, short-lived, and without social, economic, and political significance.

**family brand** situation in which the parent brand is already associated with multiple products through brand extensions.

**family of orientation** parents and siblings.

**family of procreation** spouse and children.

**features** things that enhance the basic function of a product.

**fixed costs (overhead)** costs that do not vary with production or sales revenue.

**flexible market offering** (1) a naked solution containing the product and service elements that all segment members value, and (2) discretionary options that some segment members value.

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

**forecasting** the art of anticipating what buyers are likely to do under a given set of conditions.

**form** the size, shape, or physical structure of a product.

**forward invention** creating a new product to meet a need in another country.

**frequency programs (FPs)** designed to provide rewards to customers who buy frequently and in substantial amounts.

**full demand** consumers are adequately buying all products put into the marketplace.

## G

**generics** unbranded, plainly packaged, less expensive versions of common products such as spaghetti, paper towels, and canned peaches.

**global firm** a firm that operates in more than one country and captures R&D, production, logistical, marketing, and financial advantages in its costs and reputation that are not available to purely domestic competitors.

**global industry** an industry in which the strategic positions of competitors in major geographic or national markets are fundamentally affected by their overall global positions.

**goal formulation** the process of developing specific goals for the planning period.

**going-rate pricing** price based largely on competitors' prices.

**gray market** branded products diverted from normal or authorized distribution channels in the country of product origin or across international borders.

## H

**hedonic bias** when people have a general tendency to attribute success to themselves and failure to external causes.

**heuristics** rules of thumb or mental shortcuts in the decision process.

**high-low pricing** charging higher prices on an everyday basis but then running frequent promotions and special sales.

**holistic marketing concept** a concept based on the development, design, and implementation of marketing programs, processes, and activities that recognizes their breadth and interdependencies.

**horizontal marketing system** two or more unrelated companies put together resources or programs to exploit an emerging market opportunity.

**hub-and-spoke system** product-management organization where brand or product manager is figuratively at the center, with spokes leading to various departments representing working relationships.

**hybrid channels** use of multiple channels of distribution to reach customers in a defined market.

## I

**image** the set of beliefs, ideas, and impressions a person holds regarding an object.

**industry** a group of firms that offer a product or class of products that are close substitutes for one another.

**informational appeal** elaborates on product or service attributes or benefits.

**ingredient branding** a special case of co-branding that involves creating brand equity for materials, components, or parts that are necessarily contained within other branded products.

**innovation** any good, service, or idea that is perceived by someone as new.

**innovation diffusion process** the spread of a new idea from its source of invention or creation to its ultimate users or adopters.

**installation** the work done to make a product operational in its planned location.

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

**integrated logistics systems (ILS)** materials management, material flow systems, and physical distribution, abetted by information technology (IT).

**integrated marketing** mixing and matching marketing activities to maximize their individual and collective efforts.

**integrated marketing channel system** the strategies and tactics of selling through one channel reflect the strategies and tactics of selling through one or more other channels.

**integrated marketing communications (IMC)** a concept of marketing communications planning that recognizes the added value of a comprehensive plan.

**intensive distribution** the manufacturer placing the goods or services in as many outlets as possible.

**internal branding** activities and processes that help to inform and inspire employees.

**internal marketing** an element of holistic marketing, is the task of hiring, training, and motivating able employees who want to serve customers well.

**interstitials** advertisements, often with video or animation, that pop up between changes on a Web site.

**irregular demand** consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.

## J

**jobbers** small-scale wholesalers who sell to small retailers.

**joint venture** a company in which multiple investors share ownership and control.

## L

**latent demand** consumers may share a strong need that cannot be satisfied by an existing product.

**lean manufacturing** producing goods with minimal waste of time, materials, and money.

**learning** changes in an individual's behavior arising from experience.

**lexicographic heuristic** a consumer choosing the best brand on the basis of its perceived most important attribute.

**licensed product** one whose brand name has been licensed to other manufacturers who actually make the product.

**life-cycle cost** the product's purchase cost plus the discounted cost of maintenance and repair less the discounted salvage value.

**life stage** a person's major concern, such as going through a divorce, going into a second marriage, taking care of an older parent, deciding to cohabit with another person, deciding to buy a new home, and so on.

**lifestyle** a person's pattern of living in the world as expressed in activities, interests, and opinions.

**line extension** the parent brand is used to brand a new product that targets a new market segment within a product category currently served by the parent brand.

**line stretching** a company lengthens its product line beyond its current range.

**long-term memory (LTM)** a permanent repository of information.

**loyalty** a commitment to rebuy or repatronize a preferred product or service.

## M

**maintenance and repair** the service program for helping customers keep purchased products in good working order.

**market** various groups of customers.

**market-buildup method** identifying all the potential buyers in each market and estimating their potential purchases.

**market-centered organizations** companies that are organized along market lines.

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

**market forecast** the market demand corresponding to the level of industry marketing expenditure.

**market logistics** planning the infrastructure to meet demand, then implementing and controlling the physical flows of materials and final goods from points of origin to points of use, to meet customer requirements at a profit.

**market-management organization** a market manager supervising several market-development managers, market specialists, or industry specialists and draw on functional services as needed.

**market opportunity analysis (MOA)** system used to determine the attractiveness and probability of success.

**market partitioning** the process of investigating the hierarchy of attributes consumers examine in choosing a brand if they use phased decision strategies.

**market penetration index** a comparison of the current level of market demand to the potential demand level.

**market-penetration pricing** pricing strategy where prices start low to drive higher sales volume from price-sensitive customers and produce productivity gains.

**market potential** the limit approached by market demand as industry marketing expenditures approach infinity for a given marketing environment.

**market share** a higher level of selective demand for a product.

**market-skimming pricing** pricing strategy where prices start high and are slowly lowered over time to maximize profits from less price-sensitive customers.

**marketer** someone who seeks a response (attention, a purchase, a vote, a donation) from another party, called the prospect.

**marketing** the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

**marketing audit** a comprehensive, systematic, independent, and periodic examination of a company's or business unit's marketing environment, objectives, strategies, and activities.

**marketing channel system** the particular set of marketing channels employed by a firm.

**marketing channels** sets of interdependent organizations involved in the process of making a product or service available for use or consumption.

**marketing communications** the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about products and brands that they sell.

**marketing communications mix** advertising, sales promotion, events and experiences, public relations and publicity, direct marketing, and personal selling.

**marketing concept** is to find not the right customers for your products, but the right products for your customers

**marketing decision support system (MDSS)** a coordinated collection of data, systems, tools, and techniques with supporting software and hardware by which an organization gathers and interprets relevant information from business and the environment and turns it into a basis for marketing action.

**marketing funnel** identifies the percentage of the potential target market at each stage in the decision process, from merely aware to highly loyal.

**marketing implementation** the process that turns marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives.

**marketing information system (MIS)** people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute information to marketing decision makers.

**marketing insights** diagnostic information about how and why we observe certain effects in the marketplace, and what that means to marketers.

**marketing intelligence system** a set of procedures and sources managers use to obtain everyday information about developments in the marketing environment.

**marketing management** the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

**marketing metrics** the set of measures that helps firms to quantify, compare, and interpret their marketing performance.

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

**marketing opportunity** an area of buyer need and interest in which there is a high probability that a company can profitably satisfy that need.

**marketing plan** written document that summarizes what the marketer has learned about the marketplace, indicates how the firm plans to reach its marketing objectives, and helps direct and coordinate the marketing effort.

**marketing public relations (MPR)** publicity and other activities that build corporate or product image to facilitate marketing goals.

**marketing research** the systematic design, collection, analysis, and reporting of data and findings relevant to a specific marketing situation facing the company.

**markup** pricing an item by adding a standard increase to the product's cost.

**mass customization** the ability of a company to meet each customer's requirements

**master brand** situation in which the parent brand is already associated with multiple products through brand extensions.

**materials and parts** goods that enter the manufacturer's product completely.

**media selection** finding the most cost-effective media to deliver the desired number and type of exposures to the target audience.

**megatrends** large social, economic, political, and technological changes that are slow to form, and once in place, have an influence for seven to ten years or longer.

**membership groups** groups having a direct influence on a person.

**memory encoding** how and where information gets into memory.

**memory retrieval** how and from where information gets out of memory.

**mental accounting** the manner by which consumers code, categorize, and evaluate financial outcomes of choices.

**microsales analysis** examination of specific products and territories that fail to produce expected sales.

**microsite** a limited area on the Web managed and paid for by an external advertiser/company.

**mission statements** statements that organizations develop to share with managers, employees, and (in many cases) customers.

**mixed bundling** the seller offers goods both individually and in bundles.

**motive** a need aroused to a sufficient level of intensity to drive us to act.

**multichannel marketing** a single firm uses two or more marketing channels to reach one or more customer segments.

**multitasking** doing two or more things at the same time.

## N

**negative demand** consumers who dislike the product and may even pay to avoid it.

**net price analysis** analysis that encompasses company list price, average discount, promotional spending, and co-op advertising to arrive at net price.

**noncompensatory models** in consumer choice, when consumers do not simultaneously consider all positive and negative attribute considerations in making a decision.

**nonexistent demand** consumers who may be unaware of or uninterested in the product.

## O

**opinion leader** the person in informal, product-related communications who offers advice or information about a specific product or product category.

**ordering ease** how easy it is for the customer to place an order with the company.

**organization** a company's structures, policies, and corporate culture.

**organizational buying** the decision-making process by which formal organizations establish the need for purchased products and services and identify, evaluate, and choose among alternative brands and suppliers.

**overall market share** the company's sales expressed as a percentage of total market sales.

**overfull demand** more consumers would like to buy the product than can be satisfied.

## P

**packaging** all the activities of designing and producing the container for a product.

**paid search** marketers bid on search terms, when a consumer searches for those words using Google, Yahoo!, or Bing, the marketer's ad will appear on the results page, and advertisers pay only if people click on links.

**parent brand** an existing brand that gives birth to a brand extension.

**partner relationship management (PRM)** activities the firm undertakes to build mutually satisfying long-term relations with key partners such as suppliers, distributors, ad agencies, and marketing research suppliers.

**pay-per-click ads** see paid search.

**penetrated market** the set of consumers who are buying a company's product.

**perceived value** the value promised by the company's value proposition and perceived by the customer.

**perception** the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world.

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

**performance quality** the level at which the product's primary characteristics operate.



**personal communications channels** two or more persons communicating directly face-to-face, person-to-audience, over the telephone, or through e-mail.

**personal influence** the effect one person has on another's attitude or purchase probability.

**personality** a set of distinguishing human psychological traits that lead to relatively consistent responses to environmental stimuli.

**place advertising** (also **out-of-home advertising**) ads that appear outside of home and where consumers work and play.

**point-of-purchase (P-O-P)** the location where a purchase is made, typically thought of in terms of a retail setting.

**points-of-difference (PODs)** attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand.

**points-of-parity (POPs)** attribute or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands.

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

**potential market** the set of consumers who profess a sufficient level of interest in a market offer.

**potential product** all the possible augmentations and transformations the product or offering might undergo in the future.

**price discrimination** a company sells a product or service at two or more prices that do not reflect a proportional difference in costs.

**price escalation** an increase in the price of a product due to added costs of selling it in different countries.

**primary groups** groups with which a person interacts continuously and informally, such as family, friends, neighbors, and coworkers.

**principle of congruity** psychological mechanism that states that consumers like to see seemingly related objects as being as similar as possible in their favorability.

**private label brand** brands that retailers and wholesalers develop and market.

**product** anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, person, places, properties, organizations, information, and ideas.

**product adaptation** altering the product to meet local conditions or preferences.

**product assortment** the set of all products and items a particular seller offers for sale.

**product concept** proposes that consumers favor products offering the most quality, performance, or innovative features.

**product invention** creating something new via product development or other means.

**product map** competitors' items that are competing against company X's items.

**product mix** see product assortment.

**product-mix pricing** the firm searches for a set of prices that maximizes profits on the total mix.

**product-penetration percentage** the percentage of ownership or use of a product or service in a population.

**product system** a group of diverse but related items that function in a compatible manner.

**production concept** holds that consumers prefer products that are widely available and inexpensive.

**profitable customer** a person, household, or company that over time yields a revenue stream that exceeds by an acceptable amount the company's cost stream of attracting, selling, and servicing that customer.

**prospect** a purchase, a vote, or a donation by a prospective client.

**prospect theory** when consumers frame decision alternatives in terms of gains and losses according to a value function.

**psychographics** the science of using psychology and demographics to better understand consumers.

**public** any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives.

**public relations (PR)** a variety of programs designed to promote or protect a company's image or its individual products.

**publicity** the task of securing editorial space—as opposed to paid space—in print and broadcast media to promote something.

**pull strategy** when the manufacturer uses advertising and promotion to persuade consumers to ask intermediaries for the product, thus inducing the intermediaries to order it.

**purchase probability scale** a scale to measure the probability of a buyer making a particular purchase.

**pure bundling** a firm only offers its products as a bundle.

**pure-click** companies that have launched a Web site without any previous existence as a firm.

**push strategy** when the manufacturer uses its sales force and trade promotion money to induce intermediaries to carry, promote, and sell the product to end users.

## Q

**quality** the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs.

**questionnaire** a set of questions presented to respondents.

## R

**reference groups** all the groups that have a direct or indirect influence on a person's attitudes or behavior.

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

**relationship marketing** building mutually satisfying long-term relationships with key parties, in order to earn and retain their business.

**relative market share** market share in relation to a company's largest competitor.

**reliability** a measure of the probability that a product will not malfunction or fail within a specified time period.

**repairability** a measure of the ease of fixing a product when it malfunctions or fails.

**representativeness heuristic** when consumers base their predictions on how representative or similar an outcome is to other examples.

**retailer (or retail store)** any business enterprise whose sales volume comes primarily from retailing.