



COHEN STRATEGY GROUP

MARKETING GLOSSARY

*Matthew Cohen, Managing Partner
Cohen Strategy Group, LLC*

A

Above-the-fold

The part of a web page that is visible without scrolling. It is generally more desirable placement on a Website because of its visibility. *If you have a "join our mailing list" tag on your Website, you should place it "above the fold" making it easy for visitors to opt-in.*

Acquisition costs

The incremental costs involved in obtaining a new customer.

Advertising opportunity

A product or service may generate additional revenue through advertising if there is benefit from creating additional awareness, communicating differentiating attributes, hidden qualities or benefits. Optimizing the opportunity may involve leveraging strong emotional buying motives and potential benefits.

Agent

A business entity that negotiates, purchases, and/or sells, but does not take title to the goods.

B

Brand

A name, term, sign, symbol, design, or a combination of all used to uniquely identify a producer's goods and services and differentiate them from competitors.

Brand equity

The added value a brand name identity brings to a product or service beyond the functional benefits provided.

Brand extension strategy

The practice of using a current brand name to enter a new or different product class.

Brand identity

Positions customer's relative perceptions of one brand to other competitive alternatives.

Break-even analysis

The unit or dollar sales volume where an organization's revenues equal expenses and results in neither profit nor loss.

Broker

An independent intermediary that serves as a go-between for the buyer or seller.

Bundling

The practice of marketing two or more product or service items in a single package with one price.

Business mission

A brief description of an organization's purpose with reference to its customers, products or services, markets, philosophy, and technology.



C

CAGR

Compound average growth rate, commonly used to calculate past, or project future growth rates.

COGS (Cost of goods sold)

Expenses associated with materials, labor, and factory overhead applied directly to production.

CPM (or Cost per thousand)

In e-mail marketing, CPM commonly refers to the cost per 1000 names on a given rental list. For example, a rental list priced at \$250 CPM would mean that the list owner charges \$.25 per e-mail address.

CTR (or Click-through rate)

The percentage (the number of unique clicks divided by the number that were opened) of recipients that click on a given URL in your e-mail.

Cannibalization

The undesirable tradeoff where sales of a new product or service decrease sales from existing products or services and detract from the increased potential revenue contribution of the organization.

Channel conflicts

A situation where one or more channel members believe another channel member is engaged in behavior that is preventing it from achieving its goals. Channel conflict most often relates to pricing issues.

Channels of distribution

The system where customers are provided access to an organization's products or services.

Co-branding

The pairing of two manufacturer's brand names on a single product or service.

Commission

The compensation paid to the person or entity based on the sale of a product; commonly calculated on a percentage basis.

Competitive advantage

The strategic development where customers will choose a firm's product or service over its competitors based on significantly more favorable perceptions or offerings.

Competitive analysis

Assessing and analyzing the comparative strengths and weaknesses of competitors; may include their current and potential product and service development and marketing strategies.

Concentrated target marketing

A process that occurs when a single target market segment is pursued.

Confirmed Opt-In (a.k.a. Double Opt-In) - A more stringent method of obtaining permission to send email campaigns. Confirmed opt-in adds an additional step to the opt-in process. It requires the subscriber to respond to a confirmation email, either by clicking on a confirmation link, or by replying to the email to confirm their subscription. Only those subscribers who take this additional step are added to your list.

Contribution

The difference between total sales revenue and total variable costs, or, on a per-unit basis, the difference between unit selling and the unit variable cost and may be expressed in percentage terms (contribution margin) or dollar terms (contribution per unit).

Contribution margin

Gross margin less sales and marketing expenses.



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Conversion rate

The number or percentage of recipients who respond to your call-to-action in a given e-mail marketing campaign or promotion. This is the measure of your e-mail campaign's success. You may measure conversion in sales, phone calls, appointments, etc.

Core marketing strategy

A statement that communicates the predominant reason to buy to a specific target market.

Cross elasticity of demand

The change in the quantity demanded of one product or service impacting the change in demand for another product or service.

D

Deep brand

A name, term, trademark, logo, symbol, or design that successfully communicates a broad range of meaning about a product and its attributes.

Differentiated target marketing

A process that occurs when an organization simultaneously pursues several different market segments, usually with a different strategy for each.

Differentiation

An approach to create a competitive advantage based on obtaining a significant value difference that customers will appreciate and be willing to pay for, and which ideally will increase their loyalty as a result.

Direct mail marketing

A form of direct marketing that involves sending information through a mail process, physical or electronic, to potential customers.

Direct marketing

Any method of distribution that gives the customer access to an organization's products and services without intermediaries; also, any communication from the producer that communicates with a target market to generate a revenue producing response.

Distinctive Competency

An organization's strengths or qualities including skills, technologies, or resources that distinguish it from competitors to provide superior and unique customer value and, hopefully, is difficult to imitate.

Diversification

A product-market strategy that involves the development or acquisition of offerings new to the organization and/or the introduction of those offerings to the target markets not previously served by the organization.

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Dual distribution

The practice of simultaneously distributing products or services through two or more marketing channels that may or may not compete for similar buyers.



E

Early adopters

A type of adopter in Everett Rogers' diffusion of innovations framework that describes buyers that follow "innovators" rather than be the first to purchase.

Early majority

A type of adopter in Everett Rogers' diffusion of innovations framework that describes those interested in new technology who wait to purchase until these innovations are proven to perform to the expected standard.

Economies of scale

The benefit that larger production volumes allow fixed costs to be spread over more units lowering the average unit costs and offering a competitive price and margin advantage.

Effective demand

When prospective buyers have the willingness and ability to purchase an organization's offerings.

Email blocking

Email blocking typically refers to blocking by ISPs. E-mails that are blocked are not processed through the ISP and are essentially prevented from reaching their addressed destination. ISPs actively block email coming from suspected spammers.

Email newsletter ads or sponsorships

Buying ad space in an email newsletter or sponsoring a specific article or series of articles. Advertisers pay to have their ad (text, HTML or both depending on the publication) inserted into the body of the email. *Email newsletter ads and sponsorships allow advertisers to reach a targeted audience driving traffic to a website, store or office, signups to a newsletter or sales of a product or service.*

Exclusive distribution

A distribution strategy whereby a producer sells its products or services in only one retail outlet in a specific geographical area.

Experience curve

A visual representation, often based on a function of time, from the initial exposure to a process that offers greater information and results in enhanced efficiency and/or operations advantage.

F

Fighting brand strategy

Adding a new brand to confront competitive brands in an established product category.

Fixed cost

Static expenses that do not fluctuate with output volume and become progressively smaller per unit of output as volume increases.

Focus group

Groups of people representing target audiences, usually between 9 and 12 in number, brought together to discuss a topic that will offer insight for product development, service, or marketing efforts.

Full-cost price strategies

A process that considers both variable and fixed costs (total costs) in determining the price point of a product or service.



Frequency marketing

Activities which encourage repeat purchasing through a formal program enrollment process to develop loyalty and commitment. Frequency marketing is also referred to as loyalty programs.

G

Gross margin

The difference between total sales revenue and total cost of goods sold, or, on a per unit basis, the difference between unit selling price and unit cost of goods sold. Gross margin can be expressed in dollar or percentage terms.

H

HTML email

An email that is formatted using Hypertext Markup Language instead of plain text. HTML makes it possible to include unique fonts, graphics and background colors. *HTML makes an email more interesting and when used properly can generate higher response rates than plain text.*

Hard bounce/Soft bounce

A hard bounce is the failed delivery of an e-mail due to a permanent reason like a non-existent address. A soft bounce is the failed delivery of an e-mail due to a temporary issue, like a full mailbox or an unavailable server.

Harvesting

Selling a business or product line.

House list (or Retention List)

A permission-based list that you built yourself. Use it to market, cross sell and up-sell, and to establish a relationship with customers over time. *Your house list is one of your most valuable assets because it is 7 times less expensive to market to an existing customer than it is to acquire a new one. Use every opportunity to add to it and use it.*

I

Idea Adoption

The process of accepting a new concept to address a need or solve a problem and is often discussed in the context of the rate or speed of that acceptance.

Innovators

A type of adopter in Everett Rogers' diffusion of innovations framework describing the first group to purchase a new product or service.

Integrated marketing communications

The practice of blending different elements of the communication mix in mutually reinforcing ways.

Intensive distribution

A distribution strategy whereby a producer attempts to sell its products or services in as many retail outlets as possible within a geographical area without exclusivity.

J

Jobber

An intermediary that buys from producers to sell to retailers and offers various services with that function.



L

Laggards

A type of adopter in Everett Rogers' diffusion of innovations framework describing the risk adverse group that follows the late majority, generally not interested in new technology and are the last group of customers to make a purchase decision.

Life cycle

A model depicting the sales volume cycle of a single product, brand, service or a class of products or services over time described in terms of the four phases of introduction, growth, maturity and decline.

Loyalty programs

Activities designed to encourage repeat purchasing through a formal program enrollment process and the distribution of benefits. Loyalty programs may also be referred to as frequency marketing.

M

Manufacturer's agent

An agent who typically operates on an extended contractual basis, often sells in an exclusive territory, offers noncompeting but related lines of goods, and has defined authority regarding prices and terms of sale.

Market

Prospective buyers, individuals or organizations, willing and able to purchase the organization's potential offering.

Market development funds

The monetary resources a company invests to assist channel members increase volume sales of their products or services. Hereafter referred to by the acronym MDF.

Market-development strategy

A product-market strategy whereby an organization introduces its offerings to markets other than those it is currently serving. In international marketing, this strategy can be implemented through exportation licensing, joint ventures or direct investment.

Market evolution

Incremental changes in primary demand for a product class and changes in technology.

Market-penetration strategy

A product market strategy whereby an organization seeks to gain greater dominance in a market in which it already has an offering. This strategy often focuses on capturing a larger share of an existing market.

Market redefinition

Changes in the offering demanded by buyers or promoted by competitors to enhance its perception and associated sales.

Market sales potential

The maximum level of sales that might be available to all organizations serving a defined market in a specific time period.

Market segmentation

The categorization of potential buyers into groups based on common characteristics such as age, gender, income, and geography or other attributes relating to purchase or consumption behavior.

Market share

The total sales of an organization divided by the sales of the market they serve.



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Marketing

The set of planned activities designed to positively influence the perceptions and purchase choices of individuals and organizations.

Marketing audit

A comprehensive and systematic examination of a company's or business unit's marketing environment, objectives, strategies, and activities with a view of identifying and understanding problem areas and opportunities, and recommending a plan of action to improve the company's marketing performance.

Marketing-cost analysis

Assigning or allocating costs to a specific marketing activity or entity in a manner that accurately captures the financial contribution of activities or entities to the organization.

Marketing mix

The controllable activities that include the product, service, or idea offered, the manner in which the offering will be communicated to customers, the method for distributing the offering, the price to be charged for the offering, and the services provided before and after the sale.

Marketing plan

A written document containing description and guidelines for an organization's or a product's marketing strategies, tactics and programs for offering their products and services over the defined planning period, often one year.

Mission statement

A statement that captures an organization's purpose, customer orientation and business philosophy.

Multiple-channel system

A channel of distribution that uses a combination of direct and indirect channels where the channel members serve different segments.

N

New-brand strategy

The development of a new brand and often a new offering for a product class that has not been previously served by the organizations.

Net profit margin before taxes

The remainder after cost of goods sold, other variable costs revenue, or simply, total revenue minus total cost. Net profit margin can be expressed in actual monetary values or percentage terms.

O

Offering

The total benefits or satisfaction provided to target markets by an organization. Consists of a tangible product or service plus related services such as installation, repair, warranties or guarantees, packaging, technical support, field support, and other services.

Offering mix or portfolio

The complete array of an organization's offerings including all products and services.

Open rate

The percentage of e-mails opened in any given e-mail marketing campaign, or the percentage opened of the total number of e-mails sent.



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Operating leverage

The extent to which fixed costs and variable costs are used in the production and marketing of products and services.

Operations control

The practice of assessing how well an organization performs marketing activities as it seeks to achieve planned outcomes.

Opportunity analysis

Identifying and exploring revenue enhancement or expense reduction options to better position the organization to realize increased profitability, efficiencies, market potential or other desirable objectives.

Opportunity cost

Resource-use options that are forfeited as a result of pursuing one activity among several possibilities. This can also be described as the potential benefits foregone as a result of choosing another course of action.

Opt-in (or Subscribe)

To opt-in or subscribe to an e-mail list is to choose to receive e-mail communications by supplying your e-mail address to a particular company, website or individual thereby giving them permission to e-mail you. The subscriber can often indicate areas of personal interest (e.g. mountain biking) and/or indicate what types of e-mails she wishes to receive from the sender (e.g. newsletters).

Opt-out (or Unsubscribe)

To opt-out or unsubscribe from an e-mail list is to choose not to receive communications from the sender by requesting the removal of your e-mail address from their list.

Original equipment manufacturer (OEM)

The process that is facilitated through licensing or other financial arrangements where the initial producer of a product or service enters into an agreement to allow another entity to include, remanufacture, or label products or services under their own name and sell through their distribution channels. This approach typically results in a “higher volume, lower margin” relationship for the original producer, and offers access to a broader range of products and services the buyer can offer their consumers at more attractive costs.

Outsourcing

Purchasing an item or a service from an outside vendor to replace performance of the task within an organization’s internal operations.

P

Payback period

The amount of time required for an organization to recapture an initial investment. This may apply to an entire business operation or an individual project.

Penetration pricing strategy

Setting a relatively low initial price for a new product or service to generate increased sales volumes resulting in greater market share.

Perceptual map

A market research based two- or three-dimensional illustration of customer perceptions of competing products and comparisons of select key attributes that influence purchase decisions.

Perceived risk

The extent to which a customer or client is uncertain about the consequences of an action, often relating to purchase decisions.

Permission-based email

Email sent to recipients who have opted-in or subscribed to receive e-mail communications from a particular company, website or individual. *Permission is an absolute prerequisite for legitimate and profitable email marketing.*



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Personal selling

The use of face-to-face communication between the seller and buyer.

Point of purchase (POP) advertising

A retail in-store presentation that displays product and communicates information to consumers at the place of purchase.

Positioning

Orchestrating an organization's offering and image to occupy a unique and valued place in the customer's mind relative to competitive offerings. A product or service can be positioned on the basis of an attribute or benefit, use or application, user, class, price or level of quality.

Premiums

A product-oriented promotion that offers a free or reduced-price item based on the purchase of an advertised product or service.

Price elasticity of demand

The change in demand relative to a change in price for a product or service.

Price inelastic

The low influence that a price change has on the buyer's decision to purchase a product or service. An appendectomy is an exaggerated example of a price inelastic purchase.

Privacy policy

A clear description of a website or company's policy on the use of information collected from and about website visitors and what they do, and do not do, with the data. *Your privacy policy builds trust especially among those who opt-in to receive email from you or those who register on your site. If subscribers, prospects and customers know their information is safe with you, they will likely share more information with you making your relationship that much more valuable.*

Product definition

A stage in a new product development process in which concepts are translated into actual products for additional testing based on interactions with customers.

Product development strategy

A product-market strategy whereby an organization creates new offerings for existing markets innovation, product augmentation, or product line extensions.

Product life cycle (PLC)

The phases of the sales projections or history of a product or service category over time used to assist with marketing mix decisions and strategic options available. The four stages of the product life cycle include introduction, growth, maturity, and decline, and typically follow a predictable pattern based on sales volume over time.

Product line

A group of closely related products with similar attributes or target markets offered by one firm.

Pro forma income statement

An income statement containing projected revenues, budgeted fixed and variable expenses, and estimated net profit, product, or service during a specific planning period, usually a year.

Product-line pricing

The setting of prices for all items in a product line involving the lowest-priced product price, the highest price product, and price differentials for all other products in the line.



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Public relations

Communications through the press often in the form of news distributed in a non-personal form which may include newspaper, magazine, radio, television, Internet or other form of media for which the sponsoring organization does not pay a fee.

Pull communication strategy

The practice of creating interest among potential buyers, who then demand the offering from intermediaries, ultimately “pulling” the offering through the distribution channel.

Push communication strategy

The practice of “pushing” an offering through a marketing channel in a sequential fashion, with each channel focusing on a distinct target market. The principal emphasis is on personal selling and trade promotions directed toward wholesalers and retailers.

R

Regional marketing

The practice of using different marketing mixes to accommodate unique preferences and competitive conditions in different geographical areas.

Relevant cost

Expenditures that are expected to occur in the future as a result of a specific marketing action and differ among other potential marketing alternatives.

Rental list (or Acquisition list)

A list of prospects or a targeted group of recipients who have opt-in to receive information about certain subjects. Using permission-based rental lists, marketers can send email messages to audiences targeted by interest category, profession, demographic information and more. Renting a list usually costs between \$.10 and \$.40 per name. *Be sure your rental list is a certified permission-based, opt-in list. Permission-based lists are rented, not sold.*

Repositioning

The process of strategically changing the consumer perceptions surrounding a product or service.

Rogers, Everett

Author who studied and published information on the theory of diffusion of innovation.

S

Sales forecast

The level of sales a single organization expects to achieve based on a chosen marketing strategy and assumed competitive environment.

Scrambled merchandising

The practice by wholesalers and retailers that carry an increasingly wider assortment of merchandise.

Selective distribution

A strategy where a producer sells their products or services in a few exclusively chosen retail outlets in a specific geographical area.

Signature file (or sig file)

A tagline or short block of text at the end of an email message that identifies the sender and provides additional information such as company name and contact information. *Your signature file is a marketing opportunity. Use it to convey a benefit and include a call-to-action with a link.*



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Single Opt-In (with a subscriber acknowledgement email) - The most widely accepted and routinely used method of obtaining email addresses and permission. A single opt-in list is created by inviting visitors and customers to subscribe to your email list. When you use a sign-up tag on your website, a message immediately goes out to the subscriber acknowledging the subscription. This message should reiterate what the subscriber has signed up for, and provide an immediate way for the subscriber to edit her interests or opt-out.

Situation analysis

The assessment of operations to determine the reasons for the gap between what was or is expected, and what has happened or what will happen.

Skimming pricing strategy

Setting a relatively high initial price for a new product or service when there is a strong price-perceived quality relationship that targets early adopters that are price insensitive. The strategy may include lowering the price over time.

Slotting allowances

Payments to retail stores for acquiring and maintaining shelf space.

Soft bounce/Hard bounce

A soft bounce is the failed delivery of an email due to a temporary issue, like a full mailbox or an unavailable server. A hard bounce is the failed delivery of an email due to a permanent reason like a non-existent address.

Spam or UCE (Unsolicited Commercial E-mail)

E-mail sent to someone who has not opt-in or given permission to the sender.

Strategic control

The practice of assessing the direction of the organization as evidenced by its implicit or explicit goals, objectives, strategies, and capacity to perform in the context of changing environmental and competitive actions.

Strategic marketing management

The planned process of defining the organization's business, mission, and goals; identifying and framing organizational opportunities; formulating product-market strategies, budgeting marketing, financial, and production resources; developing reformulation and recovery strategies.

Success requirements

The basic tasks that must be performed by an organization in a market or industry to compete successfully. These are sometimes categorized as key success factors.

Sunk cost

Past expenditures for a given activity that are typically irrelevant in whole or in part to future decisions. The "sunk cost fallacy" is an attempt to recoup spent dollars by spending still more dollars in the future.

SWOT analysis

A formal framework of identifying and framing organizational growth opportunities. SWOT is an acronym for an organization's internal Strengths and Weaknesses and external Opportunities and Threats.

T

Tactics

A collection of tools, activities and business decisions required to implement a strategy.

Target market

A defined segment of the market that possesses common characteristics and a relative high propensity to purchase a particular product or service.



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Target marketing (Targeting)

The process of marketing to a specific market segment or multiple segments. Differentiated target marketing occurs when an organization simultaneously pursues several different market segments, usually with a different strategy for each. Concentrated target marketing occurs when a single market segment is pursued. *Targeting is very important for an email marketer because targeted and relevant email campaigns yield a higher response and result in fewer unsubscribes.*

Telemarketing

A form of direct marketing that uses the telephone to reach potential customers.

Trade margin

The difference between unit sales price and unit cost and each level of a marketing channel usually expressed as a percent.

Trading down

The process of reducing the number of features or the quality of an offering to realize a lower purchase price.

Trading up

The practice of improving an offering by adding new features and higher quality materials or adding products or services to increase the purchase price.

U

UCE (Unsolicited Commercial E-mail)

Also called Spam, email sent to someone who has not opt-in or given permission to the sender.

URL (Universal Resource Locator)

A website, page or any other document address or location on the Internet. URLs indicate the location of every file on every computer accessible through the Internet.

V

Value

The ratio of perceived benefits compared to price for a product or service.

Variable Cost

Costs that fluctuate in direct proportion to the volume of units produced.

Variance

A calculation of the difference between plan and actual results, used by analysts to manage and track the impact of planning and budgeting.

Viral Marketing

A type of marketing that is carried out voluntarily by a company's customers. It is often referred to as word-of-mouth advertising. Email has made this type of marketing very prevalent. Tools such as "send this page, article or website to a friend" encourage people to refer or recommend your company product, service or a specific offer to others.

W

Wholesaler

A channel member that purchases from the producer and supplies to the retailer and primarily performs the function of physical distribution and stocking inventory for rapid delivery.



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Working capital

The accessible resources needed to support the day-to-day operations of an organization; commonly in the form of cash and short-term assets and include accounts receivable, prepaid expenses, and short-term accounts payable, and current unpaid income taxes.

ABOUT COHEN STRATEGY GROUP, LLC

Based in New York and serving clients worldwide through affiliate offices, Cohen Strategy Group provides strategic planning and marketing services that help our clients build successful businesses. Our firm is a proven industry leader in outsourced business development, marketing strategy creation, sales pipeline implementation and public & political issue advocacy.

Cohen Strategy Group isn't in the game of building better websites; we are focused on building better businesses...because the valuations of Fortune 1,000 companies, *and all companies for that matter*, are driven by their business strategy not the sophistication of their website.

Cohen Strategy Group is a relationship accelerator, which speeds a company's time to market. We know that actively building value and realizing opportunities are the primary keys to business success.

To learn more, please visit www.cohenstrategygroup.com.