



# MARKETING TERMINOLOGY

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## Introduction

This list of critical marketing terms is designed to aid people in making strategic marketing decisions. To make a successful decision one must apply terms correctly. If terms are misapplied or misunderstood then the probability of meeting one's objectives decrease. What if a CFO (Chief Financial Officer) could not define revenue? A VP of manufacturing could not define WIP (Work in Progress)?

The use of precise marketing terms is a necessary but not sufficient in the creation and successful execution of a strategic marketing plan. The following terminology and abbreviations will be used in Arscientia e-books and presentations.

## General Marketing Terms

- ASP: Average Selling Price
- B2B: business to-business: A model that focuses on selling products and/or services to other companies.
- Bottoms Up Forecast: A forecast generated by multiplying a product's ASP by the expected number of units sold.
- Business model: All the parts of a strategy necessary to deliver a product and/or service to a customer and make money from it. These include the product itself; the customer; the distribution channel; revenue model; how to get, keep and grow customers; resources and activities needed to build the business; and costs.
- Call to Action (CTA): An instruction to the customer designed to provoke an immediate response.
- Marketing: the activity and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, and partners.
- Market Opportunity Map: An organization's core competency aligned with potential markets.

Marketing plan: A comprehensive blueprint that outlines an organization's overall marketing efforts. A marketing plan can be realized by the marketing activities, which is outlined in a process.

- Marketing ROI: a way of measuring the return on investment from the amount a company spends on marketing.



$$\text{MROI} = \frac{\left( \text{INCREMENTAL FINANCIAL VALUE GAINED AS A RESULT OF THE MARKETING INVESTMENT} - \text{COST OF THE MARKETING INVESTMENT} \right)}{\text{COST OF THE MARKETING INVESTMENT}}$$

- **Mega-Trend:** Major industry trend that describes the horizontal and vertical supply chain structure and trend within each segment.
- **Market Segment:** a group of customers who when given a set of value propositions will most likely place an order.
- **Mission Statement:** A declaration of an organization's core purpose and focus that normally remains unchanged over time. Properly crafted mission statements (1) serve as filters to separate what is important from what is not, (2) clearly state which markets will be served and how, and (3) communicate a sense of intended direction to the entire organization.
- **New Market Segment:** a group of customers targeted for a new product offering.
- **Plausible Range:** The limits between which variation is possible, while retaining the appearance of truth or reason.
- **Porter's Five Forces Framework:** A tool for analyzing competition of a business. It uses five forces to determine the competitive intensity and, therefore, the attractiveness (or lack thereof) of an industry in terms of its profitability. The five forces are:
  1. Threat of new entrants
  2. Threat of substitutes
  3. Bargaining power of customers
  4. Bargaining power of suppliers
  5. Industry rivalry
- **Process Core Competencies:** The level of an organization's process development.
- **Product:** A bundle of features, functions, benefits, and uses capable of exchange or use. A product is usually a mix of tangible and intangible forms.
- **Product Benefit:** Actual factor (cost effectiveness, design, performance, etc.) or perceived factor (image, popularity, reputation, etc.) that satisfies what a customer needs or wants.
- **Product Features:** Characteristics of your product that describe its appearance, components, and capabilities.
- **Product Life Cycle:** The cycle through which every product goes, from introduction to withdrawal or eventual demise.
- **Product Market Fit:** Means being in a good market with a product that can satisfy that market.



- Profit Pools: The total profits earned in an industry at all points on the industry's values chain.
- Purchase Order (PO): A commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers.
- Risk Adjusted Return or Risk Adjusted Return: Risk-adjusted return on capital (RAROC) is a modified return on investment (ROI) figure that takes elements of risk into account. The formula used to calculate RAROC is:

$$\text{RAROC} = \frac{\text{revenue} - \text{expenses} - \text{expected loss} + \text{income from capital}}{\text{capital}}$$

- Revenue Pool: The summation of the revenue within a given market segment over a period of time.
- SAM: Served Available Market, or the portion of TAM you will target.
- Share of Market (SOM): the subset of your SAM that you will realistically capture. More typically known as Market Share, the percentage of some market held by a company.
- SMART Goals: Specific Measurable Attainable Realistic and Time-related: Giving criteria to guide in the setting of objectives.
  - Specific – target a specific area for improvement.
  - Measurable – quantify or at least suggest an indicator of progress.
  - Attainable – specify who will do it.
  - Realistic – state what results can realistically be achieved, given available resources.
  - Time-related – specify when the result(s) can be achieved.
- Strategic Marketing: To select the markets, customers, and actions which will contribute the greatest possible company profit
- Strategic plan: A systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.
- Startup - A temporary organization designed to search for a repeatable and scalable business model.
- Strategy: A coherent set of analysis, concepts, policies, arguments, and actions that respond to a high stakes challenge.
- TAM: Total Available Market: Everyone you could possibly reach with your product.



- Team: A group of people with a full set of complementary skills required to complete a task, job, or project.
- Top Down Forecast: A forecast calculated by assuming a percentage of market.
- Values: The operating philosophies or principles that guide an organization's internal conduct as well as its relationship with its customers, partners, and shareholders.
- Value Proposition: A promise of value to be delivered and acknowledged and a belief from the customer that value will be delivered and experienced. A value proposition can apply to an entire organization (or parts thereof), customer accounts, products, and services.
- Whole Product: A generic product augmented by everything that is needed to give the customer a compelling reason to buy. The core product is the tangible product that the customer experiences.
- Core Competence: "A combination of complementary skills and knowledge base embedded in a group or team that results in the ability to execute one or more critical processes to a world-class standard." (Coyne, Hall, Clifford, and Gorman McKinsey Quarterly)
  - Dependence:
    - Dependence for Knowledge: Company needs the item but lacks skill to make it, thus requiring needs an expert supplier to fill the gap.
    - Dependence for Capacity: Company can presumably make the item but for reasons of time, money, space, or management attention, chooses to extend its capacity by means of a supplier.
  - A company is either:
    - Dependent for Knowledge and Capacity
    - Dependent for Capacity only
    - Independent for Knowledge and Capacity
  - Modular: An item or component that can be specified by a few well-defined interfaces.
  - Integral: A part of a system that is not easily decomposed into its components.
  - Clock-speed:
    - Rate of innovation. Rate at which assets and capabilities change, grow and become obsolete.
      - Fast/slow: Do you have time to analyze a decision
  - Few VS. many suppliers: Many is generally greater than 5 suppliers with equal delivery capabilities (i.e. Knowledge and Capacity)

## Arscientia Specific Marketing Terms



- AIM: Arscientia Indicator Marketing: A process for B2B technology companies to maximize marketing ROI with decision making tools.
- Arscientia: A company dedicated to maximizing revenue via engineered marketing tools.
- Company Market Fit (CMF): B2B technology companies use the company market fit process to rank markets by the greatest profit potential
- Consistency of Purpose (COP) process: An interlinked set of quantifiable decision tools that enable a team of senior executives to create a strategic plan with consistency.
- Detailed Market Assessment: A detailed plan that enables a company to maximize resources entering a market.
- General Market Assessment: An overall market analysis that enables a company to decide which market to enter.
- Minimum Viable Content (MVC): the minimum marketing content required to bring a customer along the sales funnel
- Opportunity: A tool for identifying which market segment offers the greatest profit potential.
- Positioning Statement: the place that a brand occupies in the mind of the customer and how it is distinguished from products from competitors.
- Portfolio Prioritization: The process of identifying which products offers the greatest long-term profit opportunity.
- Process: A series of steps taken to achieve a particular end.
- Risk to Value (R2V): a process that minimizes risk and therefor maximizes company valuation
- Step: An action, especially one of a series achieve a particular thing.
- Task: A piece of work to be done or undertaken.
- Tool: a piece of software that carries out a particular function, typically creating or modifying another program.
- Sales Cycles: the process that companies undergo when selling a product to a customer



- Sources: [Investopedia](#), [Wikipedia](#), [Arscientia](#)