

AIPMM CPM/CPMM Certification Examination GLOSSARY OF TERMS

Developed by the Association for International Product Marketing and Management (www.aipmm.com), the Certified Product Manager and Certified Product Marketing Manager (CPM/CPMM) certifications are the only cross-industry, cross-methodology, internationally-respected professional credential for Product Managers and Product Marketers.

Getting Ready for AIPMM CPM/CPMM Certification:

1. First, **review this Glossary** to assess your readiness to take the exam.
2. Then, if any terms are unfamiliar, **use the accompanying Study Plan** to identify recommended books to review those topics. Chapters are identified to help you use your study time efficiently.
3. See the last page of this Glossary for the “jump-start” Certification prep option.

Product and Service Definitions

Product	Anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need. Includes physical objects, services, events, persons, places, organizations, ideas, or some combination thereof.
Augmented product	A product enhanced by the addition of related services and benefits, e.g. installation, warranty, maintenance and repair services, etc.
Actual product	The tangible features of a product, including styling, quality level, features, brand name and packaging; also called the Formal Product or Tangible Product.
Core product	The intangible benefit or service offered by a product; for example, the core product offered to a purchaser of shampoo is clean, healthy hair.
Service	A form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything. Examples: banking, hotel, airline, retail, tax preparation, home repairs. Services have the following four qualities:
Intangibility	Incapable of being touched or seen
Inseparability	Not capable of being separated
Variability	Designed so that an attribute or property can be varied
Perishability	Easily undergo a transformation or a change of position or action

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Product Types

Consumer Products	Products and services bought by final consumers for personal consumption.
Convenience Products	Purchased frequently & immediately.
Low priced	Mass advertising. Many purchase locations Examples: candy, soda, newspapers.
Shopping Products	Bought less frequently; Higher price; Fewer purchase locations; Comparison shop. Examples: furniture, clothing, cars, appliances.
Specialty Products	Special purchase efforts High price Unique characteristics Brand identification Few purchase locations Examples Lamborghini, Rolex Watch.

Other Market Offerings

Organizations	Market offerings that include for-profit (e.g. businesses) and not-for-profit (e.g. charities, schools, churches).
Persons	Politicians, entertainers, sports figures, doctors, and lawyers.
Places	Create, maintain, or change attitudes or behavior toward particular places (e.g., tourism).
Ideas (social marketing)	Public health campaigns, environmental campaigns, family planning, or human rights.

Product Line Decisions

Product Line	Strategy of offering for sale several related products. Unlike product bundling where several products are combined into one, involves offering several related products individually.
Product Line Length	The number of different products within the line. (Sometimes known as Line Depth)
Line Consistency	How closely related the products that make up the line.
Line Vulnerability	The percentage of sales or profits that are derived from only a few products in the line.
Line Stretching	Introducing new products into a product line.
Line Filling	Adding a new product within the current range of an incomplete line.

Product Mix Decisions

Product Mix	All of the product lines and items that a particular seller offers for sale.
Width of Product Mix	The number of different product lines sold by a company
Consistency of Product Mix	How closely related the various lines are.
Length of Product Mix	Total number of products sold in all lines.

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Branding

Brand	A name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service.
Brand Identity	Name, term, symbol or design intended to signify the goods or services of seller(s) to differentiate them from competitors.
Branding	Creating, maintaining, protecting, and enhancing products and services.
Brand Positioning	Understanding what the brand stands for: its associations, assets, and personality; to whom it is directed and in what competitive context it exists.
Brand Equity	Value perceived by consumers over time; the value built-up in a brand; accumulated a mass of positive sentiment; the positive differential effect that knowing the brand name has on customer response to the product or service.

Brand Development

Line Extension	Introduction of additional items in a given product category under the same brand name (new flavors, forms, colors, ingredients, or package sizes).
Brand Extension	Using a successful brand name to launch a new or modified product in a new category.
Multi-branding	The marketing strategy of giving each product in a product portfolio its own unique brand name, allowing the seller to appeal to different buying motives.
New Brands	Developed based on belief that the power of its existing brand is waning and a new brand name is needed. Also used for products in new product category.

Product Life Cycle Management

Product Life Cycle	The stages that products go through from development to withdrawal from the market.
Product Portfolio	The range of products a company has in development or available for consumers at any one time. Managing product portfolio is important for cash flow.
Product Life Cycle Management (PLC, PLM)	Determines if each product has a different life cycle. Contributes to strategic marketing planning. Helps the firm to identify when a product needs support, redesign, reinvigorating, withdrawal, etc. Helps in new product development planning. Helps in forecasting and managing cash flow.
Product Life Cycle Stages	Development, Introduction/Launch, Growth, Maturity, Saturation, Decline, Withdrawal.
Special Life Cycles:	
Styles	Basic and distinctive mode of expression. Once accepted, popularity will vary over time.
Fashion	A currently accepted or popular style. Gains acceptance, peaks, then declines. Tend to go in cycles with generations.

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Product Life Cycle Management (cont.)

Fads	Products that are novel and do not address basic needs. Fads gain rapid acceptance, peak early, and decline quickly; they tend to attract limited market.
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Product Strategy

Strategic planning	The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. Defining a clear company mission, setting supporting objectives, designing a sound business portfolio, and coordinating functional strategies.
Mission statement	A statement of the organization's purpose – what it wants to accomplish in the larger environment. Not product oriented; completely market oriented.
Business portfolio	The collection of businesses and products that make up the company.
Portfolio analysis	A tool by which management identifies and evaluates groups of products or business units within a company.
Strategic business unit	A unit of the company that has a separate mission and objectives and that can be planned independently from other company businesses.
BCG Growth-share matrix	Developed by the Boston Consulting Group, the Growth-Share Matrix is a portfolio-planning method that evaluates a company's strategic business units in terms of their market growth rate and relative market share.
The Boston Matrix	A means of analysing the product portfolio and informing decision making about possible marketing strategies. See BCG Growth-Share Matrix.
Product-Market Expansion Grid	A portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification.
Porter Competitive Forces Model	Four forces -- the bargaining power of customers, the bargaining power of suppliers, the threat of new entrants, and the threat of substitute products -- combine with other variables to influence a fifth force, the level of competition in an industry.
Kotler Competitive Model	Market Leader; Market Challenger; Market Follower; Market Nicher.
Treacy & Wiersema Value Disciplines Model	Companies choose one of the following as a guiding strategy: Operational Excellence, Customer Intimacy, or Product Leadership.
Porter's Competitive Advantage/Scope Model	Companies choose one of the following as a guiding competitive strategy: Cost leadership; Differentiation; Cost leadership with industry segment focus; Differentiation with industry segment focus.

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Value Chains

Value Chain	The series of departments which carry out value-creating activities to design, produce, market, deliver, and support a company's product. Example: Textiles (designing, weaving or knitting, dyeing, rolling).
Value Delivery Network (Value System)	The network made up of the company, suppliers, distributors, and ultimately, customers who "partner" with each other to improve the performance of the entire system. Example: Cotton » Textiles » Apparel » Retailer.

Marketing Strategy

Marketing Strategy	The marketing logic by which the business unit hopes to achieve its marketing objectives. The four main elements are: Analysis, Planning, Implementation, and Control.
Market Segmentation	Dividing a market into distinct groups with distinct needs, characteristics, or behavior and who might require separate products or marketing mixes.
Market Segment	A group of consumers who respond in a similar way to a given set of marketing efforts.
Market Targeting	The process of evaluating each market segment's attractiveness and selecting one or more segments to enter.
Market Positioning	Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.
Marketing Mix	The set of controllable tactical marketing tools – <i>product, price, place, and promotion</i> – that the firm blends to produce the response it wants in the target market.
4C's of Connectedness	Customer solution, Customer cost, Convenience, Communication.
Stages of Adoption	Awareness, Interest, Evaluation, Trial, Adoption.

Pricing

Value-based Pricing	Setting price based on buyers' perceptions of value rather than on the seller's cost.
Everyday Low Pricing (EDLP)	Charging a constant low price with few discounts or promotional sales; used successfully by Wal-Mart, suits busy consumers, encourages impulse buying due to trust.
Cost-based Pricing	Adding a fixed markup to the cost of the product.
Skimming Policy	Set price high to "skim" the maximum amount of revenue from various segments of the market.
Penetration Pricing	Setting a low initial pricing to penetrate the market deeply and win a large market share.
Price Elasticity	Elastic products: lower price to maximize revenue; Inelastic products: raise price to maximize revenue.

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Sales Channels

Distribution Channel	Provides place, time, and possession utility demanded by customers.
Channel conflict	Disagreement between channel members over goals and roles, who should do what and for what rewards.
Marketing logistics	Physical distribution of the products.
Supply chain management	Managing value-added flows between suppliers, the company, resellers, and final users.

E-Commerce

B2C	Business to consumer.
B2B	Business to business.

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