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Marketing: A common language

A glossary of core concepts for better decisions

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This technical note aims to clarify what we mean when we use key marketing terms. The concepts included here repeatedly appear in important marketing decisions, across industries, and over time. The glossary is structured around four blocks—based on the fundamental marketing framework (see **Figure 1**)—that reflect how marketing works:

1. **Understanding the current situation**: Identify the key internal and external elements, which allows you to decide who to serve (target) and what to do for them (positioning).
2. **Designing the offer**: Have "something to sell"—that is, a good product or service at a good price.
3. **Designing the go-to-market strategy**: Have "a way to sell it," which typically includes communications, the sales force, and the channel.
4. **Capturing value**: Implement it all, so that you capture, develop, and retain part of the value you create.

The definitions in this note are deliberately simple, practical, and sometimes slightly opinionated. A common understanding of these concepts avoids unnecessary confusion and helps teams think better.

This technical note was prepared by Professors Íñigo Gallo, Claire Linares, and Albert Valentí. May 2026.
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Figure 1
Fundamental marketing framework

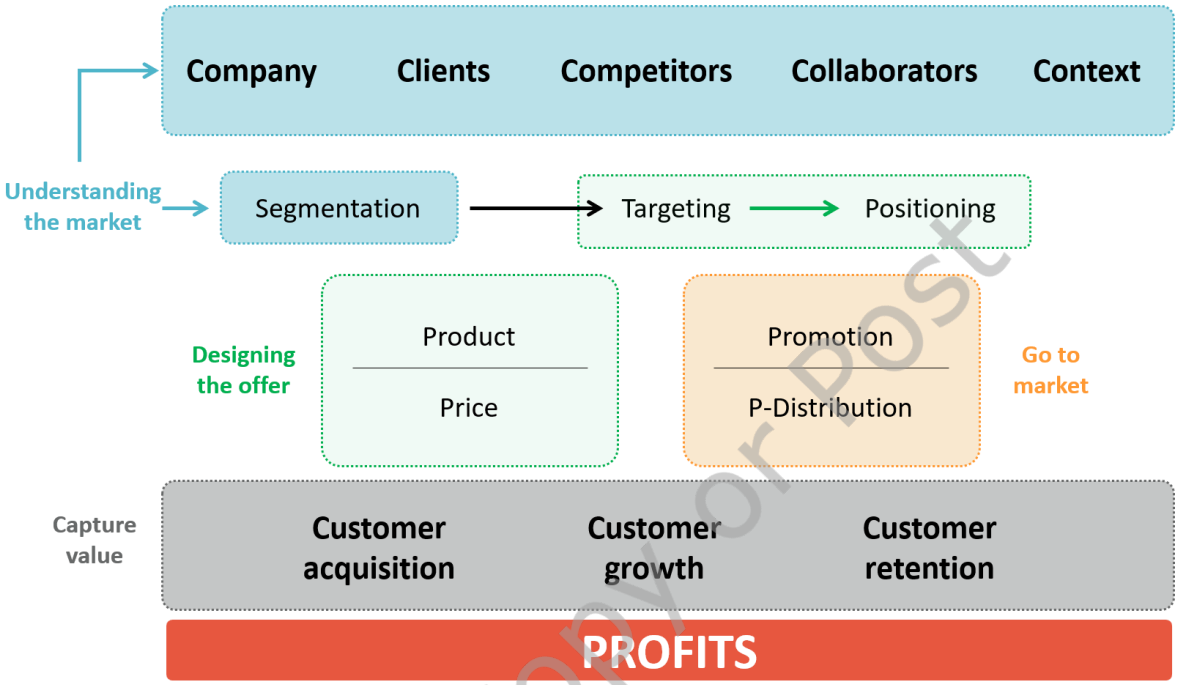

Table 1
List of terms intended to simplify marketing

Understanding the current situation	Designing the offer	Designing the go-to-market strategy	Capturing value
Market	Targeting	Go-to-market strategy	Customer acquisition
Market size	Positioning	Value chain	Customer development
Customer and consumer	Differentiation	Distribution and channel	Customer retention
Buyer persona	Competitive advantage	Promotion	Cost per acquisition
Customer journey	Value proposition	Communication	Customer lifetime value
Segmentation	Branding	Inbound and outbound marketing	Gross margin
Market orientation	Brand	Push and pull strategies	Contribution margin
	Brand equity		Break-even point
	Portfolio		Unit economics
	Willingness to pay		

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Understanding the market

Market: The group of people who could realistically buy what you offer. Not everyone who might need it in theory, but those who have the problem/need, the means, and some willingness to pay.

You may have heard TAM, SAM, and SOM. It's OK to use them, but avoid getting lost in the details. The acronyms are not the point. Being honest about the size of the opportunity is.

- TAM (Total Available Market or Total Addressable Market): Everyone who could ever buy what you sell.
- SAM (Serviceable Available Market): The part of that market you could serve, given your business model, geography, and capabilities.
- SOM (Serviceable Obtainable Market): The share you can realistically capture, at least in the foreseeable future.

Market size: How big the market is. An important proxy for market attractiveness. This has to be measured, not just described. Ideally, market size is considered from three angles:

- Volume: Units, kilos, passengers, clients, subscriptions, etc.
- Value: Revenue.
- Margin: Revenue – cost. What is actually left of the revenue for you to keep. Always look at it both as a percentage of value and in absolute terms.

Customer and consumer: Not necessarily the same. The customer is the one who pays (the person or organization who decides where the money goes), while the consumer is the one who uses the product or service.

This is where buyer persona usually appears. Buyer persona is a simplified description of a typical customer, often presented as a semi-fictional character with a name, background, goals, and behaviors. This is meant to help teams think more concretely about who they are trying to serve. Careful with overusing this term. Make sure there is a common understanding of more fundamental concepts first, such as segment and target (both explained below).

Customer journey: The sequence of steps people go through before, during, and after buying: becoming aware, considering alternatives, purchasing, using, and possibly recommending. This journey is rarely linear and almost never as tidy as this sequence suggests. Still, thinking in terms of a journey helps identify where people hesitate or drop out, as well as where marketing can help.

Segmentation: Based on the idea that not all customers are the same and that treating them as if they are usually leads to bad decisions. As the classic marketing maxim goes, "If you're not thinking segments, you're not thinking." The are four common ways to segment (and they work best in combination):

- Sociodemographic: Age, income, family situation, company size.
- Geographic: Country, region, urban vs. rural, climate.
- Behavioral: Usage, loyalty, price sensitivity, occasions.
- Psychographic: Attitudes, motivations, lifestyles, values.

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