

The Ultimate Smarketing Glossary: 62 Common Sales Terms Explained for Marketers

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Sales and marketing teams are both responsible for the growth and revenue side of the business -- and yet, many of them still tend to operate like two opposing teams.

The goal of "smarketing" is to help bring sales and marketing together as one team, which involves constant, effective communication.

It's pretty critical that sales and marketing teams learn how to speak each other's language. But while both teams have *some* shared vocabulary, there are plenty of terms salespeople throw around that, let's be honest, may as well be gibberish.

So we've put together a glossary of sales terms for marketers you can reference each time you encounter sales speak you're unfamiliar with. Keep on reading to brush up on your sales knowledge.

62 Definitions of Common Sales Terms

ABC

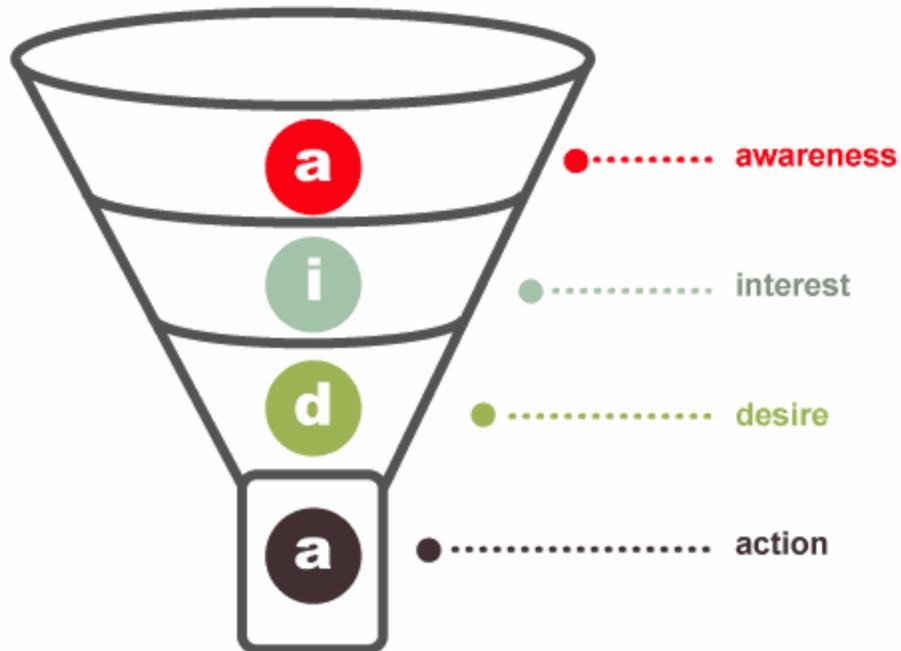
"Always Be Closing." An antiquated sales strategy that basically says everything a sales rep does throughout the sales process is in pursuit toward the singular goal of closing a deal. The implication is that, if a sales rep doesn't close the deal, then everything they did regarding that opportunity was a failure. In the inbound methodology, the preferred ABCs of selling are: [Always Be Connecting](#).

Adoption process

Another way of saying "the [buying process](#)." The stages a potential buyer goes through, from learning about a *new* product or service to either becoming a loyal customer or rejecting it. The potential buyer may or may not end up purchasing/adopting that product or service.

AIDA

An acronym used in Sales that stands for Attention/Awareness, Interest, Desire, Action. They are the four steps of the now somewhat-outdated Purchase Funnel (although most agree [the funnel is much more complex](#) than what is represented in this traditional model), wherein customers travel from awareness to purchase.



Benefit

The value of a product or service that a consumer of that product or service experiences. Benefits are distinct from [features](#), and sales reps should sell based on benefits that are *supported* by features.

Bad Leads

Leads that are unlikely to become paying customers -- and a sales rep's worst nightmare, because they are a waste of time. A tough challenge for most marketers is how you separate good, high-quality leads from the people who are just poking around your site. [Learn more about lead scoring here.](#)

BANT

An acronym used in sales for [lead qualification](#) that stands for Budget, Authority, Need, Timeline. It's a famous tool for sales reps and sales leaders to help them determine whether their prospects have the budget, authority, need, and right timeline to buy what they sell.

- **B = Budget:** Determines whether your prospect has a budget for what you're selling.

- **A = Authority:** Determines whether your prospect has the authority to make a purchasing decision.
- **N = Need:** Determines whether there's a business need for what you're selling.
- **T = Timeline:** Determines the time frame for implementation.

The BANT formula was originally developed by IBM several decades ago. We don't think BANT is good enough anymore, though: [Learn more here about the better qualifying formula, GPCTBA/C&I.](#)

Bottom of the Funnel (BOFU)

A stage of the [buying process](#) leads reach when they're just about to close into new customers. They've identified a problem, have shopped around for possible solutions, and are very close to buying.

Buyer Behavior

The ways a consumer identifies, considers, and chooses products and services. Buyer behavior is often influenced by the consumer's needs, desires, aspirations, inhibitions, role, social and cultural environment.

Buyer Persona

A semi-fictional representation of your ideal customer based on market research and real data about your existing customers. While it helps inbound marketers like you define their target audience, it can also help sales reps qualify leads. [Learn more about developing buyer personas here.](#)

Buying Criteria

All the information a consumer needs to make a buying decision. It can be written or unwritten, and often answers questions like, "what is it?"; "why should I buy it?"; "what is the price?"; "why do I need it?" and so on.

Buying Process/Cycle

The process potential buyers go through before deciding whether to make a purchase. Although it's been broken it down into many sub-stages to align

with different business models, it can universally be boiled down to these three lifecycle stages:

1. **Awareness:** Leads have either become aware of your product or service, or they have become aware that they have a need that must be fulfilled.
2. **Evaluation:** Leads are aware that your product or service could fulfill their need, and they are trying to determine whether you are the best fit.
3. **Purchase:** Leads are ready to make a purchase.

Buying Signal

A communication from a prospect indicating they are ready to make a purchase, either verbal or non-verbal. An example would be them asking the sales rep, "When can it be delivered?"

Churn Rate

A metric that measures how many customers you retain and at what value. To calculate churn rate, take the number of customers you lost during a certain time frame, and divide that by the total number of customers you had at the very beginning of that time frame. (Don't include any new sales from that time frame.)

For example, if a company had 500 customers at the beginning of October and only 450 customers at the end of October (discounting any customers that were closed in October), their customer churn rate would be: $(500 - 450) / 500 = 50 / 500 = 10\%$.

[Churn rate is a significant metric primarily for recurring revenue companies.](#)

Regardless of your monthly revenue, if your average customer does not stick around long enough for you to at least break even on your customer acquisition costs, you're in trouble.

Closed Opportunities

An umbrella term that includes both closed-won and closed-lost [opportunities](#), although some people use it to mean only closed-won opportunities.

Closed-Won

When a sales rep closes a deal in which the buyer purchases the product or service.

Closed-Lost

When a sales rep closes a deal in which the buyer does not purchase the product or service.

Closing Ratio

The percentage of prospects that a sales rep successfully close-wins. This ratio is usually used to assess individual sales reps on their short-term performance, but it can also be used to evaluate profits, forecast sales, and so on. Improving a closing ratio usually requires efforts to bring better-qualified leads into the funnel.

Cold Calling

Making unsolicited calls in an attempt to sell products or services. It's also a very inefficient way to find potential customers -- [learn more about how cold calling compares to demand creation here](#).

Commission

The payment a sales rep gets when they successfully sell something; usually a percentage of sales revenue. If you want more info on commission structures, [check out this blog post](#).

Consumer

A person who uses a product or service. They may not be the actual buyer of that product; for example, if I buy my brother a pair of basketball shoes, then my brother is the consumer of those shoes, not me.

Conversion Path

The "events" on a company's website that help companies capture leads. In its most basic form, it'll consist of a call-to-action (typically a button that describes an offer) that leads to a landing page with a lead capture form, which redirects to a thank-you page where a content offer resides. In exchange for his or her contact information, a website visitor obtains a content offer to better help them through the [buying process](#).

Conversion Rate

The percentage of people who completed a desired action on a single web page, such as filling out a form. Pages with high conversion rates are performing well, while pages with low conversion rates are performing poorly.

Cross-Selling

When a sales rep has more than one type of product to offer consumers that could be beneficial, and s/he successfully sells a consumer more than one item either at the time of purchase or later on. An example is when Apple sells you an iPhone and then successfully sells you an Apple iPhone case or a pair of Apple headphones. In this case, a sales rep identifies a need the customer has, and fulfills that need by recommending an additional product. (Cross-selling differs from up-selling; [see up-selling](#).)

Customer Acquisition Cost (CAC)

This is your total Sales and Marketing cost. To calculate, follow these steps for a given time period (month, quarter, or year):

1. Add up program or advertising spend + salaries + commissions + bonuses + overhead.
2. Divide by the number of new customers in that time period.

For example, if you spend \$500,000 on Sales and Marketing in a given month and added 50 customers that same month, then your CAC was \$10,000 that month. ([Learn more here](#).)

Customer Relationship Management (CRM)

Software that let companies keep track of everything they do with their existing and potential customers. At the simplest level, CRM software lets you keep track of all the contact information for these customers. But CRM systems can do lots of other things, too, like track email, phone calls, faxes, and deals; send personalized emails; schedule appointments; and log every instance of customer service and support. Some systems also incorporate feeds from social media such as Facebook, Twitter, LinkedIn, and others. The goal is to create a system in which sales reps have a lot of information at their fingertips and can quickly pull up everything about a prospect or existing customer.

Data Entry/Processing

The process of obtaining, recording, and maintaining information you can retrieve and use later. In Sales, this usually mean inputting potential buyers' information into a Customer Relationship Management (CRM) tool to track activity, correspondence, and progress on open opportunities.

Decision-Maker

The person who, or role that, makes the final decision of a sale. They are often "guarded" by a [gatekeeper](#).

Discovery Call

The first call a sales rep makes to a prospect, with the goal of asking them questions and qualifying them for the next step.

Feature

A function of a product that can solve for a potential buyer's need or [pain point](#); usually a distinguishing characteristic that helps boost appeal.

Forecasting

Estimating future sales performance for a forecast period based on historical data. Forecasted performance can vary widely from actual sales results, but helps sales reps plan their upcoming days, weeks, and months, and helps

high-level employees set standards for expenses, profit, and growth. [Learn more about sales forecasting here.](#)

Gatekeeper

A person who, or role that, enables or prevents information from getting to another person(s) in a company. For example, a receptionist or personal assistant.

GPCTBA/C&I

Goals, Plans, Challenges, Timeline, Budget, Authority, Negative Consequences, Positive Implications. The [lead qualification](#) criteria sales reps should use to qualify prospects -- it's a better tool than [BANT](#) to help sales reps and sales leaders to determine whether their prospects have the goals, plans, challenges, and right timeline to buy what they sell.

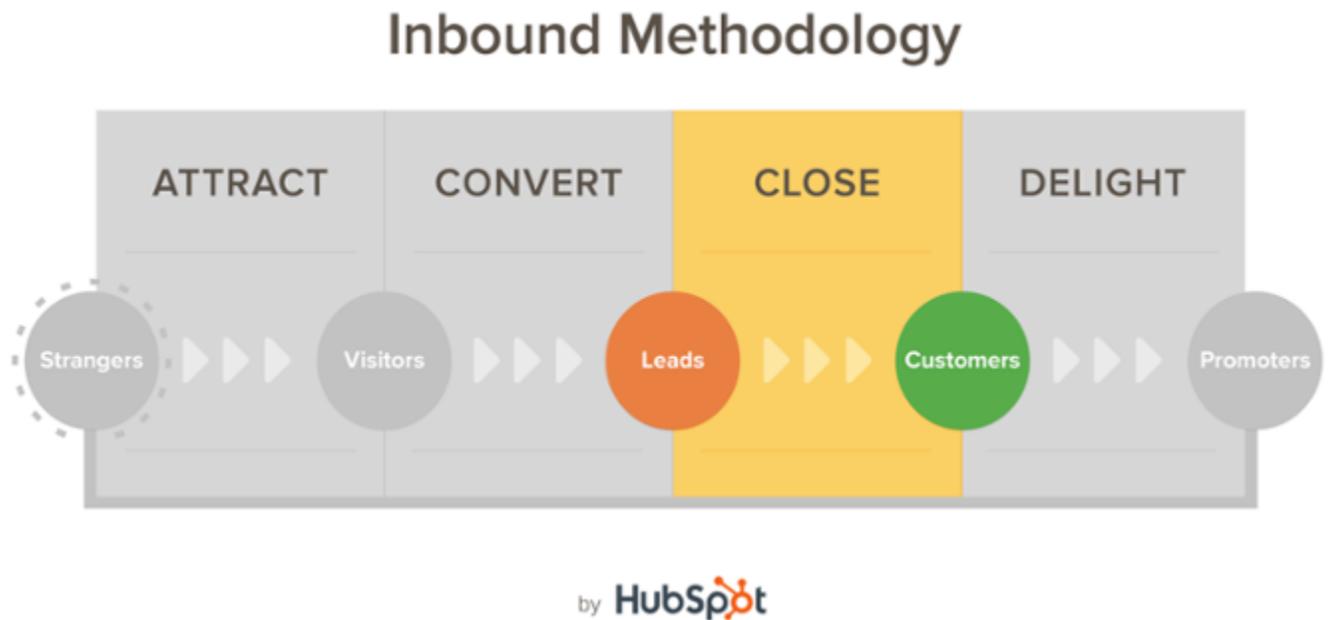
- **G = Goals:** Determines the quantifiable goals your prospect wants or needs to hit. An opportunity for sales reps to establish themselves as an advisor by beginning to help prospects reset or quantify their goals.
- **P = Plans:** Determines the prospect's current plans that they'll implement in order to achieve those goals.
- **C = Challenges:** Determines whether the sales rep can help a prospect overcome their and their company's challenges; ones they're dealing with and ones they (or the sales rep) anticipate.
- **T = Timeline:** Determines the time frame for implementation of their goals and plans, and when they need to eliminate their challenges.
- **B = Budget:** Determines how much money a prospect has to spend.
- **A = Authority:** Determines who in the organization will help champion and/or decide to make a purchase.
- **C = Negative Consequences:** Discusses the negative things that'll happen if a prospect doesn't meet their goal.
- **I = Positive Implications:** Discusses the positive outcomes that'll happen if a prospect meets their goal.

[Read about GPCT in more detail here.](#)

Lead

A person or company who's shown interest in a product or service in some way, shape, or form. Perhaps they filled out a form, subscribed to a blog, or shared their contact information in exchange for a coupon.

Generating leads is a critical part of a prospect's journey to becoming a customer, and it falls in between the second and third stages of the larger [inbound marketing methodology](#), which you can see below.



Landing pages, forms, offers, and calls-to-action are just a few tools to help companies generate leads. [Learn more about lead generation here.](#)

Lead Qualification

The process of determining whether a potential buyer has certain characteristics that qualify him or her as a lead. These characteristics could be budget, authority, timeline, and so on. Popular lead qualification criteria acronyms are [GPCTBA/C&I](#) and [BANT](#).

Lifetime Value (LTV)

A prediction of the net profit attributed to the entire future relationship with a customer. To calculate LTV, follow these steps for a given time period:

1. Take the revenue the customer paid you in that time period.
2. Subtract from that number the gross margin.
3. Divide by the estimated [churn rate](#) (aka cancellation rate) for that customer.

For example, if a customer pays you \$100,000 per year where your gross margin on the revenue is 70%, and that customer type is predicted to cancel at 16% per year, then the customer's LTV is \$437,500. ([Learn more here.](#))

Loss Leader

Used in retail to refer to a product sold at a low price (either at break-even or at a loss) for the purpose of attracting customers into the store. The goal is for customers who go into the store to buy other items that are priced to make a profit.

LTV:CAC

The ratio of [lifetime value](#) to [customer acquisition cost](#). Once you have the LTV and the CAC, compute the ratio of the two. If it costs you \$100,000 to acquire a customer with an LTV of \$437,500, then your LTV:CAC is 4.4 to 1.

Margin

The difference between a product or service's selling price and the cost of production.

Mark-Up

The amount added to the cost price of goods to cover overhead and profit.

Middle of the Funnel (MOFU)

The stage that a lead enters after identifying a problem. Now they're looking to conduct further research to find a solution to the problem. Typical middle of the funnel offers include case studies, product brochures, or anything that brings your business into the equation as a solution to the problem the lead is looking to solve.

Monthly Recurring Revenue (MRR)

The amount of revenue a subscription-based business receives per month. Includes MRR gained by new accounts (net new), MRR gained from up-sells (net positive), MRR lost from down-sells (net negative), and MRR lost from cancellations (net loss).

Net Promoter Score (NPS)

A customer satisfaction metric that measures, on a scale of 0-10, the degree to which people would recommend your company to others. The NPS is derived from a simple survey designed to help you determine how loyal your customers are to your business. To calculate NPS, subtract the percentage of customers who would not recommend you (detractors, or 0-6) from the percent of customers who would (promoters, or 9-10).

Regularly determining your company's NPS allows you to identify ways to improve your products and services so you can increase the loyalty of your customers. [Learn more about how to use NPS surveys for marketing here.](#)

Objection

A prospect's challenge to or rejection of a product or service's benefits, and a natural part of the sales process. Common objections often have to do with budget, authority, need, and timing ([see BANT](#)). How sales reps handle objections plays a big role in determining whether a prospect will buy. [Learn how to tackle common B2B sales objections here.](#)

Opportunity

Though every company has different processes for defining what criteria make someone an opportunity, it's basically when a qualified lead is being worked by Sales. See [Qualified Lead](#) for more information.

Pain Point

A prospect's pain point, or need, is the most important thing for a sales rep to identify in the selling process. Without knowing a prospect's pain points, they can't possibly offer benefits to help resolve those pain points.

Performance Plan

Also "Performance Improvement Plan" or "PIP." A sales rep is put on a performance plan if s/he doesn't make a certain percentage of quota over a certain period of time. Performance plans vary from company to company, but it usually starts with a written warning and further disciplinary action, including termination if necessary. The purpose of performance plans is to set clear and specific performance goals, provide a means for feedback, and develop sales skills.

Pipeline

The step-by-step process sales reps go through to convert a prospect into a customer. The sales pipeline is often divided into stages for each step in the sales process, and the sales rep is responsible for moving opportunities through the stages. It can also refer to a visual representation of the sales process, where every open opportunity is arranged based on the sales stage they're in.

Positioning Statement

Statements and questions that sales reps use when opening a sales call to engage the prospect in conversation around their [pain points](#). Many sales reps are trained to start off every sales call with these statements. Here's an example of positioning statements on a sales call from [Advanced Marketing Concepts](#):

- Sales Rep: I help marketing leaders who are **frustrated** with the *inability of the sales team to differentiate* their products in a crowded market.
- Buyer: Yes, that's always been a problem. (If you've done your job well and targeted the buyer effectively with that first positioning statement, then you'll get an engaging signal like this one.)
- Sales Rep: I talk to a lot of marketing leaders, and lately I'm hearing the **two biggest problems** are *weak sales pipeline* and an *inability to differentiate from competitors*. Do these problems sound familiar?

[Learn more about positioning statements here.](#)

Profit Margin

A ratio of profitability that measures how much money a company actually keeps in earnings. It's calculated either as a) net income divided by revenues, or b) net profits divided by sales.

Prospecting

The process of searching for and finding potential buyers. Sales reps (or "prospectors") seek out qualified prospects and move them through the sales cycle.

Qualified Lead

A contact that opted in to receive communication from your company, became educated about your product or service, and is interested in learning more. Marketing and Sales often have two different versions of qualified leads (MQLs for Marketing, and SQLs for Sales), so be sure to [have conversations with your sales team](#) to set expectations for the types of leads you plan to hand over.

Quota

A sales goal; a set amount of selling a sales rep is expect to meet over a given time frame, usually a month and/or quarter. It's very, very common for sales reps to have quotas, also the form they take can vary from company to company and from role to role.

Sales Methodology

"The 'how' of selling as a skill set," according to [John Kenney](#) of Sales Benchmark Index. There are many sales methodologies out there, a few of which are particularly popular, and sales leaders often choose one and use it to teach and motivate his or her team. Popular sales methodologies include SPIN selling, Conceptual Selling, SNAP Selling, The Challenger Sale, Sandler Sales, and CustomerCentric Selling. [Read more about these sales methodologies here.](#)

Service Level Agreement (SLA)

For salespeople, an SLA is an agreement between a company's sales and marketing teams that defines the expectations Sales has for Marketing and vice versa. The Sales SLA defines the expectations Marketing has for Sales on how deeply and frequently Sales will pursue each qualified lead, while the Marketing SLA defines expectations Sales has for Marketing with regards to lead quantity and lead quality.

SLAs exist to align Sales and Marketing. For companies to achieve growth and become leaders in their industries, it is critical that these two groups be properly integrated. [Learn how to create an SLA here.](#)

Smarketing

Used to refer to the practice of aligning Sales and Marketing efforts. In a perfect world, marketing would pass off tons of fully qualified leads to the sales team, who would then subsequently work every one of those leads enough times to close them 100% of the time. But since this isn't always how the cookie crumbles, it's important for Marketing and Sales to align efforts to impact the bottom line the best they can through coordinated communication.

Social Selling

When sales reps use social media to interact directly with their prospects. They provide value by answering prospects' questions and offering thoughtful content until the prospect is ready to buy. [Learn more about social selling here.](#)

Sound Bite

A series of words or phrases sales reps use to respond to and overcome a [customer objection](#).

Stage

Parts of the sales pipeline representing each step in the sales process. It's the sales rep's responsibility for moving opportunities from stage to stage. Different companies define their sales stages differently, but each one has behind it a set of requirements that need to be completed in order for an

opportunity to move from one stage to the next. Names for sales stages are usually things like "Prospect," "Qualified Lead," "Demo," "Proposal," "Closed."

Top of the Funnel (TOFU)

The very first stage of the [buying process](#). Leads at this stage are identifying a problem they have and are looking for more information. At this point, marketers create helpful content that aids leads in identifying this problem and providing next steps toward a solution.

Up-Selling

When a sales rep sells an existing customer a higher-end version of the product that customer originally bought. For example, if you bought a cell phone plan and a sales rep successfully persuaded you to upgrade to a plan with more minutes or data, then that's an up-sell.

Value Proposition

"Value prop" for short. A benefit of a product or company intended to make it more attractive to potential buyers and differentiates it from competitors.

Weighted Pipeline

A more detailed version of a sales pipeline, in which each opportunity is given a specific value based on which stage they're in in the sales process. For example, potential buyers in the prospecting stage could be assigned a 10% chance of closing the deal, demo stage buyers 60%, closed-won 100%, and so on. A sales rep could say that, instead of having 10 prospects in her pipeline, she has 10 opportunities at 50% or greater likelihood of closing with a weighted pipeline value of \$50,000.