

# The 43 Retail Terms

## YOU Need to Know to Close Deals:



### Common Retail Terminology Guide

#### **Cross Merchandising:**

The strategy of offering a product in various departments throughout a store to increase visibility and sales. For example, chapstick could be available not just in the cosmetics section but also in the impulse buy category near the checkout.

#### **Keystone Pricing:**

A pricing strategy that maintains a steady 50% margin across production, wholesale, and retail phases. For instance, if the wholesale price is \$7, the retail price following keystone markup would be \$14.

#### **Vendor Minimums / MOQ by STYLE:**

The minimum order quantity (MOQ) set by a vendor for each specific style, ensuring orders meet a certain threshold to be economically viable. For instance, while 50 scarves may be the minimum order, only 15 units might be required for wall hangings.

#### **MAP / Minimum Advertised Price:**

The price floor set by vendors or manufacturers, prohibiting retailers from advertising below it. This serves to maintain pricing integrity and combat online comparison shopping.

#### **Net Payment Terms:**

Payment terms established by retailers indicating when payment is due, often with corresponding discounts, typically utilized by larger accounts. For example, "Net 30" stipulates payment within 30 days of receiving goods.

#### **MSRP / Manufacturer's Suggested Retail Price:**

The price recommended by vendors for selling their items in stores, although actual retail prices may vary.

#### **Add to Market Basket Strategy:**

A tactic aimed at increasing sales by offering complementary items at the point of purchase. For example, offering a phone case alongside a new phone purchase.

#### **Impulse Buy:**

When someone suddenly decides to buy something without planning or thinking about it beforehand.

**Floor Shipper:**

Large display unit placed on the sales floor of a retail store to showcase products. It's typically designed to attract customer attention and promote specific items or brands.

**Counter Display:**

Small stand or arrangement placed on a store counter to showcase products. It's designed to attract the attention of customers at the point of sale and encourage impulse purchases.

**Power Wing:**

Type of display fixture attached to the side of a store shelf or end cap. It protrudes outward, providing additional space for product placement and promotional materials. Also known as a sidekick.

**Clip Strip:**

Flexible strip typically made of plastic or metal with clips attached along its length. It's designed to hang from store shelves or display fixtures and is used to showcase small, lightweight items such as snacks, keychains, or travel-sized products.

**Product Line / Line Sheet:**

A compilation of a brand's available products for wholesale, facilitating ordering for interested buyers. Typically includes product images, descriptions, prices, and SKU numbers.

**Margin:**

The percentage of profit earned by a brand from production to wholesale, or by a retailer from wholesale to retail.

**Distribution Center:**

A warehouse stocked with products for redistribution to retailers, wholesalers, or consumers, often utilized by brands without their own distribution infrastructure.

**Review:**

A scheduled evaluation period during which category managers assess new products for potential inclusion in store inventory, involving sampling, price negotiation, and decision-making.

**Co-Op Marketing:**

A cooperative marketing effort wherein a brand contributes a percentage of sales to aid a retailer's advertising efforts.

**Dead Stock/Dead Inventory:**

Unsold or expired inventory removed from store shelves, incurring significant costs.

**Sell-Through:**

The rate at which products are sold to customers from the inventory available to retailers. High sell-through rates indicate strong demand and effective inventory management.

**Drop Shipping:**

A distribution method where orders placed with a retailer are fulfilled and shipped directly from the supplier, often involving agreements on order frequency, shipping times, and labeling.

**Green Retailing:**

The sale of environmentally friendly products and practices that reduce the environmental impact of retail operations, such as using less packaging or energy-efficient lighting.

**Loss Leader:**

A product sold at a loss to drive sales of other higher-margin items.

**Incremental / Residual Sale:**

Incremental sale pertains to additional revenue gained from a single transaction, while residual sale involves ongoing revenue streams resulting from past sales or ongoing customer relationships.

**Planogram (POG):**

A designated store section managed by a buyer, aimed at optimizing product placement.

**Case Packs:**

The smallest multiple of units for ordering efficiency, often stated at the style level.

**Master Packs:**

Total units sent, typically distributed across multiple stores.

**Inner Packs:**

Smaller quantities of products sent to individual retail stores for shelf stocking.

**Lead Time:**

The duration between placing an order and its shipment.

**Private Label / Private Brand / White Label:**

Brands developed and marketed exclusively by retailers, often sourced directly from manufacturers.

**Omnichannel Retailing:**

A strategy that integrates physical and online shopping experiences, ensuring a seamless customer journey across multiple channels including mobile apps, websites, and physical stores. Exclusivity: An agreement where a retailer gains the exclusive right to sell a particular product in a specific region or market for a certain period. This can be a strong selling point for both parties.

**Buyback Guarantee:**

A commitment from the seller to buy back unsold inventory after a certain period. This reduces the risk for the retailer and can make a deal more attractive.

**Volume Discount:**

A pricing strategy where the price per unit decreases as the quantity purchased increases. This is often used to encourage larger orders.

**Shelf Placement Fee:**

Also known as a slotting fee, this is a charge that brands may pay to have their products placed in favorable locations on store shelves.

**Promotional Allowance:**

Funds provided by the vendor to the retailer to cover the costs of advertising or promoting the product. This can include special displays, ads, or in-store promotions.

**MOQ Reduction:**

Temporarily reducing the Minimum Order Quantity for initial orders to encourage a retailer to test a new product with less risk.

**Payment Terms Extension:**

Offering longer payment terms, such as Net 60 or Net 90, to give the retailer more flexibility with their cash flow.

**Product Demonstrations:**

Offering in-store demos or training sessions to help promote the product and educate staff and customers about its features and benefits.

**Retailer-Specific Customization:**

Customizing products or packaging to meet the specific needs or branding of a retailer, enhancing the product's appeal to that retailer's customer base.

**Consignment:**

Selling products on consignment where the retailer pays for the goods only after they are sold. This reduces inventory risk for the retailer.

**Seasonal Buybacks:**

An agreement where the seller agrees to buy back seasonal items that don't sell by the end of the season, such as holiday decorations or summer apparel.

**Product Bundling:**

Offering products in bundles at a discounted rate to increase perceived value and encourage larger purchases.

**Cross-Promotions:**

Partnering with the retailer to promote complementary products together, which can boost sales for both parties.

