

MVI Retail Standards & Terms

Term	Definition
4 P's	A framework used to describe various merchandising attributes: product, price, promotion, and placement.
5 by 5 rule	An item should convey its value proposition within five seconds from at least five feet away (derived from Costco).
ABC (Activity based costing)	An accounting method that measures business profits and costs by taking into account both overhead and the cost of wasteful or inefficient practices.
Action aisle	An aisle in the store where promotional items are displayed.
Action alley	The sales area of the store that customers see immediately upon entering the vestibule.
ACV (All commodity volume)	The total annual dollar volume in a given geography expressed as a percentage (or share) of the total market for that commodity.
Add-on	Additional merchandise that could be added-on to a sale and purchased by the customer.
Adjacencies	Categories and/or departments located next to each other within a store.
Aisle signage	Signage at the end of the aisle used to designate the items sold in that aisle.
Amortization	The repayment of a loan in installments. See also, depreciation and D&A.
Ancillary businesses	Secondary businesses that a retailer operates within the primary retail operation (e.g., photo processing, optical, food court, travel, gas stations, tire, lube).
Asset	Item(s) or resource(s) used to facilitate or add value to a retailer's operation.
Attributes	Words describing the characteristics of a product or service that combine functional performance with an emotional statement (e.g., luxury, organic, design/trend, therapeutic, personalized, connected, portable, escape). See also, bridge words.
Auction	In-person or on-line bidding for saleable items and promotions. See also, CLR.
Average ticket	The average dollar amount per trip of what is in a customer's basket of goods.
Back order	An item or order that is presently not in stock but is being reordered and will be available at another time.



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Back room/Receiving	The area of the store where freight is received and processed.
Back tag	A printed card used to hang from a peg hook showing that a product is out of stock, the number of facings, the SKU, and the description.
Balance sheet	A financial statement that summarizes a retailer's assets, liabilities, and equity at a fixed point in time. Assets = liabilities + equity.
Baler	A large cardboard compactor found in the back room.
Banner	The name under which a retailer, or a division of a retailer, operates; the name that appears on the exterior of stores (e.g., SAM'S Club is a banner of Wal-Mart).
Bar code	A group of lines printed on a piece of merchandise or on a label attached to the merchandise, also known as a UPC code.
Bar code scanners	Reads bar codes. Bar code scanners are generally classified as wands, hand-helds, etc.
Base	The bottom flat part of each gondola section, sometimes also referred to as Shelf 1.
Basis point	A financial measure that represents one hundredth of one percent. One basis point = 0.01% or 0.0001 in decimal form. (Example: Costco's gross margin increased 1 basis point from 10.52% to 10.53%.)
Big middle	An MVI classification for retailers that do not target a particular type of shopper or consumer or a particular type of shopping trip. These retailers try to be "all things to all people" and their lack of focus tends to inhibit their growth.
Blitz	A type of merchandising that denotes a rapid roll-out of a product or planogram within a geographic area. A blitz is usually coordinated with an ad date or a promotional event.
Bridge words	Words describing the attributes of a product or service that combine functional performance with an emotional statement (e.g. luxury, organic, design/trend, therapeutic, personalized, connected, portable, and escape). See also, attributes.
BTC (Back to college)	Seasonal categorization that denotes the timeframe leading into the college school year (typically July/August/September).
BTS (Back to school)	Seasonal categorization that denotes the timeframe leading into the next school year (typically July/August/September).
Building a display	Arranging and putting together merchandise or sample products, usually from scratch.
CAGR (Compound annual	The smoothed annualized gain of an investment earned over the



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growth rate)	<p>investment time horizon; not the actual return, but rather a number that describes the rate at which an investment would have grown if it grew at a steady rate.</p> <p>CAGR is calculated by taking the <i>n</i>th root of the total percentage growth rate where <i>n</i> is the number of years in the period being considered.</p> <p>CAGR = [(\$ ending value ÷ \$ beginning value) raised to the power of 1/<i>n</i>] - 1.</p>
Cannibalization	A competitive factor that reduces a product or store's sales, such as the debut of a competing brand or retail outlet. See also, self cannibalization.
Capital Lease	A lease that must be included on a company's balance sheet as an asset and matching liability. This usually applies to leases where the lessee obtains mostly all of the economic benefits and risks of the leased property and can either purchase for a bargain price or assume ownership of the property at the end of said lease.
Capex (Capital expenditure)	The amount used during a particular period to acquire or improve long-term assets such as property, plant, or equipment.
Cart rail	The area in a store/club that features new, seasonal, or exciting merchandise located at the entrance in the front of store/club.
Case pack	The number of units in a case.
Cash & Carry	<p>This channel typically has stores that range from 90,000 to 150,000 sqft (9,000 to 15,000 sqm) with a shopper base that includes consumers and small businesses. The stores carry large pack sizes and a combination of private label and national/global brands stocked on steel racks and on pallets. Food sales account for 25% to 50% of store sales. Formats include:</p> <p>Cash & Carry: Does not charge an annual membership fee. This format tends to be more prevalent in Europe (e.g., Metro, Promocash) and South America (e.g., Makro).</p> <p>Warehouse Clubs: Charge an annual membership fee. This format is common in North America (e.g., Costco, SAM'S Club (Wal-Mart)).</p>
Cash flow statement	A financial statement that summarizes a retailers' cash flow over a period of time. Cash flow is compared from three cash sources: operations, investing, and financing.
Catchment areas	The physical geography surrounding a store that provides the particular store with a customer base. (This area may include roads where people pass by the store but don't necessarily live in the area.) This term is used in connection with European retailers.



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Category	A reference to the section (set) in the store (i.e., domestics).
Category dominant	A store format that has merchandise focus and expertise in specific categories and consumer solutions. See also, category specialist.
Category management	Item placement on store shelves.
Category specialist	<p>This channel includes stores that focus on single or closely related categories. Store size varies depending on the category type and can range from 5,000 sqft to more than 100,000 sqft (500 to 10,000 sqm). Formats include:</p> <p>Apparel: Gap, The Limited, H&M, Burberry's</p> <p>Auto: AutoZone, Pep Boys, Stationmarché, Yellow Hat</p> <p>Books: Barnes & Noble, Borders, W.H. Smith, Waterstones</p> <p>Consumer Electronics: Best Buy, Circuit City, Media Markt, Yamada Denki</p> <p>DIY Hardware Stores: Smaller DIY (do-it-yourself) stores focused on hardware and tools that have minimal building material (e.g., ACE Hardware, Bricoman).</p> <p>DIY Specialty: DIY stores specializing in flooring, etc. (e.g., EXPO, Logimarche)</p> <p>DIY Superstore: DIY home improvement stores (e.g., Home Depot, Lowe's, Bricomarche, B&Q)</p> <p>Furniture: IKEA, Conforama, Homeworld, Courts</p> <p>Health & Beauty: Sephora, Body Shop, GS-Watsons</p> <p>Hobbies & Crafts: Michaels, Paperchase</p> <p>Home Goods: Bed Bath & Beyond, ASDA Living</p> <p>Jewelry: Tiffany, Zales Jewelers</p> <p>Music Store: Virgin, HMV, Sam Goody</p> <p>Office Superstores: Staples, Office Depot, OfficeMax</p> <p>Other Category Specialist: Other category-focused retailers not classified in one of other category specialist formats (e.g., tobacco stores)</p> <p>Pets: PetSmart, Tom & Co.</p> <p>Sporting Goods: Sports Authority, Decathlon</p> <p>Toys: Toys R Us</p>
Channel	A category of store type based on similar merchandise assortments and economic models. See also, format or retail format.



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Chapter 11	The most common form of bankruptcy. Filing for chapter 11 frees a retailer from the threat of lawsuit from creditors while it reorganizes its finances. During chapter 11, the debtor remains in control of the business and its assets.
Choosers	A retailer whose growth strategy focuses on a key consumer type—their target shopper.
Clearance merchandise	Merchandise that the retailer has discontinued and cannot charge back to the manufacturer, usually seasonal and priced to sell quickly.
Click 'n pull	SAM'S CLUB members can order merchandise online, have this merchandise pulled from the sales floor, and have it consolidated for member pick-up at the club of their choice.
Clip strip	Small pack items that are clipped to a strip that is typically found hanging on the side of a shelf. See also, power wing (sidekick).
CLR (Competitive line review)	In-person or on-line bidding for saleable items and promotions most often used in reference to Target and Home Depot auction processes. See also, auction.
Co-branding	When two brands combine to form a third brand. Often when a retailer's store brand and a manufacturer brand unite to create a combined brand for a particular item (e.g., Costco's Kirkland Signature by Starbuck's coffee beans).
COGS (Cost of goods sold)	A retailer's costs to generate sales. This represents the retailer's acquisition cost of products for re-sale.
Co-managed inventory	Manufacturers manage inventory for their clients.
Comparable store sales (comps)	Sales from stores that have been in business for at least one year, including expansions and relocations. Typically expressed as the percentage increase or decrease in the base of stores that have been open for at least one year. Comps are often used interchangeably with "same store sales." Comps are designed to measure the health of the established business by excluding the sales gains from new stores, which could contribute an unusually large percentage gain to overall sales. It's important to look at the previous period to determine if a recent year-over-year % change is building on an unusually poor or good gain in the same period last year. Reporting a double-digit gain in comps can be misleading if the previous period was very low.
Compliance manager	A retail philosophy whereby the store manager is given very little autonomy or decision-making authority, reducing their role to execution of a higher level executive's management direction.
Computerized inventory system	A computer program that tracks inventory and sometimes creates automated replenishment orders.



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Current assets	Assets that can be converted to cash within one year or one operating cycle. Such assets include cash, accounts receivable, and inventory.
Current liabilities	Debts due within one year. Such debts include payroll, notes, and accounts payable.
Customization	Customizing products to a retailer's requests.
Cut-in	When a new product is introduced, the manufacturer usually likes to cut-in the new product into the existing planogram via a revision.
Cycle	A set period of time when a merchandising visit can be performed.
D&A (Depreciation and amortization)	See amortization and depreciation.
Days sales on hand	The amount of gross inventory (expressed in days) that a retailer has on hand.
Days sales outstanding (DSO)	The average number of days that a company takes to collect revenue after a sale has been made. A low DSO number shows that it takes a company less days to collect the revenue; a high DSO number indicates that a company is selling its product to patrons on credit, and taking more time to collect revenue. DSO = (Accounts Receivable/Total Credit Sales)/Number of Days
DC (Distribution center)	A warehouse used to receive, store, and ship products to retailers.
Deadnet	Net cost that eliminates allowances and allows the cost of goods to reflect price reductions.
Dead label	An EAS label in an inactive state where it will not alarm an EAS system.
Deduction	An amount that is subtracted from a retailer's invoice for a disservice or mistake.
Delist	To remove an item from the active inventory list.
Demonstration	Showing how to complete a task. Sometimes called a demo, often used in conjunction with food sampling.
Department store	Large-scale stores that may be multi-level with a merchandise mix focused on fashion, apparel, and home goods. Department stores in Asia and Europe generally include a large assortment of food (e.g., Takashimaya, Marks & Spencer), while North American department stores offer little or no food (e.g., Bloomingdales).
Depreciation	A non-cash expense, such as the cost of plan or equipment, charged against earnings to write off the cost of an asset during its estimated useful life. See also, amortization and D&A.



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Destination	Section(s) of the store with high consumer traffic.
Differentiation	A retailer strategy that typically leverages unique and/or exclusive products and/or services to distinguish itself from its competition.
Discontinued item	Items that are no longer being merchandised in the category.
Discounter	<p>Generally small stores ranging from 2,500 sqft to 20,000 sqft (250 sqm to 2,000 sqm) in size with limited items and selection aimed at value-seeking consumers. The assortment usually includes extensive private label offerings. Format types include:</p> <p>Close-out Store: Specializes in selling end-run or discontinued branded products at a deep discount (e.g., Big Lots, Tuesday Morning)</p> <p>Convenience Discount: Small stores ranging from 6,000 sqft to 8,000 sqft (600 sqm to 800 sqm), focusing on highly consumable general merchandise (e.g., Dollar General, Emma (Rewe), Wilkinson's)</p> <p>Limited Assortment Grocery/Hard Discount (Ltd Asst Grcy/Hd Discount): Small, food-focused format with limited SKUs with a significant emphasis on private label merchandise and a relatively small number of branded items (e.g., Aldi, Save-A-Lot)</p> <p>Limited Assortment Grocery/Soft Discount (Ltd Asst Grcy/Sf Discount): Small, food-focused format with limited SKUs that tend to include a mix of branded and private label merchandise; found primarily in Europe (e.g., Dia, Leader Price).</p> <p>Single Price Point: Sell a majority of the items at a single price point with an assortment of low-price branded items; a high percentage of items are imports (e.g., Dollar Tree, Waldo's \$ Mart, Daiso Sangyo).</p>
Display	An entire gondola side, counter, or category set complete with product and point of purchase materials.
Disposable label	An EAS label that is attached to or inserted inside merchandise or packaging and is not intended to be removed at the point of purchase.
Distressed goods	Items that have been damaged or soiled.
Divider	Used along with fencing to separate product on the shelves.
Donor	A retailer that does not deploy either a Tailor or Chooser growth strategy. Their growth tends to be slow, and they "donate" their growth opportunity to retailers using one of the other two strategies.
Drugstore	Small stores selling drugs, general merchandise, limited packaged food, and grocery-related items. Store size generally ranges from 500



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	sqft to 20,000 sqft (50 sqm to 200 sqm). Format Types include: Drugstores with Prescriptions: Differentiated by the presence of an in-store pharmacy and prescription medications in addition to over-the-counter medication (e.g., CVS, Walgreens). Prescription drug sales typically represent 50%-60% of total sales. Drugstores no Prescriptions: These stores only have over-the-counter (OTC) drugs; more common outside of Europe and the US (e.g., Schlecker, Kruidvat).
Dummy facings	When the actual product is not in stock, another product with the same dimensions is temporarily faced backwards to ensure correct space is left on shelf.
Dump table	A table or bin used to display merchandise.
EAS label	Abbreviation for Electronic Article Surveillance; lightweight tags that are attached to garments prior to being placed on the sales floor in order to deter shoplifting.
EBITDA	Earnings before interest, taxes, depreciation, and amortization.
EDI (Electronic data interchange)	The use of telecommunications to exchange business information between companies using standard formats.
EDLC (Everyday low cost)	A pricing strategy in which the cost of goods is consistently low. Also refers to Wal-Mart's practice of ensuring that supply chain costs are kept low to support its everyday low pricing (EDLP) strategy.
EDLP (Everyday low price)	A retail pricing strategy in which the product prices are kept consistently low. See also, hi-lo, price elasticity, and USP.
Empowered manager	A retail philosophy whereby the store manager is given decision-making authority and autonomy over significant areas of store operations.
Endcap	The area at the end of each aisle considered valuable selling space within a store.
EVA (Economic value added)	A measure of a retailer's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit (adjusted for taxes on a cash basis). Calculation: Net Operating Profit after Taxes - (Cost of Capital * Weighted Average Cost of Capital)
Exclusive brands	Brands in which distribution is restricted to a single retail operator.
Facing	The number of times a product is merchandised on the shelf or peg hook. Some better selling products have more than one facing.

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Fast-back hook	A two prong hook that attaches into the pegboard.
Fencing	Acrylic rails secured to the front of the shelf to contain product on the shelf.
Financial margin	Revenue off cash from vendors' terms and turns.
Fixed assets	A long-term, tangible asset held for business use and not expected to be converted to cash in the current or upcoming fiscal year, such as manufacturing equipment, real estate, and furniture. Also called "plant."
Fixture	A display furnishing to hold merchandise.
Fixture accessory	Shelves, peg hooks, etc.
Flex space	Space within a store that can be manipulated to feature various types of merchandise such as promotional or seasonal items; it does not have designated year-round merchandise.
Floor plan	Layout of all departments for a store.
FOB (Free on board)	Price includes freight.
Formal retail sales	MVI defines this as store based retail and B2C online retail, usually sourced from government statistics agencies such as The US Census Bureau, Statistics Canada, Office of National Statistics for the UK, or Eurostat that are typically collected through calculations from tax receipts and interviews with tax-paying retailers. For MVI, this includes chain retail, as well as other retailers in the market (generally very small operators or mom & pop operations). This excludes automobile trade (new and second hand), wholesale, and food service & restaurants.
Format	A category of store type based on similar merchandise assortments and economic models. See also, channel or retail format.
Freestanding store	A retail outlet that stands by itself and is not attached to a mall or shopping center.
Front-end	A term used in the drug channel that refers to all non-prescription based selling space. In other retail refers to the register area (or "front") of the store.
Front runner	Plastic strips that attach to the pegs to hold the labels.
FTL (Full trailer load)	Costs 50% of what LTL costs.
Functional allowances	Allowances provided by the manufacturer to someone who provides a certain service.



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GMROI (Gross margin return on investment)	<p>A financial measure that indicates the annual return on each dollar invested.</p> <p>One formula calculates GMROI as a multiple of investment dollars: GMROI (\$) = [gross margin (\$) ÷ average investment].</p> <p>The alternative formula expresses GMROI as a percentage of investment: GMROI (%) = gross margin (%) x [sales ÷ average investment].</p> <p>See also, GMROII.</p>
GMROII (Gross margin return on inventory investment)	<p>A financial measure that indicates the annual return on each dollar invested in inventory.</p> <p>One formula calculates GMROII as a multiple of inventory investment dollars: GMROII (\$) = [gross margin (\$) ÷ average inventory at cost].</p> <p>The alternative formula expresses GMROII as a percentage of inventory investment: GMROII (%) = gross margin (%) x [sales ÷ average inventory at cost].</p> <p>See also, GMROI.</p>
Gondola	A primary merchandising fixture consisting of a base, a freestanding, a vertical wall, a peg board, and a number of sections of shelving, baskets, etc.
Gondola end	Key location at the end of an aisle, where the product stands alone and is highly visible to consumers.
Gross inventory	The total amount of inventory on-hand. See also, inventory on-hand.
Gross margin	The total sales revenue minus cost of goods sold.
Gross margin percent	The ratio of gross profits divided by net sales, expressed as a percentage.
Gross profit (loss)	The portion of revenue that remains after deducting cost of goods sold.
Hang tag	A manufacturer's label that describes the merchandise. Also known as a hanging price tag used on garments and other merchandise.
Hardlines	Durable goods yielding service or utility over an extended period of time (e.g., hardware, home furnishings, electronic equipment, furniture, and appliances, etc.). See also, EDLP.
HBA	An abbreviation for health and beauty accessories.
HBC	An abbreviation for health and beauty care.
Hi-Lo (High-Low)	A pricing strategy that retailers employ that varies between pricing product low to stimulate selling and high to augment margin usually leveraging circulars to support the strategy.

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Home location	Where basic distribution takes place—the everyday location of a product.
Hurdle rate	A category-specific measurement of expected or required sales per SKU per building.
Hypermarket	<p>Large-format stores that include a full selection of grocery items and general merchandise (hardlines and softlines), as well as shopper services such as auto service, photo development, and food service. Stores typically range from 80,000 sqft to 280,000 sqft (8,000 sqm to 28,000 sqm). Format Types include:</p> <p>Hypermarket: Large stores that range from 100,000 sqft to 200,000 sqft (10,000 sqm to 20,000 sqm). Food sales account for more than 50% of total revenue. Predominantly single-level stores, though some multi-level locations do exist. Hypermarkets are most common in Europe, Asia, and Latin America (e.g., Carrefour, Auchan, Jumbo).</p> <p>Supercenters: Generally single-level stores ranging from 80,000 sqft to 280,000 sqft (8,000 sqm to 28,000 sqm) and operated primarily by US retailers. Food generally accounts for 40% of total sales, while general merchandise and service departments represent the balance of sales (e.g., Wal-Mart SuperCenter, SuperTarget, Meijer).</p> <p>Japanese Superstores: Large multi-level stores unique to Japanese retailers. Food represents 45%-50% of sales, and general merchandise (both hardlines and softlines) accounts for the rest (e.g., Ito-Yokado, Daiei, Jusco).</p>
Identical store sales	Sales from stores that have been in business for at least one year, excluding expansions and relocations. Typically expressed as the percentage increase or decrease in the base of stores that have been open for at least one year.
Identifier sticker	A sticker adhered to product packaging that communicates that the item is protected against theft or shoplifting.
Income statement	A financial statement that summarizes revenue inflows and outflows, and net change in income over a period of time.
Incremental	An increase in product sales volume attributed to a special promotion, merchandising plan, or distribution through a particular retail outlet (incrementally).
Informal retail sales	MVI defines this as made up of legal and illegal activity. The illegal market includes things such as DVD pirating, narcotic sales, and the trade of stolen goods. The legal market, commonly referred to as the "Grey" Market, includes retailers who avoid paying taxes or pay partial taxes. Non-taxpaying retailers can be viewed as two groups: Those who buy on their own and then resell, and those who produce the goods on their own and resell. The former group generally relies heavily on import goods and for which they avoid



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	paying official duties/tariffs, etc. Both groups typically sell products in non-permanent areas such as street displays, open-air markets, and kiosks, as well as one-to-one networking.
Interest coverage ratio	An indicator of how easily a company can pay interest on outstanding debt; the higher the ratio, the better the company can handle its debt expense. It is calculated by dividing a company's earnings before interest and taxes (EBIT) of one period of time by the company's interest expenses of that same period. ICR = EBIT/Interest Expense
Interpack	Bundles of single selling units.
Inventory	Stock on-hand. See also, gross inventory.
IRC	An abbreviation for Instant Redeemable Coupon or Instant Rebate Coupon.
Item distribution	How an item reaches its destination (e.g., distribution center (DC), direct store delivery (DSD), drop ship).
IVR	Interactive Voice Response is an electronic reporting system that allows employers to gather store completions in addition to payroll information.
J hook	A hook so-called because of its J shape. Usually it is placed on a shelf used for merchandising impulse products.
Just in time (JIT)	A replenishment system that reduces the amount of space a retailer needs for back stock. The product is reordered every time the cashier rings up a sale.
Kiosk	A small leased area, booth, or cart inside a mall or store. Or, an interactive display or terminal giving access to an Intranet or to the Internet from inside a store for ordering or checking on merchandise.
Label	Contains price information for the consumer. Labels are placed in the shelf channels to the left of the product or on the front runners for peg hooks.
LAG (Limited assortment grocers)	See discounter.
Lead in	The first product a consumer sees from the main aisle. Planograms have lead-in indicators to show which end of the planogram starts near the main aisle.
Like-for-like Sales	Generally used in reference to sales or sales growth. Sales growth in stores that are mature, usually 12 months or older. European equivalent to US term, "same store."
Live label	An EAS label in an active state that will set off the store alarm system

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	if the merchandise is taken past an authorized check point.
Long-term liabilities	Long-term obligations, exceeding one year, such as a mortgage or building lease.
Loss leader	Merchandise that is sold at or below cost intended to bring customers into the store.
Loyalty card	Customers' plastic store cards used to reward frequent shoppers and to collect data on purchasing habits.
LTD (Long term debt)	An obligation having a maturity of more than one year from the date it was issued.
LTL (Less than trailer load)	Costs 50% more than FTL costs.
Manufacturer	The producer of products and merchandise that people buy.
Mapping	The process of determining locations and adjacencies of departments and merchandise inside a store.
Markdown	A price reduction of merchandise to sell older merchandise or for a specific sale period. See also, TPR.
Market basket	A combination of goods and services used to track price changes. It is used for such indicators as the Consumer Price Index (CPI).
Market Makers	Retailers that employ both market density and consumer segmentation strategies extremely effectively and are growing in the marketplace as a result (e.g., Starbucks). There are very few examples in broad line retail today.
Mass Merchandiser no SC (no Supercenter)	Medium- to large-scale stores ranging from 50,000 sqft to 130,000 sqft (5,000 sqm to 13,000 sqm). The emphasis is on general merchandise, including some apparel and limited food offering (e.g., Wal-Mart, Kmart, Target) and located primarily in North America.
MBM (Modular based merchandising)	A Wal-Mart operational inventory management strategy in which items are traited to modulars rather than stores.
MCAPS (Modular category assortment planning system)	A Wal-Mart system that creates store clusters based on historical selling data, store traits, and demographics with the objectives of increasing shelf holding power and localizing the assortment
Medicare Part D	The voluntary prescription drug benefit for people with Medicare. It was enacted as part of the Medicare Modernization Act of 2003 and took effect on January 1, 2006. See also, MMA.
Merchandising	Presenting products in their best light to generate more sales.
Merchandising ladder	A framework that plots items on a continuum that ranges from Opening price point (OPP), to Good, to Better, to Premium. Often items will enter the merchandise ladder at the Good or Better levels and either be pushed down to OPP or, with added value, features,



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	and benefits, will rise up to the Premium classification. See also, OPP.
MMA (Medicare Prescription Drug, Improvement and Modernization Act of 2003)	The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was passed into US law on December 8, 2003. This legislation marks the most sweeping changes to the existing Medicare system since its inception, featuring the creation of a new outpatient drug benefit, revitalization of the Medicare managed care program, payment methodology changes for virtually every Medicare provider, contracting and appeals reform, and establishment of health savings accounts. MMA seeks to provide seniors and individuals with disabilities with new benefits including prescription drug coverage through the new Medicare Part D program. See also, Medicare Part D.
Modular	A Wal-Mart term used to describe a layout for the placement of merchandise on walls and counters.
Mystery shop	A store visit requiring merchandiser anonymity in order to evaluate customer service or gather product information in an unbiased manner; a form of market research.
Narms	An abbreviation for National Association for Retail Marketing Services.
Natural	When a product is literally “all natural” and contains no synthetic ingredients: artificial colors, flavors, preservatives. See also, organic.
Net assets	Total assets minus total liabilities of an individual or retailer. For a retailer, also called "owner's equity," or “shareholders' equity," or "net worth."
Net income	In business, what remains after subtracting all the costs (namely, business, depreciation, interest, and taxes) from a retailer’s revenues. Net income is sometimes called the bottom line. Also known as earnings or net profit.
Net inventory	A portion of the inventory that the retailer actually owns.
Non-store retail	<p>MVI tracks the following non-store selling Formats:</p> <p>Mail Order: Retailers selling merchandise though mail order catalogs. The mail order business may be a part of a store-based retailer’s business or an independent business (e.g., Office Depot Direct, Otto Versand).</p> <p>Online Retail: Websites selling consumer products. The websites may be affiliated with a store-based retailer (e.g., Target.com), or alternately may be an independent company (e.g., Amazon.com).</p> <p><i>Important Note: MVI’s focus is on store-based retail. Our coverage of</i></p>



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	<i>Non-Store Retail operations is not as thorough as it is for store-based retail. Non-Store Retail operations contained in the MVI retailer database are generally subsidiaries of major store-base retailers already in the database.</i>
OGSM (Objectives, goals, strategies, measures)	A framework for co-planning.
OOS (Out of stocks)	Unavailability of a scheduled product which can occur at a point of distribution (e.g., warehouse) or at a point of sale (e.g., on the floor). See also, out of stock situation.
Open-to-buy	A monetary balance, similar to a line of credit, which is used to commit product purchases; existing inventory is counted against the balance.
Operating cash flow (OCF)	The cash generated through a company's operations, generally defined as revenues minus all operating expenses, but calculated through a series of adjustments to net income. OCF is also referred to as "cash flow provided by operations" or "cash flow from operating activities." OCF = EBIT + Depreciation – Taxes
Operating expenses	Expenses not associated with the buying of product for resale. Such expenses include labor, advertising, and property costs.
Operating income	Gross profit minus operating expenses. See also, operating profit.
Operating margin	Operating profit expressed as a percentage of net sales.
Operating profit	Gross profit minus operating expenses. See also, operating income.
OPP (Opening price point)	The lowest price in a particular category. See also, merchandising ladder.
Organic	Certified by a third party to meet USDA organic standards. Organic is a subset of "natural." See also, natural.
OTC (Over the counter)	Items (typically medicine) that do not require a prescription.
Out of stock situation	The unavailability of a scheduled product that can occur at a point of distribution (e.g., warehouse) or at a point of sale (e.g., on the floor). See also, OOS.
Overhead	The shelf above a section holding overstocks or discontinued items. Also known as cap shelf.
Overstock	Additional stock of a product that is full to capacity on the shelf or peg.
Owner's Equity	Capital invested by a retailer's owners and profit not yet distributed to the owners.



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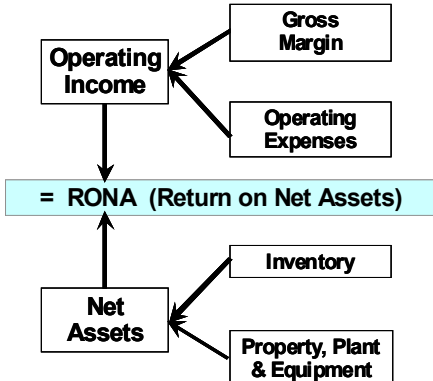
Own-label brand	Own-label brands are created and owned by businesses that operate in a specific, retail channel. See also, private label.
P&L (Profit and loss statement)	A financial statement of gains and losses for a specific time period.
Parapharmacy	A European term for pharmacies within hypermarkets (or stores) that sell over-the-counter drugs at cheaper costs than pharmacies. They do not employ pharmacists.
PBM (Pharmacy benefit manager)	An organization that provides administrative services in processing and analyzing prescription claims for large employers, managed care organizations, government programs, and health insurers to administer their prescription-drug plans. Many PBMs also operate mail order pharmacies or have arrangements to include prescription availability through mail order pharmacies.
PDQ (Pretty darn quick displays)	A display type that allows for quicker stocking of merchandise (e.g., merchandise shipped from the manufacturer in its own display case that requires little effort on the retailer's part).
Peg board	The backing on many fixtures where hooks are inserted to display product.
Pegged merchandise	A product that is merchandised on peg hooks.
Planogram (POG)	A schematic drawing that shows how and where specific retail products should be placed on retail shelves or displays in order to increase customer purchases.
POP (Point of purchase)	The locations within a retail store where a customer purchases products. Also refers to the promotional materials placed at the contact sales point designed to attract consumer interest or call attention to a special offer.
POS (Point of sale)	The place in a retail store where products are scanned through the register system, data is collected, and sales are tendered. POS also describes sales data generated by checkout scanners.
Power wing (sidekick)	Similar to a clip strip, where small package items are displayed on the side of a shelf. See also, clip strip.
PP&E	Plant, property, and equipment.
Preferred product	Shelves that are located between hip level and eye level.
Price elasticity	The percentage change in quantity divided by a percentage change in the price. Answers the question: How much will the demand for my product decrease if I raise prices by 10%? See also, EDLP and price elasticity.
Private-label brand	Describes products whose name or logo is owned by the retailer. Also



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	known as store brand.
Productivity	The amount of output per unit of input, such as the quantity of a product produced per hour of capital employed.
Productivity measures	Standards or benchmarks used to improve productivity, business processes, and organizational performance (e.g., sales per square foot, sales per sku, sales per store).
Promotions	Merchandise that suppliers pay additional money to have featured in a high-traffic area in the store, advertised on signage, and/or in circulars.
Prototype	The first of its kind—usually in reference to a new or revised format for a particular retailer.
RACI (Responsible, approver, consulted, informed)	A framework used to map where decisions are made within an organization.
Rack jobber	A wholesaler that is allowed by a store to install, stock, and replenish selected items on display racks.
Reserve stock	Merchandise that is stored in an area inaccessible by customers.
Reset	A major change or revision to an existing planogram, section, department, or entire store.
Retail format	A category of store type based on similar merchandise assortments and economic models. See also channel or format.
Retailer	An individual or firm that sells goods and services directly to the consumer.
Retail-tainment	A term used to describe the "entertainment" factor or excitement created in-store through various marketing activities.
Revenue	Sales plus income from other areas or services that generate proceeds.
RFID (Radio frequency identification)	Tiny microchips that contain antennas and a unique number, identifying every individual product. This makes products' movement visible to computer systems through these antennas.
Riser	Shelves above the shoppable portion of a gondola.

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ROA (Return on Assets)	Indicates how profitable a company is relative to its total assets. ROA = (Net Profit after Taxes)/ Total Assets
ROE (Return on Equity)	Percentage amount earned on a company's common stock investment for a given period. Calculates how much profit a company generates with the money shareholders have invested. ROE = (Net Income/Shareholders Equity)
ROI (Return on investment)	A performance measurement used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio.
Rollbacks	A Wal-Mart term that means that the advertised price is lower than the previously offered Every Day Low Price.
RONA (Return on net assets)	A percentage indicator of asset productivity determined by dividing net income by net assets; the greater the return, the greater the profitability of the company.  <pre> graph TD GI[Operating Income] --> RONA[= RONA (Return on Net Assets)] NA[Net Assets] --> RONA GM[Gross Margin] --> GI OE[Operating Expenses] --> GI I[Inventory] --> NA PPE[Property, Plant & Equipment] --> NA </pre>
Rotate stock	The stocking of new merchandise behind old merchandise when filling displays. This can also mean replacing old stock with new stock.
Rounder	A round apparel rack fixture.
Rx (Prescription)	Items that can only be sold with a prescription from a doctor.
Sales	Total dollar amount collected for products sold.
Sales per SKU/SKU velocity	See productivity measure.



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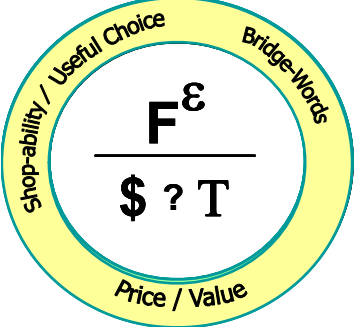
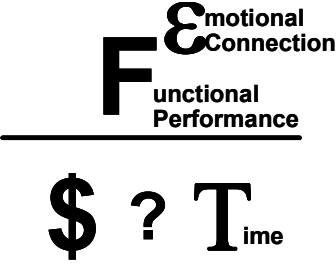
Sales per sq. ft.	See productivity measure.
Sales per store	See productivity measure.
Salvaged goods	Merchandise that has been damaged in transit or storage.
Same store sales	Sales from stores that have been in business for at least one year, including expansions and relocations. Typically expressed as the percentage increase or decrease in the base of stores that have been open for at least one year. Same store sales are often used interchangeably with comparable store sales. See also, comparable store sales.
Saturation	When enough of the potential market has been reached that the average cost of reaching additional customers or participants is greater than the average return to the marketing venture from sales to these additional customers or participants. In retail, this generally means the returns from opening an additional store in a market will not offset the costs even once the store reaches its maximum sales volume which that prohibits expansion in that market.
Saturday morning meeting	A Wal-Mart meeting held each Saturday to discuss and share business information with associates. This meeting has been part of the culture since the early days when the meetings were held in hotel rooms with Sam Walton in order to critique the business.
Scan and pay	Typically refers to a way of doing business between direct store delivery (DSD) manufacturers and retailers. It incorporates daily point-of-sale data to pay for product, electronic communication technologies to eliminate discrepancies and inefficiencies, and various store-level operating improvements, such as open delivery windows and elimination of check-in, to speed product flow.
Schematic	The line-art drawing of the planogram, that shows how many shelves or peg hooks to use.
Scorecard	A tool that helps measure performance by tracking various metrics including sales, profitability, and inventory.
Seasonality	A measurement of the fluctuations in a retailer business during various seasons including Christmas, back-to-school, Easter, Halloween, etc.
Secret shopper	A merchandiser who samples service or products without the knowledge of the employees and reports the findings to the manufacturer or merchandising retailer.
Selective comparability	A merchandising strategy in which a retailer aggressively price comps certain items/categories to maintain a low price image but offers unique merchandise in other categories to maintain margin levels.



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	The retailer is literally selectively comparable to its competition.
Self cannibalization	When the competitive factor that reduces a product or stores' sales comes from itself (e.g., Wal-Mart opens a new store down the block from an existing store and sees its sales in its existing store drop as a result). Retailers often employ this strategy to secure the maximum amount of market share within an area and block competition from taking any share. See also, cannibalization.
Service recovery	Dealing effectively with customer complaints, problems, and dissatisfaction.
SG&A (Selling, general and administrative)	Expenses associated with selling, such as salespersons' salaries and commissions, advertising and promotion, travel and entertainment, as well as office/headquarters payroll and expenses, and executives' salaries.
Shelf channel	The indented front of the shelf where labels or plastic label strip holders are placed.
Shelf extender	An extension of the merchandising space on a store fixture/shelf to allow a product to be featured or to give it room where insufficient room exists.
Shelf label	Label showing item placement on the shelf and description of product size, price, UPC code, ordering code, movement, and date tag was printed.
Shelf talker	A small sign that points out a sale, product features, or price.
Shop-ability	Anything that enables the shopper to make a faster, easier, and better decision.
Shopper	The purchase decision maker at the shelf. Shoppers are frequently not the end user and have various "shopping modes" (e.g., The same individual on a Saturday doing the pantry-load trip vs. on a Wednesday night when they've run out of infant formula vs. on the weekend to buy new home entertainment center is 3 different shoppers).

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<p>Shopper ROI</p> 	<p>A concept that relates the functional performance and emotional connections consumers have to a product and/or store to the cost of the product and/or shopping trip (in terms of both time and money).</p> 
<p>Shopping modes</p>	<p>The descriptors used to segment various types of shopping trips (e.g., social, planned, immediate, expert, constrained, and opportunistic).</p>
<p>Shrink</p>	<p>The rate of product loss or unsuitability for sale due in part to theft, damage, spoilage, shipping errors, or misplaced goods.</p>
<p>SIC (Standard industry code)</p>	<p>A classification system used by the US Government to designate business industry type.</p>
<p>Side counter</p>	<p>Refers to either side of a gondola merchandise display.</p>
<p>Side kick</p>	<p>Wire or cardboard display fixture that hangs on the side of an end-cap utilizing peg hook or shelves to display merchandise.</p>
<p>SKU rationalization</p>	<p>Analysis of individual items to determine if performance merits continued listing.</p>
<p>SKU (Stock keeping unit)</p>	<p>A number assigned to each variation of a product used for controlling inventory.</p>
<p>Sky hook peg</p>	<p>A fastback metal peg with label holder attached. Front-runner is not used.</p>
<p>Slotting allowance</p>	<p>One-time payment a supplier makes to a retailer as a condition for the initial placement of the supplier's product on the retailer's store shelves or for initial access to the retailer's warehouse space; on-going payments (slotting fees) made by the supplier to the retailer for the privilege to remain on the shelf or for a more favorable shelf location.</p>
<p>Softlines</p>	<p>Non-consumable, non-durable goods with a limited lifespan, most commonly associated with textiles-based products (e.g., apparel, linens).</p>



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Stack Base	A short, square fixture (6” to 8”) used to display boxed or bulk merchandise.
Stock turnover	A measure for determining how quickly merchandise is being sold.
Store of the community (SOTC)	Wal-Mart's store planogram localization system in which store level traits, demographics, and historical sales rates are used to identify “clusters” of stores.
Store-within-store (SWAs)	A sub-branded "store" section within a store. It can be branded by another retailer (e.g., a Dunkin' Donuts inside a Stop & Shop) or it may be branded by the retailer itself (the "One Spot" section inside a Target store).
Sundries	Loosely defined by retailers, usually includes some or all of the following: candy, snacks, health and beauty aids, alcohol, tobacco, and household and cleaning supplies.
Supercenter	Generally single-level stores ranging from 80,000 sq. ft. to 280,000 sq. ft. and operated primarily by US retailers. These stores sell food, non-food, healthcare products, apparel, and general merchandise (e.g., Wal-Mart Supercenter, Meijer, Super Target, Fred Meyer and Super Kmart). These retailers sell an extensive amount of high gross margin products, particularly general merchandise and apparel, which allows them to aggressively price everyday items and food.
Supermarket	Primary focus is on packaged and perishable food items with an increasing percentage of prepared foods in the assortment. General merchandise (hardlines and household items) and health and beauty products are common. Food usually represents between 75% and 90% of total revenue. Stores range from 10,000 sqft to 60,000 sqft (1,000 sqm to 6,000 sqm).
Surge	An expanded or increased need for a reset due to a new item initiative.
Tailors	A retailer whose growth strategy focuses on adapting their format to fit the needs of a trading area in a regional location.
Telzon	Hand-held tracking unit used to order and track store inventory.
Terms	Stipulations or conditions under which payment will be made; in its simplest form, this refers to the amount of time the retailer is given to pay the supplier.
TPR (Temporary price reduction)	A reduction in price designed to increase unit sales of an item. See also, markdown.
Trade down	When a consumer chooses to purchase a lower priced item. Often this is done so the consumer can purchase a higher priced item in another category in which they plan to shop (e.g., to enable them to "trade up" somewhere else in the store or at another outlet). See also,



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	trade up.
Trade payables	Amounts due to suppliers for purchased goods. This relates to the terms (days) that retailers receive from their suppliers.
Trade promotion	A special manufacturer's offer made to retailers, such as allowances for advertising and/or merchandising.
Trade up	When a consumer chooses to purchase a higher priced item. Often this is done by purchasing a lower priced item in another category (e.g., they "traded down" somewhere else in the store or at another outlet). See also, trade down.
Trait	A characteristic of an item, department, or store.
Treasure hunt	A merchandising technique used by retailers where certain (often high-end, high-value) unexpected items are included in the assortment. This technique creates a sense of excitement for the shopper and encourages additional trips to the store to see "what might be there today."
Tri-level round	An apparel fixture with three face-out arms.
Trip driver	Specific items or services that prompt a consumer to shop a particular retail outlet.
T-stands	Basic apparel fixtures with posts topped by cross bars.
Turns	The number of times a product is cycled through inventory annually (number of times a retailer sells and replenishes products).
UOM	Abbreviation for unit of measure.
UPC (Universal product code)	The encoding of a set of lines and spaces that can be scanned and interpreted into numbers to identify a product. A sequence of numbers and bar code on the back of each product.
Value discounters	See discounters.
Velocity	The speed at which a product moves from a manufacturer's inventory to a distributor's or retailer's shelf to a customer.
Vendor	A person or company providing merchandise or service to a retail store.
Vendor financing	When a company lends money to one of its customers so that the customer can buy products from the company. This enables the company to increase sales, even though it is essentially buying its own products.
Visual merchandising	Arranging items for display. Also known as visual presentation.
VMI (Vendor managed	An inventory management approach whereby the supplier (vendor)



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inventory)	manages the reorder process for its product(s).
VPI (Value producing item)	A value producing item (formerly volume producing item) is a merchandising and promotional tool used to encourage department managers and senior management to create extraordinary sales by selecting an item and ordering the merchandise to generate extra sales.
VSP (Very sensitive pricing)	A Kroger program that involves analyzing its pricing structure by identifying items that qualify as “very sensitive” to the most loyal shoppers. Essentially an EDLP strategy based on price elasticity thinking. See also, EDLP and price elasticity.
Weight and cube	A reference to weight load and cubic space requirements, usually regarding product transportation/distribution containers.
Wing display	A display that flanks or attaches to the side of an end cap.
Working capital	The difference between current assets and current liabilities.