

## Retail Glossary Of Terms

### Ad-to-Sales Percentage

The amount of advertising dollars that you spend expressed as a percentage of your sales.

### Advance Shipping Notice (ASN)

The ASN is a file that contains all of the SKU information of the shipment, as well as the shipping container serial number. The SKU is the smallest divisible unit for keeping track of inventory. For example, in a shoe store the SKU might be defined by manufacturer, style, color and size. For this reason it is important for retailers to have the ASN so that they do not have to count or receive every piece of inventory individually.

### Art

Also called artwork. The illustration for print ads. Could be photography if the store uses photos. Smaller stores use manufacturer's mats or photos or artwork. Larger stores create their own art.

### Artwork

Anything prepared for reproduction by an artist, designer, photographer.

### Audio

The sounds of film, television or radio.

### Audit

The formal process of examining how your store performed in relation to plan. All too often, management completes programs but does not review how things went and where improvements can be made for the future.

### Awareness

The level of awareness of your concept by your target customer.

### Bar Code

The bar code is a machine readable code made up of alternating dark and light bars. The spacing between these bars signals the reader what the numerical code is. Bar codes can be Universal Product Code - UPC or any number of other formats and almost limitless in length. (The longest currently is 128)

### Benefit(s)

The basic customer benefit is 'what is in it for the consumer' – does your store deliver saving, service or convenience.

### **Breadth of Assortments**

The range or number of different items offered for sale – i.e. wide = many different items, narrow = a limited range of items for sale.

### **Budget**

Detailed outline of a store's plan of spending for merchandise, operation, expenses, and sales promotion.

### **Campaign**

Planned advertising schedule of specific length – usually up to 13 weeks in length.

### **Card File**

Usually refers to a list of store customers arranged in a card index file.

### **Card Swipe (Wedge)**

A magnetic code reading device that is usually built into a register keyboard. When a credit card is passed/swiped through the wedge, the data is read into the machine.

### **Classification – Sub Classification / Category – Sub Category**

A further breakdown of a classification into a more specific group of items, e.g., men's short sleeve dress shirts is a sub classification of the main classification of men's dress shirts.

### **Circular Classification**

Special printed advertising supplement inserted and delivered with the newspaper or mailed directly to the consumer. Can be printed in tabloid or full newspaper size as desired, using color and paper better than regular newsprint to call attention to a special event or store wide sale. Occupant or resident mailing lists can be purchased for distribution of circulars.

### **Classification / Category**

A group of merchandise items that are non-substitutable with another group of items, e.g. tennis racquets would not be substitutable with badminton racquets.

### **Classification or Category Dominance**

The situation where a retailer offers a range of merchandise (brands, models, SKUs) that is superior/ greater/broader than competitors. The result is that shoppers will have this store in a top-of-mind position and travel further to shop there first.

### **Conversion Rate**

The number of people who enter a store divided into the number who made a purchase. Measures the “close” rate that a store achieves on specific foot traffic into the store.

### **Core**

The base component of a particular aspect of your business, e.g., ‘core customers’ are the 20% who shop regularly and account for 80% of sales. Can also define merchandise that is central to a retailers success, core is product that is never out of stock.

### Database

A collection of data in a table or group of tables. Hierarchical databases structure the data on a hierarchy. Relational databases use indexes and relational keys to relate data from one table to another, and are preferred for their efficiency and speed.

### EAN

The European Article Number which is replacing the North American UPC code. The EAN has thirteen numbers, with one being placed the leading left outside the bar code. The next six numbers are assigned to the manufacturer and the remaining six are for product identification.

### Electronic Data Interchange (EDI)

The transfer of data between two companies in a format that can be read and understood by both parties. EDI today uses common language/protocols so that messages, purchase orders, invoices, advanced shipping notices and other business data can be send and received by any company no matter what computer they are using. EDI messages are sent through a Value Added Network (VAN) which is a third party mailbox that both vendors and retailers use to store the messages in transit. EDI is roughly 100 times faster than fax to send data and maintains an audit trail.

### Environment/Decor

The surrounding objects and space with which a shopper comes in contact. It involves all the senses of sight, hearing, touch, smell and taste.

### Event

A happening. A special promotion, off-price sale, fashion show, store wide sale or merchandise import fair.

### Fashionability

The degree of fashionability for your store is a strategic marketing option or alternative that relates your store to the prevailing style and/or social standing of the target market segment. The decision to commit a store to a degree of fashionability must be made after carefully weighing the lifestyle and demographics of the marketplace, the relative fashionability of competition, and how best your store fits into this situation.

### Fixed Position

A guaranteed specific time slot or place for a commercial announcement.

### Flighting

Scheduling a heavy advertising schedule for a period of time, then stopping advertising altogether only to come back later with another heavy schedule. Used to build strong impact to support sales goals, seasonal selling, new product introduction.

### Floor Line

Location of advertising by floor or branch, listed at end of copy block in print ad; in close of broadcast commercial.

### Freelance

Creative/media/research and other skilled people for hire on a project basis.

### Fringe Area

The farthest edges of a TV signal's reach.

### Frequency

Average number of times an individual is exposed to a given advertiser's message over a specified length of time.

### FSA - Forward Sortation Area

The first three digits of a postal code in Canada, FSAs have specific boundaries and can be used as a location system for customer analysis and direct mail. The similar area in the US is called ZIP + 4 which can more accurately locate boundaries within a ZIP code area.

### Gift with Purchase

A promotional technique that includes giving a gift with the purchase of a specific item. Used extensively in the cosmetics area.

### GMROI

Gross Margin Return On Inventory Investment measures the impact of both stock turnover and gross profit. Often calculated to compare vendors or categories of merchandise. The formula is gross profit dollars for the year divided by average inventory at cost. The result is always expressed as a dollar, it answers the question "For every dollar invested in inventory, how many dollars were returned?"

### GRP or Gross Rating Points

The sum of all average quarter-hour ratings in a schedule; also the total reach multiplied by frequency. Represents the total audience reached, including duplications. A rating point is a number based on the audience compared to all the potential listeners in that demographic region.

### Image

The store's personality is its image – the picture it reflects to its buying public and to the community. There can be a difference between the image the store thinks it is projecting and the way the community perceives it. Most stores have ongoing programs to change or enhance their image.

### Image or Institutional Ads

1. Commercials that sell an advertiser's concept of doing business or personality rather than individual products.
2. Commercials emphasizing the personality or business concept of the advertiser rather than promoting a specific product.

### Item Advertising

Advertising of specific items, rather than categories of merchandise. Price is always a featured part of this advertising.

### Items Per Transaction

A measure of how many items are contained in the average transaction with each customer. The formula is total items sold for the day, week or month, divided by the number of transactions in the day, week or month.

### Jingle

1. Identifying music and/or lyrics
2. Musical signature or logo used to identify advertiser on the air.

### Layout

The design or plan of a print ad, done in pencil, ink or by computer print-out. The layout indicates the position and sizes of the various elements of the ad – the headline, art, copy, signature, and floor line. Layouts are distributed to copywriters, artist typesetters, buyers and merchandise managers.

### Life-Styles

An indication of the interests, attitudes and activities of a target market.

### Lineage

Measurement of newspaper space. Space is usually measured by the number of newspaper columns wide. There are 14 agate lines to an inch. Some papers still measure in column-inches rather than lines. There are 300 lines to a column, so that an 8-column page has 2,400 lines (8 x 300). A tabloid page is 1,000 lines.

### Logo (Logotype)

Signature cut (either original art work or specially set or matted type), printed in a unique way for easy and quick identification.

### Marketing

The art and science of gathering facts on consumers; determining which of their needs and wants offer you opportunity; deciding which segment can be best served within the scope of your resources; and then formulating a strategy to capture profitably a reasonable share of market through highly focused merchandising, service, communications and operational programs.

### **Marketplace**

The actual place or area where people purchase and sell merchandise and services (can be conceptual).

### **Market Share**

A key management measurement tool which describes and measures the portion of the total business available within a defined trading area which your store has captured; i.e., if retail sales are \$10 million and your store sales are \$1.5 million, the store's market share is 15%

### **Media**

All of the advertising vehicles available – e.g. – TV, radio, newspapers, direct mail, etc.

### **Merchandise Presentation**

The methods and techniques involved in fixturing, stocking, displaying, signing, ticketing products so that sales are increased.

### **Merchandising**

The embellishments which a retailer adds to a basic product, such as price, packaging, special offers, ticketing/labeling, couponing, product-with-purchase, etc.

### **Minute**

60-second commercial; 140-160 word script.

### **Net/Gross Advertising**

Gross advertising includes your co-op dollars. Net is your own dollars only.

### **Niche Specialist**

Those stores picking a narrow or small but homogeneous segment of the consumer market – i.e., gourmet cooks, golfers, vary fashion conscious and/or a narrow merchandise range, i.e., just comic books, coffee and teas, shirts and ties, educational toys – on which to focus their business.

### **Objective**

The end goal that you want to achieve, usually expressed in a measurable number. In advertising, the effect you want advertising to have on the consumer.

### **Off Price Advertising**

Advertising whose basic appeal is outstanding savings.

### **Outpost Display**

A secondary display – placed outside the department. e.g., at doorways or high traffic areas.

### **Planning**

The processes of choosing a course or direction after reviewing alternatives.

### **Plan-O-Gram**

A detailed plan of floor, wall and fixture layout. It requires a mapping of what items go where for each square foot or product frontage of shelf space, wall, or hanging rack. Particular emphasis is put on placing the most profitable products in an advantageous purchasing position.

### **PLU - Price Look Up**

A system with the PLU feature will display the description and price of an item when the item number is entered or scanned at point of sale. It is also printed on the customer's receipt and this is helpful for the customer to remember what he/she bought. It is also a good deterrent to price ticket switching in some cases.

### **POS**

Point Of Sale, used in reference to POS visual merchandising. Also used to refer to a cash register that has capability of price look ups (PLU's) and storing customer data.

### **Quick Response**

Quick response is the name given to the system that immediately replenishes goods based on consumer demand. It is also sometimes referred to as JIT II (Just in Time level two) or in retailing as ECR (Efficient Consumer Response). The use of current technology links the manufacturer, supplier, retailer and retail outlet together to speed up communications, reduce paperwork, reduce inventory carrying costs, and have what the customer wants when they want it. Primarily involves Electronic Data Interchange - EDI and Universal Product Code - UPC.

### **Radio Frequency Identification (RFID)**

Method for embedded tag to communicate SKU and other information from a product to a receiver. Currently being used at the pallet level for receiving, slow adoption at the Point of Sale due to both cost and some technical issues.

### **Receipt Printer**

A specially built narrow carriage printer that used to print customer receipts.

### **Segment (Consumer or Market)**

A single part of the market, separable from the rest of the market. It can be clearly identified as being different by a set of distinct and common characteristics such as demographics, lifestyle, geographic location, or buying habits.

### **Services**

Extras offered by stores to make shopping more pleasant. Includes free parking credit, snack and restaurant facilities, gift wrap, post office, night openings, delivery, and other 'fringe' benefits that discount retailers do not always offer.

## SKU

Stock-keeping unit. The finest identification of a specific item either by itself or in a range. i.e., one basic shoe style requires approximately 30 different SKUs which are the combination of the range of sizes multiplied by the range of widths stocked. This is increased by 100% each time a color is added in the full size and width range.

## Spot

Commercial on radio or television. Spot announcements are anywhere from 10 to 60 seconds long and highlight a single item, or at most two items. Spot illustration in a print ad is a detailed sketch showing a special feature not obvious in the main illustration

## Store Positioning

The position a store takes in respect to price, fashionability, service, assortments vs. competition.

## Strategy

Your basic 'idea' – the essential thrust of your business concept. An aggressive plan of action, usually with a singular focus, that is formulated to out-maneuver competitors by serving target market customers to their highest expectations.

## Suggestion Selling

Suggesting the purchase of related items in addition to the original purchases, like a tie with a shirt, blouse with skirt, hats with jackets and so on.

## Take-Withs

Purchases the customer takes home; encouraged in stores where delivery costs are high.

## Target Market

The group of consumers to whom you are directing your business concept.

## Tearsheet

An ad torn from the publication in which it ran. This is considered proof that the ad ran on the day it was supposed to and represents proof of performance for collecting co-op money.

## Theme

A continuous and central idea that can be visually extended on a totally coordinated basis into a wide range of communications and merchandising elements – and that will be recognized as such by shoppers.

## Tie-In

An ad sponsored by more than one advertiser; e.g., a magazine ad in which a store, an airline, and a luggage manufacturer participate, with costs shared. A tie-in might feature an airline in a store's advertising in exchange for the airline offering a free trip in a draw held for store customers.



### Top of Mind

Refers to the store, brand or product that first comes into a consumer's mind when he/she thinks of a category of merchandise.

### Trading Area

The area from which your store draws the majority of its customers.

### Trading Up

In a "good, better, best" offering of merchandise or services the action of selling the customer the better or best solution for their needs. Leads to better solutions as the customer gets more utility and benefits from the better or best item or service.

### Universal Product Code (UPC)

The Universal Product Code is a twelve digit code that is made up of a single leading number, five numbers uniquely assigned to a manufacturer or seller, five more numbers assigned by the manufacturer or seller to a specific product and the last number which is assigned as a check digit. It is being replaced with the EAN which is defined above.

### USP - Unique Selling Proposition

What is special about your store and how your store stands out from your competition.

### Value Offer

A strategic option or alternative to emphasize value (value = price x quality x shopping environment or service, rather than just 'price' or 'discount price').

### Volume

The gross amount of business a store does in a period of time. The difference between volume and the cost of doing business is profit.

### Wanted

'Most popular,' as in "this is what the customers want". Indicated by the rapid sale of the item in the store.