



**An A – Z Wholesale/Retail Glossary**

*Presented by*

**National Stationery Show®**

**Brick and Mortar:** Brick and mortar stores are retail shops that are located in a building; as opposed to an online shopping destination.

**Broker:** Similar to manufacturers' representatives, but work almost exclusively in high volume. Commission rates are generally much lower than for "reps", due to the larger volumes.

**Channel of Distribution:** Includes all of the businesses and people involved in the physical movement and transfer of goods and services from producer to consumer and includes sales reps, wholesalers, distributors and/or retail outlets.

**Consignment:** Items placed in retail outlets, which are not paid for until they are sold. The retailer can return unsold merchandise and ownership is not taken by the retailer until the item is sold.

**Cooperative Advertising:** When a manufacturer, wholesaler, distributor and/or retailer share advertising costs.

**Distributor:** An intermediary between producers and retailers, with large warehousing capacity and a sales and delivery force servicing stores in their area or region. Different from reps, in that they purchase directly in quantity and take both ownership and possession of the products for delivery. Distributors sell (often with the use of reps or brokers) and collect payments directly from the stores.

**Drop Shipping:** The process in which a retailer markets a product, collects payment from the customer and then orders the item from a supplier; to be shipped directly that customer.

**FOB (Freight on Board):** Destination point where buyers take ownership and responsibility for shipping charges.

**Gross Profit:** The difference between net sales and the total cost of goods sold before expenses are included into the profit margin.

**House Account:** A retailer that works directly with a manufacturer without the servicing of an outside sales rep.

**Independent Rep:** An individual working as a sales rep without the benefit of a larger organizational umbrella.

**Inventory:** The merchandise a retail store has on-hand. The term also refers to the act of counting, itemizing and recording in-stock merchandise or supplies.

**Inventory Turnover:** The number of times, during a given period of time that the average inventory on hand is sold and replaced.

**Keystone Pricing or Keystoning:** Double the wholesale price (50% margin) which is the rate where most stationery stores place their pricing.

**Manufacturers Representative (“Rep”):** Sales representatives who work independently or as part of a sales group to sell your products, as well as items from other companies, to retailers on a commission basis. The manufacturer ships, invoices, and collects from the retailers.

**Margin, gross margin, or product margin:** The percentage of the selling price, above the manufacturing costs or above the wholesale cost that a retailer would purchase the product for. Where the sales price is \$6.50 and the cost is \$5, the MARGIN would be 23% (rounded).

**Markdown:** A planned reduction in the selling price of an item. Usually to take effect either within a certain number of days after seasonal merchandise is received or at a specific date.

**Mark-up:** The amount or percentage that a product is increased to create the selling price.

**Net 30** – Most common payment period established in the terms of a sale between a manufacturer and retailer or distributor. Extended terms of Net 60 and Net 90 are also commonplace today.

**Net Profit:** Gross profit minus operating expenses.

**Open-to-Buy:** A retail term for the money or moneis allocated to planned purchases for a determined period of time, less the amount of purchases already made.

**Planogram:** A visual description, diagram or drawing of a store's layout to include placement of particular products and product categories.

**Point-of-Purchase (POP) Display:** A display stocked with product and positioned at or near the point of sale.

**Private Label:** Products which are generally manufactured by one company under another company's brand name.

**Purchase Order:** A purchase order (PO) is a written sales contract between buyer and seller detailing the exact merchandise or services to be rendered.

**Retail Price:** The price a retail store places on a product to sell to the consumer. Typically, in the stationery industry, this price is approximately twice the price paid for the item at wholesale.

**Rep Group:** An organization of several sales reps working under one business umbrella, often assigned to a specific territory of several states or regions.

**Sell-Through Rate:** A calculation commonly represented as a percentage, comparing the amount of inventory a retailer receives from a manufacturer or supplier against what is actually sold.

**Showroom:** Buildings where manufacturers or manufacturers' representatives showcase and sell product. A typical facility will offer hundreds of showrooms on multiple floors.

**Shrinkage:** Retail shrinkage is a reduction or loss in inventory due to shoplifting, employee theft, paperwork errors and supplier fraud.

**SKU:** The Stock Keeping Unit (SKU) is a number assigned to a product by a retail store to identify the price, product options and manufacturer.

**Terms of Credit or Sale:** The conditions or requirements set forth in a sales contract, order or agreement, such shipping, payment options or extension of credit.

**Universal Product Code (UPC):** A classification for coding data onto products by a series of thick and thin vertical lines. It allows retailers to record pertinent data, such as the model number, size, color, etc., when an item is sold. It can also store or transmit the data to a computerized data system that monitors unit sales, inventory levels and other factors.

**Wholesalers:** Similar to a distributor, except they generally do not have a sales force or offer on-site delivery; instead shipping to retailers by common carrier from central warehouses.

**Wholesale Price:** The price a producer or distributor places on a product to be resold at an increased price to the ultimate consumer. This price is commonly 50% of the retail price.