# Jargon Definitions

## Minimum Order Quantity (MOQ)

**Definition:** The smallest quantity of a product that a supplier requires a retailer to purchase in a single order.
**Example:** A distributor requires a minimum order of 12 cases of canned tomatoes before shipping the order.

## Open To Buy (OTB)

**Definition:** The amount of money a business has available to purchase new inventory while staying within its budget.
**Example:** After paying for weekly deliveries, a grocery store has $5,000 in Open to Buy to restock produce.

## Case Packs

**Definition:** The number of individual items packaged together and sold as one case.
**Example:** A case pack of soup contains 24 cans, so the retailer orders one case instead of individual cans.

## Direct Store Delivery (DSD)

**Definition:** A distribution method where suppliers deliver products directly to the retail store instead of a warehouse or distribution center.
**Example:** A local bakery delivers fresh bread directly to the grocery store every morning.

## Keystone Pricing

**Definition:** A pricing strategy where the retail price is typically double the wholesale cost, resulting in a 100% markup.
**Example:** A store buys a jar of salsa for $4 and sells it for $8 using keystone pricing.

## Margin/Markup

**Definition:** Markup is the amount added to a product's cost to determine its selling price. Margin is the percentage of the selling price that remains as gross profit after covering the product's cost.
**Example:** A product costs $8 and sells for $10. The markup is $2, while the gross profit margin is 20%.

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## Everyday Low Pricing (EDLP)

**Definition:** A pricing strategy that keeps prices consistently low rather than relying on frequent sales or promotions.
**Example:** Instead of offering weekly discounts, a grocery store keeps milk priced competitively every day.

## Cost of Goods Sold (COGS)

**Definition:** The direct cost of purchasing or producing the products a business sells during a specific period.
**Example:** If a grocery store spends $15,000 purchasing inventory for the month, those costs contribute to its COGS.

## Gross Profit Margin (GPM)

**Definition:** A financial metric that measures the percentage of sales revenue remaining after subtracting the cost of goods sold.
**Example:** A department generates $100,000 in sales and has $70,000 in COGS, resulting in a 30% gross profit margin.

## Key Value Item (KVI)

**Definition:** Popular, frequently purchased products that customers use to compare prices between competing stores.
**Example:** Milk, eggs, bananas, and bread are common Key Value Items because shoppers often compare their prices across stores.

## Net Terms

**Definition:** Payment terms that specify when payment is due after products are delivered, such as Net 30 or Net 60.
**Example:** A supplier offers Net 30, meaning the grocery store has 30 days to pay the invoice after receiving the shipment.

## Chargebacks

**Definition:** Fees charged by suppliers when retailers fail to meet agreed-upon purchasing, shipping, or compliance requirements.
**Example:** A retailer receives a chargeback because pallets were labeled incorrectly, creating extra work for the supplier.

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## Delivery in Full, On Time (DIFOT)

**Definition:** A performance metric that measures whether customer orders arrive complete and by the promised delivery date.
**Example:** A supplier with a 98% DIFOT score consistently delivers complete orders on schedule.

## Delivered Duty Paid (DDP)

**Definition:** An international shipping agreement where the seller is responsible for transportation costs, import duties, taxes, and delivery until the goods reach the buyer.
**Example:** A specialty food supplier ships imported olive oil under DDP, so the grocery store pays one agreed-upon price without handling customs or import fees.