Grocery Industry Jargon 101

Ordering + Inventory Terms



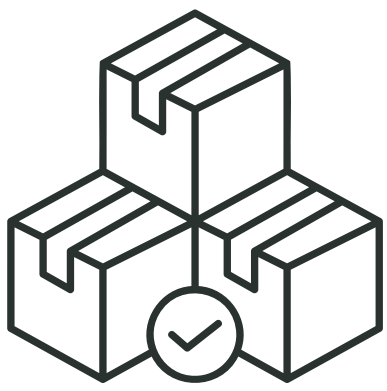
NM STATE
BE BOLD. Shape the Future.
College of Agricultural, Consumer and Environmental Sciences

ARROWHEAD CENTER®

NEW MEXICO FOOD PATHWAYS
Guiding Food Enterprises to Grow New Mexico

Minimum Order Quantity (MOQ)

The smallest amount of product a supplier requires for an order.



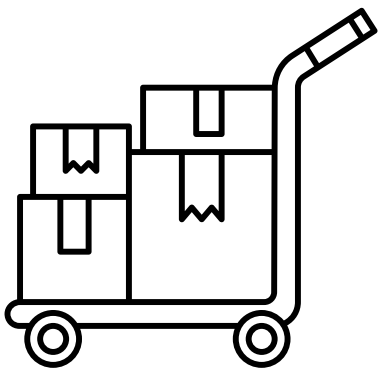
Open to Buy (OTB)

The amount of money available for purchasing inventory.



Case Packs

The number of items packaged together in one shipment case.



Direct Store Delivery (DSD)

Products delivered directly to the store instead of a warehouse.



Grocery Industry Jargon 101

Pricing + Profitability Terms



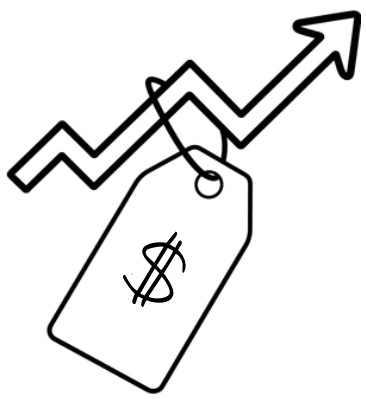
NM STATE
BE BOLD. Shape the Future.
College of Agricultural, Consumer and Environmental Sciences

ARROWHEAD CENTER®

NEW MEXICO FOOD PATHWAYS
Guiding Food Enterprises to Grow New Mexico

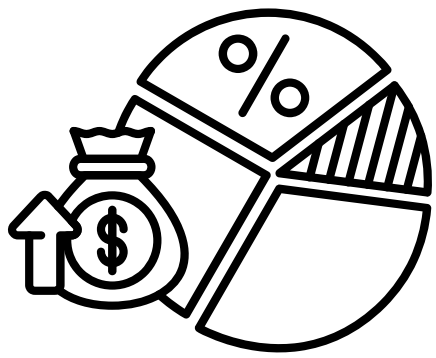
Keystone Pricing

A pricing strategy where the retail price is typically double the wholesale cost.



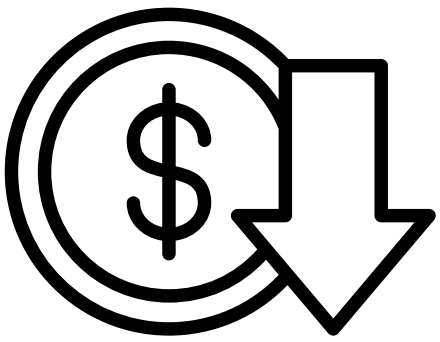
Margin/Markup

The difference between the cost of a product and the selling price.



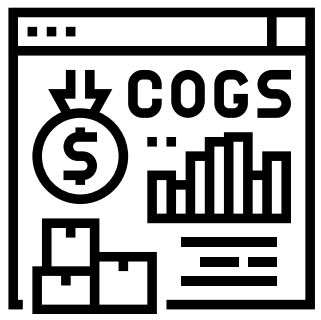
Everyday Low Pricing (EDLP)

A pricing strategy focused on keeping prices consistently low.



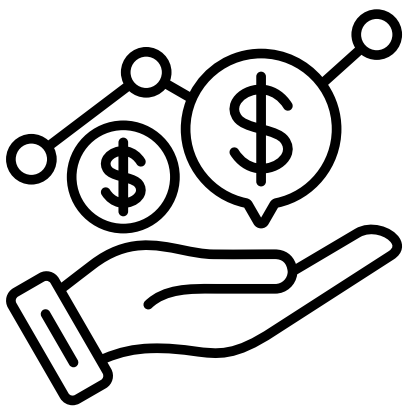
Cost of Goods Sold (COGS)

The direct cost associated with purchasing products.



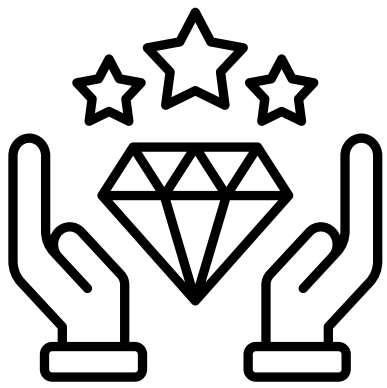
Gross Profit Margin (GPM)

A measurement used to track profitability and financial health.



Key Value Item (KVI)

Popular products customers use to compare pricing between stores.



Grocery Industry Jargon 101

Delivery + Payment Terms



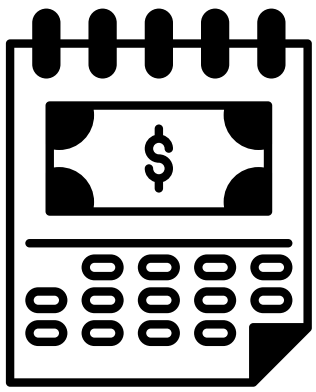
NM STATE
BE BOLD. Shape the Future.
College of Agricultural, Consumer and Environmental Sciences

ARROWHEAD CENTER®

NEW MEXICO FOOD PATHWAYS
Guiding Food Enterprises to Grow New Mexico

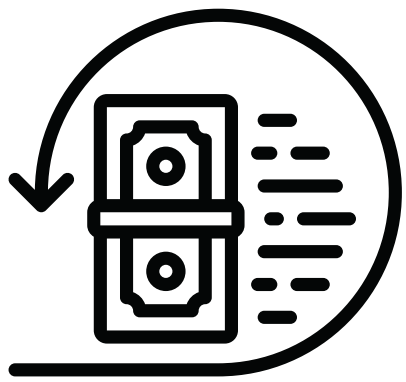
Net Terms

Payment terms that explain when payment is due after delivery.



Chargebacks

Fees charged to suppliers for issues like shipping errors or non compliance.



Delivery in Full, On Time (DIFOT)

A performance measurement used to track delivery reliability and timeliness.



Delivered Duty Paid (DDP)

Delivery agreement where the supplier bears transportation costs and responsibility until delivery is complete.

