

Decoding the Jargon: Essential Terms Every Retail Buyer Should Know

The dynamic and fast-paced world of retail buying is filled with insider lingo and industry-specific terminology that can seem like a foreign language to those new to the field. In order to effectively communicate, make informed decisions, and thrive in a retail buyer position, it is essential to understand the most commonly used retail buying jargon.

This industry has developed its own unique vocabulary and shorthand over time to improve efficiency and allow for quick yet detailed communication between retail buyers and other roles. While difficult to penetrate at first, taking the time to learn some of the core retail buying terms demonstrates a commitment to mastering the role and helps establish credibility.

We will decode some of the most ubiquitous retail buying acronyms, abbreviations, and buzzwords used everyday in the industry. Explanations and examples are provided to demystify these phrases that may sound like alphabet soup to an untrained ear. Mastering this retail language is key to being able to navigate critical conversations and unlock key insights that influence purchasing decisions.

- **AOD** – Assortment Optimization and Dominance refers to the process of determining the ideal merchandise assortment and optimizing category dominance within a retail store. It involves analyzing sales data, trends, and consumer preferences to inform merchandising decisions. The goal is to maximize sales and profitability through the best assortment of products.
- **Buyer** – The retail buyer is responsible for selecting merchandise to be sold by a retail store and negotiating pricing and other terms with vendors. They analyze sales records, research market trends, and stay on top of consumer preferences to curate an on-trend, profitable product assortment.
- **GMROI** – Gross Margin Return on Inventory Investment is a metric used by buyers to determine the profitability of merchandise. It calculates the gross margin dollar return for every dollar of inventory investment. Higher GMROI numbers indicate better product performance.
- **IMU** – Initial Markup is the difference between the cost of a product from the vendor and its initial retail price. For example, if a vendor sells a sweater to a retailer for \$20 and the retailer prices it at \$40, the IMU is 100% ($\frac{\$40 \text{ retail price} - \$20 \text{ cost price}}{\$20 \text{ cost price}} \times 100 = 100\%$ initial markup).
- **Markdown** – A markdown is a reduction in the retail price of an item. Retailers use markdowns to help sell through slow-moving merchandise. The markdown brings the price point closer to a price customers are willing to pay to stimulate sales.

- MOP – Markdown Optimization Planning is the strategic planning of markdowns on merchandise throughout the selling season to control inventory levels and maximize profitability. MOP helps buyers gradually mark down prices to reach target sell-through rates.
- Open-to-Buy – Open-to-buy (OTB) refers to the amount of budget a buyer has available to order and purchase inventory for upcoming selling seasons. It's determined by analyzing sales, stock levels, and markdowns. OTB guides purchasing decisions.
- POG – Planogram refers to a visual schematic and detailed plan for displaying products on store shelves and fixtures. POGs are used by retailers to optimize floor space and placement for maximum sales. Buyers work closely with visual merchandisers on POG layouts.
- Retail Calendar – This annual calendar outlines important dates like holidays, sales, events, product launches and other retail milestones. Buyers rely on retail calendars to inform purchasing decisions and floorset timing.
- Sourcing – Sourcing refers to the procurement of goods from suppliers and vendors. Retail buyers source merchandise globally that aligns with their brand's aesthetic and business strategy. Effective sourcing results in the right products at the right prices.
- Terms – Terms of purchase are the conditions that a vendor extends to the buyer when selling goods, such as minimum order quantity and delivery timeframe. Buyers negotiate terms aimed at optimizing both cash flow and inventory levels.
- Trend Forecasting – Retail buyers stay ahead of trends by analyzing data from fashion shows, trade shows, and consumer shopping patterns. They use trend forecasting to make more informed buying decisions and deliver the most relevant, on-trend merchandise.
- Unified Commerce – A unified commerce approach seamlessly integrates channels like mobile, online, and brick-and-mortar stores into one central retail management system. This provides buyers with a single view of inventory and customer data for better purchasing decisions.
- VMI – Vendor Managed Inventory allows retailers to delegate inventory management, including stock levels and order placement, to the vendor. The vendor accesses the retailer's inventory data to automatically replenish stock as needed.

The complex function of retail buying relies heavily on its own vocabulary infused with abbreviations, acronyms, and unique terminology. While it may seem overwhelming at first,

dedicating effort towards decoding and understanding the most essential retail buying jargon empowers new buyers to fully participate in the field.

Fluency in the core lingo of retail buying facilitates clearer communication and collaboration critical to success. Retailers seek candidates willing to undertake this learning process, as it demonstrates passion for the role and a desire to think strategically. Companies invest significant resources into training buyers on these concepts, so coming in with some existing familiarity is highly valued.

Make the commitment upfront to decode the jargon and understand the meaning driving these important retail terms. This foundation unlocks the ability to thrive in the innovative, fast-paced environment of retail buying. Mastering the language allows you to focus on higher order thinking, strategy, and profit-driving decisions using the common vocabulary of the industry.

About the Author:

Elias Amash, President of GRIP, is an industry veteran with more than 30 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has “leveled up” the industry with GRIP’s undying commitment to offering only the highest levels of service to its customers. Amash has published several books: 8 Skills That Pay Off Forever, The Top 10 Most Important Lessons, The Retail Advantage: How to Win the War with Amazon, Retail Survival: Who Lives, Who Dies and Why, The 50 Most Important Lessons in Life, The Future of Retail, Importing from China: The Good, The Bad, and The Ugly, and 101 Bright Ideas: Winning Tactics to Increase Retail Sales.

About GRIP:

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation’s top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq ft state of the art warehouse facility including a 2,000 sq ft product showroom. GRIP carries a product line of over 1,000 specialty tools, tarps, automotive, cargo control, cleaning, LED lighting, magnetics, outdoors, household items, impulse and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It’s about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we’re hoping that you can be a part of it as one of our many Customers for Life.

Where to get educated: GRIP Retailer Education www.gripretailer.com

Check out our Company Website: <https://www.gripontools.com/>

GRIP Online Catalog: <https://gripontools.dcatalog.com/v/Grip-Catalog-2023/>

Visit my professional website: www.eliasamash.com

For more information: 616-877-0000 elias@gripontools.net