BLACKSMITH
APPLICATIONS

Glossary

CPG Retail Trade

The Language of Trade Spending

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% off	Discount of an item by a percent of its original price.
2-For	Receive the value of two, for the price of one.
Accrual	The term used for liabilities related to outstanding trade payables. They are liabilities owed for goods purchased by the manufacturers customers and are owed that occur outside the normal purchase/payment process.
ACV	(All-commodity volume) represents the total annual sales volume of retailers that can be aggregated from individual store-level up to larger geographical sets. This measure is a ratio, and is typically measured as a percentage (or on a scale from 0 to 100).
Ad Feature	A promotional tactic in which a manufacturers' product is featured in an advertisement.
Base Volume	Volume sold in the absence of a discounted promotion.
Baseline	Volume sold in absence of a promotion.
Beacon	Bluetooth technology that detects nearby smartphones and sends them ads, coupons or product information.

Billback / Deduction	Method of promotional payment that the retailer bills back to the manufacturer for the agreed promotional performance or deducts the amount they are owed from their invoice.
Blacksmith Enterprise	Everything in Essential plus premier functionality for the most complex businesses, enhanced services AI optimization.
Blacksmith Essential	All the fundamental elements required for trade management, data harmonization and event analysis.
BOGO	Buy One, Get One.
BOGOF	Buy One, Get One Free.
BOGOHO	Buy One, Get One Half Off.
Brick and Click	A business model where a company integrates offline (brick) and online (click) presence.
Broker	A person/company who buys and sells goods or assets for others. Some CPG manufacturers employ brokers to sell their products into channels and retailers that they typically could not get into on their own.
Bump Chart	The visual projection of promoted volume over base for a specific period of time.

Calendar Optimization	Constraint-based modeling and Artificial Intelligence that simulates and configures the optimal promotional mix for revenue, profit and volume for a retail customer for a specified time.
Cannibalization	Volume stolen from a competitive product(s) or other product(s) in a manufacturer's product line when a promotion exists for a specific item(s). For example, when Company A's Cookie A are on promotion, Company B sees decline in Product B, and Company A sees decline in Product C.
Channel of Trade	The path through which goods and services travel from the vendor to the consumer or payments for those products travel from the consumer to the vendor. Typical channels are grocery, foodservice, mass, drug, dollar, and club.
Click and Collect	Order from a website and collect from the retailer's physical location.
CO-OP	An advertising allowance offered by a vendor, payable upon proof of an ad having been run.
Contribution Margin	The difference between total sales revenue and total variable costs. The term is applied to a product line and is generally expressed as a percentage.
Coupon	A voucher entitling the holder to discount a particular product.
Data Harmonization	The process of aligning data from various sources (both internal and external), and transforming it into one cohesive data set.

Dead Stock	How retailers classify products that have never sold or have been in stock for a really long time.
Depletion Data	Similar to SPINS/IRI data. It is generated by Wine/Spirts distributors.
Display	A secondary location, located in a different section of the retail store, with products featured on promotion.
DSD	(Direct store delivery) is a form of distribution used by CPG manufacturers where they sell their product to independent distributors, who in turn sell the product to retailers. This is common for bread, snack cake and chip businesses where typical short-coded product is sold.
EDLP	(Everyday low price) refers to the long-term discounted retail price.
EPOS	(Electronic point of sale) refers to the electronic way for shoppers to pay.
Event	A special promotion, off-price sale, show, store wide sale or merchandise import fair.
Event Optimization	Optimal promotion tactic for an event.
Everyday Unit Retail	The shelf price when the item is not promoted. Also referred to as Non-Promoted Price or Base Price.
Fixed Price	The everyday retail price.

Forward Buy	When a retailer purchases more than they expect the consumer sell-through to be during a promotion.
FSI	(Free standing insert) is a manufacturer coupon, included in a printed coupon insert, for use at retail, typically found in Sunday newspapers.
Incremental	Volume sold due to a promotion - including one or more promotional tactics (TPR, display, feature ad).
Incremental Profit	Profit generated above the base volume profit on a promotion.
Incremental Volume	Promoted sales volume above the base volume on a promotion.
Inventory Turnover	The number of times during a given period that the average inventory on hand is sold and replaced.
Keystone Price	Pricing method of marketing merchandise for resale to an amount that is double the wholesale price or cost of the product (50% gross margin on the sale of the product.)
Lift Index	Percentage increase of promoted over base volume.
Loss Leader	An item that's sold below cost, or at a loss, in an effort to attract new customers. Retailers that use loss leaders rely on the fact that once customers are in the door, they buy other items that do turn a profit.

Lump Sum	Payment type that is a fixed amount of promotional money, not dependent upon volume sold.
Merch Unit Price	Promoted price at retail.
Merchandise Mix	The breadth and depth of the products carried by retailers. Also known as product mix.
Non-Promoted	The shelf price when the item is not promoted.
Off-Invoice	Method of payment that provides promotional allowance deducted on the invoice.
Pantry Load	When a consumer purchases more than they normally would due to the promotion.
Plan Volume	Total planned volume for promotion.
POS	(Point of sale) is a system where the shopper executes payment.
Post-Event Analysis	The evaluation of promotional effectiveness and efficiency through baseline visualizations that inform assessment of POS, shipment and spending data.
Price Elasticity	A measure of the relationship between a change in the quantity demanded of a particular good and a change in its price.

Private Label	A brand owned by a retailer or supplier - not a manufacturer.
Promoted NUC Target	Targeted cost per unit for a promotion subsidized by the manufacturer. Also known as Dead Net.
Promotional Lift	The increase in volume as a response to a promotion.
Retail Trade Promotion	Promotional activity between manufacturer and retailer to increase demand.
RFID	(Radio frequency identification) is a small electronic device that carries data to track goods in the supply chain and better manage replenishment and promotions.
ROI	Return on Investment. Calculated by subtracting incremental profit from the promotion spend divided by the promotion spend.
Seasonality	A characteristic of a time series in which the data experiences regular and predictable changes that recur every calendar year. All CPGs experience some type of seasonality, whether it is a holiday type product sold only during that specific holiday or a regular product that experiences more sales during various times throughout the year. For example, hot dogs see seasonal spikes during the summer and holidays such as Memorial Day and 4th of July.
SKU	Stock-keeping unit (Retailers separate code to track inventory and trigger product re-orders.)

Syndicated Data	IRI/Nielsen POS data. Provides consumer purchases, both non-promoted and promoted, with a merchandising audit of various promotion tactics.
TPR	Temporary Price Reduction.
Trade Marketing	An increase of consumer demand with marketing strategies at the store level.
Trade Promotion Optimization (TPO)	The process of using analytics and a predictive planning tool to perform comprehensive post-event analysis that includes baseline visualizations, quantifiable KPIs and brings together POS, shipment and spending data to measure the ROI of a promotion, with the goal of a more effective trade promotion strategy.
UPC	Universal Product Code. It's the standard industry description code for product characteristics.
Visual Merchandising	The art of implementing effective design ideas to increase in-store traffic and sales volume.

Blacksmith Applications is a SaaS technology company offering TPM software and consulting to top tier CPG retail and foodservice organizations. Our application, Blacksmith TPM, enables program creation, claim settlement, and boasts powerful analytical capabilities. Our customer list includes organizations such as General Mills, Unilever Food Solutions, Conagra Brands, The KraftHeinz Company and more. The Blacksmith Applications team is comprised of professionals with decades of foodservice experience and we stand apart from ordinary solutions not only in the capabilities of our application but also in our industry knowledge.

We look forward to continuing the conversation.

Reach out to your sales representative or

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