

Supermarket Industry Definitions

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CAM: Common area maintenance. Tenant charges (pro-rated based on lease square footage) incurred in addition to base rent to mostly cover maintenance fees of common area of property. Examples include lawn maintenance, snow removal, and parking lot restriping.

Capital Expenditures: Those improvements or investments in equipment or buildings that are capitalized on the financial statements versus expensed. These guidelines can vary depending upon Capitalization Guidelines set forth by each corporation.

Consumer Price Index (CPI): The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The index also distinguishes between food bought at the supermarket (**CPI Food-at-home**) and food bought at restaurants (**CPI food-away-from-home**). CPI is determined by the US Bureau of Labor Statics and is produced monthly.

Cost-Plus: Supermarket “price impact” format stores where the product cost is displayed at the point of sale and an additional “mark-up” is added on at check out, typically 10 percent. Cost is determined by the total expense it takes for the store to buy the product, transport it to the shelf (freight, fuel, labor, and overhead).

EBT: Electronic Benefits Transfer that allows qualified recipients to receive government welfare benefits electronically. EBT is typically divided into two “buckets”: food and cash benefits. Food benefits, known as Supplemental Nutritional Assistance Program (SNAP) can ONLY be used to purchase eligible food items. Cash benefits are available to use for purchases or to be withdrawn from an ATM. Often, BOTH of these benefits are loaded onto the same card, but are separated in terms of their eligible use at the point of sale.

Full-Time Employee: An associate working 40 or more hours per week.

Gross Margin: Selling price of an item minus cost of goods sold. Gross margin is typically shown as a percentage, therefore selling price of an item, minus cost of goods sold, divided by selling price of the item.

Independent Supermarket: An independent supermarket operator is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some independents are publicly traded, but with controlling shares held by the family and others are employee owned.

Net Margin: Total revenue minus all operating expenses

Inventory Turns: Number of times inventory is sold or used during a period of time, typically a year.

LEED Certification: Leadership in Energy and Environmental Design. See www.usgbc.org

Limited Assortment: Low-cost format offering a limited number of product offerings such as Aldi or Save-A-Lot. Often product offering is limited to one or two varieties (product and / or size) and those offerings may change throughout the year.

Same-Store Sales Growth: A comparison of sales between two years that includes only those stores that were in operation both years, excluding sales from any additional, remodeled or closed stores.

Scans per Productive Minute: Average number of items scanned per minute while actively ringing up a customer. This excludes downtime when no customers are checking out.

Selling Space: Square footage dedicated to the sales floor, excluding areas such as back offices, storage rooms, and administrative offices.

Shrink: Inventory lost during the ordinary course of business. This includes out of date, damages, theft (customer or employee), pricing errors, and erroneous inventory counts.

Store Remodel: Upgrades and remodeling activities with capital investment of \$500,000 or more.

Supplemental Nutrition Assistance Program (SNAP): SNAP offers nutrition assistance to low-income individuals and families, which is administered by the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS). Benefits are provided via electronic benefit cards (EBT) and can only be redeemed at authorized retailer or farmers markets. Typically, SNAP According to USDA, SNAP is the largest program in the domestic hunger safety net. More information on SNAP eligibility can be found <http://www.fns.usda.gov/snap/eligibility>

Women Infant and Children (WIC): The Women Infant and Children Nutrition Program provided to qualified participants from the government administered by the states. Participant eligibility based on need includes: Pregnant women (through pregnancy and up to six weeks after birth), breastfeeding women (up to infants 1st birthday), non-breastfeeding postpartum women (up to six months after birth), infants (up to first birthday), children (up to fifth birthday). WIC benefits are “prescribed” to the mother and / or children and are specific to each participant based upon their nutritional needs. While the majority of WIC benefits are still administered via a paper voucher (for a specific eligible product) states are under a federal mandate to move to EBT by 2020. Each state determines “eligible” WIC products and those lists are being updated continually. Authorized retail stores must stock eligible products and are restricted to certain price controls.