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C3823 (2410)

Memorandum

To: Regional Concession Chiefs

From: Chief, NPS Commercial Services Program

Subject: 2012 Convenience Store Markup Percentages

This memorandum provides updated 2012 industry statistics for use when applying the markup rate method for concessioner convenience items that do not have a MSRP and supersedes previous years' markup percentages.

Convenience Items

In accordance with the 2010 Concession Management Rate Administration Guide, markup is currently the preferred rate method for *convenience items* that do not have a MSRP. This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, the National Association of Convenience Stores (NACS). Each year, the NACS publishes a State of the Industry (SOI) Annual Report that includes gross margin percentages by product category that is then used to determine mark-up percentages for 2012. The use of this source ensures comparability with the private sector.

The 2012 NACS convenience item mark-up percentages are provided in Attachment 1 along with a description of how to apply these percentages and an example. Concessioners and NPS staff should agree on a reasonable implementation period to establish updated rates based on this 2011 data. The agreement should be documented in the park's concession files with a copy provided to the concessioner.

Attachment 2 to this memorandum provides the NACS Category Definitions for merchandise and foodservice. This detail is provided to assist parks in identifying the appropriate product categories for the convenience items being sold. The concessioner and park should consistently apply and document the categories used to ensure a consistent, accurate and efficient rate request and approval process. If concessioners are selling convenience items that do not logically fit into the identified categories/subcategories, concession specialists should contact their regional office for guidance.

Merchandise Items

Please note that the Competitive Market Declaration (CMD) rate method is the preferred method for pricing all *merchandise items* that do not have a MSRP. Mark-up should not be used for these products. Application of this rate method should be in accordance with the 2010 Concession Management Rate Administration Guide.

Distribution and Questions

Please distribute this memo to concession specialists and other appropriate personnel within your region.

An electronic copy of this memorandum is also available on the NPS Commercial Service SharePoint Site in the [Contract Management Toolkit](#).

If you have any questions regarding these convenience item and merchandise rate methods, you may contact Lora Farabaugh, Concession Management Specialist, at 303/987-6903.

Attachment 1 – Markup Methods (For Convenience items)

Attachment 2 - NACS Category Definitions and Numbering Guide – Version 6.0

ATTACHMENT 1

MARKUP METHOD (FOR CONVENIENCE ITEMS)

The widely accepted method of pricing retail convenience items is to apply a markup to product costs. This method of rate approval should only be used for retail *convenience items* and not for service-related items for which quality or amenities are factored into rates.

This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, i.e., the State of the Industry (SOI) Annual Report published by the National Association of Convenience Stores (NACS). The use of this source ensures comparability with the private sector. Minor variances from the published report may be allowed under certain circumstances, which require approval on a case-by-case basis by the park superintendent.

Exhibit 1 below depicts industry gross margins by product category in the NACS State of the Industry 2010 Annual Report and the resultant markup percentages. Only these markup percents should be used by the concessioner when preparing rate requests and by the NPS when reviewing requests. Concessioners should be given copies of the updated gross margins and markup percentages quickly so they can use them to prepare their 2011 rates.

When using the Markup method to determine the maximum selling price, the following formula should be used:

$$\text{Total Cost} \times (1 + \text{markup percentage}) = \text{selling price}$$

For example, if the concessioners' cost for cough medicine is \$4.50, you would refer to the attached Markup table, identify that the markup percentage for health and beauty care is 71.0 percent, and use these numbers to identify the selling price:

$$\$4.50 \times (1 + 0.71) = \$7.70$$

Rounding is acceptable and common. The concessioner may propose to sell the cough medicine for \$7.75.

Retail Price	Round to Nearest
Below \$9.99	\$0.25
\$10 to \$49.99	\$0.50
\$50 and Over	\$1.00

Also permitted will be traditional consumer retail pricing techniques which creates prices ending in forty nine cent (\$0.49) and ninety-nine cents (\$0.99), whichever is closest and most appropriate using the above standards.

Exhibit 1 - Markup percentages to be used for 2012

Category⁽¹⁾	Gross Margin Percentage (2010 Stats)⁽²⁾	Markup Percentage⁽³⁾
Cigarettes	15.21%	18%
Other Tobacco	31.72%	46%
Packaged Beverages(non alcoholic)	40.22%	67%
Beer	20.51%	26%
Wine	28.18%	39%
Liquor	25.68%	35%
Edible Grocery	44.66%	81%
Non-edible Grocery	35.28%	73%
Perishable Grocery	35.69%	55%
Frozen Foods	44.96%	82%
Packaged Ice Cream/ Novelties	48.01%	92%
Candy	51.40%	106%
Salty Snacks	38.51%	63%
Packaged Sweet Snacks	33.08%	49%
Alternative Snacks	41.41%	71%
Fluid Milk Product	30.23%	43%
Other Dairy and Deli	40.03%	67%
Packaged Bread	31.68%	46%
Health & Beauty Care	52.95%	113%
General Merchandise	35.07%	54%
Automotive Products	46.49%	87%
Publications	22.48%	29%
Ice	78.43%	364%
Food Service		
Food Prepared On-Site	53.41%	115%
Commissary/ Packaged Sandwiches	36.20%	57%
Hot Dispensed Beverages	59.61%	148%
Cold Dispensed Beverages	48.45%	94%
Frozen Dispensed Beverages	49.39%	98%

Source: NACS State of the Industry Annual Report 2010 Data

⁽¹⁾ A list of items under each category is provided in Attachment 2

⁽²⁾ Gross Margin percentage is the percentage of the selling price that is profit

⁽³⁾ Markup Percentage is the percentage of total cost that is profit

ATTACHMENT 2

NACS Category Definitions and Numbering Guide – Version 6.0

*Source: 2009 NACS State of the Industry Report Convenience & Petroleum
Retailing Totals, Trends and Analysis of 2008 Industry Data*

Listed below are the mainline categories and sub-category descriptions. These categories should be used to pinpoint the appropriate category to be used by the concessioner when preparing rate requests for convenience items.

The National Association of Convenience Stores (NACS) Standard Category Numbering identified below utilizes a six position numeric field organized into three groups of two digits. The first two digits represent the major category identifier; the second two digits represent the sub-category identifier, and the last two digits do not figure into the NPS categories.

Parks and concessioners are not required to use the numbering system, but should document the specific category/sub-category used when selecting the markup percent as part of the concessioner's rate request and as part of the NPS approval for future reference and consistency

Number Category Sub-category Descriptors

02-00-00 Cigarettes

02-01-00 Premium
02-02-00 Branded Discount
02-03-00 Sub-generic/Private Label
02-04-00 Imports
02-05-00 Fourth Tier

03-00-00 Other Tobacco

03-01-00 Smokeless (Includes: chew, dip, snuff, moist)
03-02-00 Cigars
03-03-00 Papers
03-04-00 Pipes
03-05-00 Pipe/Cigarette Tobacco
03-06-00 Other Tobacco Products (Includes: scrap)

04-00-00 Beer

04-01-00 Super Premium (Includes: specialty beers)
04-02-00 Premium
04-03-00 Popular
04-04-00 Budget
04-05-00 Imports
04-06-00 Microbrews/Craft (Includes: regional breweries)
04-07-00 Malt Liquor
04-08-00 Non-alcoholic
04-09-00 Flavored Malt (Includes: hard cider, hard lemonade, malt-based coolers)

05-00-00 Wine

05-01-00 Table/Varietal Wine

05-02-00 Champagne/Sparkling Wine
05-03-00 Coolers/Wine Cocktails
05-04-00 Fortified Wine (Includes: high alcohol content wine)

06-00-00 Liquor

06-01-00 Distilled Spirits
06-02-00 Prepared Cocktails
06-03-00 Cordials/Brandy/Cognac

07-00-00 Packaged Beverages (Non-alcoholic-Bottle deposits should be attributed to the category)

07-01-00 Carbonated Soft Drinks (Includes: Club soda, tonic water, mixes)
07-02-00 Iced Tea (Ready-to-drink)
07-03-00 Sports Drinks
07-04-00 Juice/Juice Drinks (Includes: 100% juice, 100% fruit juice drinks, vegetable drinks, canned/juice box beverages)
07-05-00 Bottled Water (Includes: flavored, carbonated, still, fortified waters, aquaceutical)
07-06-00 Other Packaged Beverages (Non-alcoholic) (Includes: chocolate drinks, coffee drinks, diet supplements)
07-07-00 Alternative (Includes: energy, nutraceuticals)

08-00-00 Candy

08-01-00 Gum
08-02-00 Candy Rolls, Mints, Drops
08-03-00 Chocolate Bars/Packs
08-04-00 Non-chocolate Bars/Packs
08-05-00 Bagged or Repacked Peg Candy
08-06-00 Novelties/Seasonal (Includes: Valentine's Day, Halloween candy, packaged candy w/toy)
08-07-00 Change Makers/Penny Counter Goods
08-08-00 Bulk Candy

09-00-00 Fluid Milk Products Each sub-category contains single-serve and take-home SKUs

09-01-00 Whole Milk
09-02-00 2% Milk
09-03-00 1% Milk
09-04-00 Skim/Non Fat Milk (Includes: 1/2% milk)
09-05-00 Flavored Milk
09-06-00 Cream/Creamer Products
09-07-00 Other Ready-to-drink Fluid Milk Products (Includes: aseptic milk, lactose-free milk, soy-based products)

10-00-00 Other Dairy & Deli Products

10-01-00 Packaged Cheese
10-02-00 Eggs
10-03-00 Butter/Margarine
10-04-00 Cottage/Cream Cheese/Sour Cream
10-05-00 Yogurt
10-06-00 Other Dairy (Includes: refrigerated dips, pudding, gelatin, cheese spreads)
10-07-00 Packaged Luncheon Meat (Includes: sandwich meats, e.g., bologna, ham, turkey)
10-08-00 Other Packaged Meats (Includes: hot dogs, bacon, and sausage)
10-09-00 Lunch Packs are boxed lunches containing single servings of luncheon meat, cheese, bread/crackers, etc.

11-00-00 Commissary & Other Packaged Products

- 11-01-00 Sandwiches (Includes: Pre-packaged sandwiches/wraps)
- 11-05-00 Salads & Sides (Includes: packaged salads, pickles)
- 11-06-00 Thaw, Heat & Eat (Includes: burritos, pizza)
- 11-07-00 Meals Ready-to-Eat (Includes: soups, home meal replacement)

12-00-00 Packaged Ice Cream/Novelties

- 12-01-00 Premium Ice Cream
- 12-02-00 Ice Cream
- 12-03-00 Frozen Yogurt/Sherbet/Sorbet
- 12-04-00 Frozen Novelties

13-00-00 Frozen Foods

- 13-01-00 Frozen Dinners/Entrees/Meals
- 13-02-00 Frozen Pizza
- 13-03-00 Other Frozen Foods

14-00-00 Packaged Bread Packaged Bread (Includes: bread, buns, rolls, English muffins, bagels)**15-00-00 Salty Snacks**

- 15-01-00 Potato Chips (Includes: DSD and warehouse potato chips/potato crisp products packaged in bags, boxes or canisters)
- 15-02-00 Tortilla/Corn Chips
- 15-03-00 Pretzels
- 15-04-00 Nuts/Seeds
- 15-05-00 Packaged Ready-to-eat Popcorn (Includes: flavored popcorn, caramel corn)
- 15-06-00 Crackers
- 15-07-00 Other Salty Snacks (Includes: pork rinds)

16-00-00 Packaged Sweet Snacks Packaged Sweet Snacks (Includes: DSD baked items)

- 16-01-00 Snack Cakes/Pastries/Desserts (Includes: candied apples)
- 16-02-00 Muffins/Donuts
- 16-03-00 Cookies

17-00-00 Alternative Snacks

- 17-01-00 Meat Snacks
- 17-02-00 Granola/Fruit Snacks
- 17-03-00 Health/Energy Bars (Include: meal replacement, health, diet, energy, cereal, nutritional bars)
- 17-04-00 Other Alternative Snacks (Includes: rice cakes, trail mix, yogurt raisins, and chocolate/yogurt pretzels)

18-00-00 Perishable Grocery Perishable Groceries are bulk or random weight

- 18-01-00 Fruits
- 18-02-00 Vegetables
- 18-03-00 Service Deli Meats
- 18-04-00 Service Deli Cheese
- 18-05-00 Service Deli Salads
- 18-06-00 Other Service Deli

19-00-00 Edible Grocery

19-01-00 Packaged Coffee/Tea (Includes: coffee whitener)
19-02-00 Breakfast Cereal (Includes: single-serve items)
19-03-00 Condiments
19-04-00 Other Edible Grocery (Includes: canned/dry soup, canned fruit/vegetables, pasta, other boxed food items, non-refrigerated dips, DOES NOT INCLUDE CANNED/ASEPTIC JUICE)

20-00-00 Non-edible Grocery

20-01-00 Laundry Care (Includes: laundry detergent, fabric softener, dryer sheets)
20-02-00 Dish Care (Includes: dish soap, automatic dishwashing detergent, dishwasher additives)
20-03-00 Household Care (Includes: cleaners, freshener, insecticides)
20-04-00 Paper/Plastic/Foil Products (Includes: paper towels, napkins, facial tissue, paper plates/cups, plastic cutlery, plastic bags/wraps)
20-05-00 Pet Care (Includes: pet food, pet accessories)
20-06-00 Other Non-edible Grocery

21-00-00 Health & Beauty Care

21-01-00 Analgesics
21-02-00 Cough & Cold Remedies (Includes: cough drops)
21-03-00 Stomach Remedies (Include: antacids)
21-04-00 Vitamins/Supplements (Includes: herbal remedies)
21-05-00 Other Internal OTC Medications (Includes: sleeping aids, stimulants)
21-06-00 Grooming Aids (Includes: shampoo/hair care, oral care, deodorants, personal soap, shaving needs)
21-07-00 Feminine Hygiene (Includes: tampons, pads)
21-08-00 Family Planning (Includes: contraceptives, pregnancy kits)
21-09-00 Baby Care (Includes: baby food/formula, diapers, wipes, ointments, etc.)
21-10-00 Skin Care/Lotions/External Care (Includes: eye care, lip care, first aid, skin care)
21-11-00 Cosmetics
21-12-00 Other HBC

22-00-00 General Merchandise

22-02-00 Batteries
22-03-00 Film/Photo
22-04-00 School/Office Supplies
22-05-00 Greeting/Gift/Novelties/Toys/ Recreational Equipment (Includes: Frisbees, tennis balls, fishing tackle)
22-06-00 Trading Cards
22-07-00 Wearables/Apparel (Includes: hosiery, gloves, caps, sunglasses)
22-08-00 Smoking Accessories (Includes: pipe cleaners, lighters, lighter fluid, flints)
22-09-00 Video/Audio Tapes
22-10-00 Hardware/Tools/Housewares
22-11-00 Floral
22-12-00 Seasonal (Includes: softener salt, charcoal/logs, lawn & garden, ice chest)
22-13-00 Other GM
22-14-00 Telecommunications Hardware (Includes: cell phones, beepers, accessories)
22-15-00 Propane Exchanges

23-00-00 Publications

23-01-00 Newspapers
23-02-00 Magazines/Tabloids
23-03-00 Adult Magazines

23-04-00 Paperbacks/Books
23-05-00 Comics
23-06-00 Traders
23-07-00 Maps
23-08-00 Other Publications (Includes: crossword puzzle publications, horoscope products, calorie counters, etc.)

24-00-00 Automotive Products

24-01-00 Motor Oil
24-02-00 Anti-freeze/Coolants/Window Solvents
24-03-00 Transmission/Brake Fluids
24-04-00 Car Care (Includes: wax, cleaners, air fresheners, ice scrapers)
24-05-00 Other Additives (Includes: engine treatments, gas treatments)

26-00-00 Store Services (Other Income — Fee-based only) Not a merchandise category.

26-01-00 Pay Phones
26-02-00 Video Rental
26-03-00 Money Orders/Money Grams
26-04-00 Check Cashing
26-05-00 ATM
26-06-00 Copy/Fax
26-07-00 Postal/UPS
26-08-00 Vending
26-09-00 Tickets
26-10-00 Home Delivery
26-11-00 Amusements (Includes: video games, pinball)
26-12-00 Licenses (Includes: hunting/fishing licenses)
26-13-00 Other Store Services (Includes: showers)
26-14-00 Pre-paid Cards (Fee-based only, based on a percentage or fixed fee. May not be recorded as a sale)

27-00-00 Lottery/Gaming (Commissions/Fee Income Only)

27-01-00 Lotto
27-02-00 Scratch Tickets
27-03-00 Video Gaming Revenue
27-04-00 Slot Machine Revenue

28-00-00 Ice

29-00-00 Foodservice Prepared On-site

29-01-00 Chicken 29-01-01, 29-01-02, 29-01-03
29-02-00 Mexican 29-02-01, 29-02-02, 29-02-03
29-03-00 Pizza 29-03-01, 29-03-02, 29-03-03
29-04-00 Seafood 29-04-01, 29-04-02, 29-04-03
29-05-00 Hot Dogs/Roller Grill Products 29-05-01, 29-05-02, 29-05-03
29-06-00 Hamburgers 29-06-01, 29-06-02, 29-06-03
29-07-00 Sandwiches/Wraps 29-07-01, 29-07-02, 29-07-03
29-08-00 Frozen Treats 29-08-01, 29-08-02, 29-08-03
29-09-00 Bakery 29-09-01, 29-09-02, 29-09-03
29-10-00 Soup and Salad 29-10-01, 29-10-02, 29-10-03
29-11-00 Other Cuisine 29-11-01, 29-11-02, 29-11-03

30-00-00 Hot Dispensed Beverages

30-01-00 Coffee

30-02-00 Hot Tea

30-03-00 Hot Chocolate

30-04-00 Cappuccino/Specialty Coffee Drinks (Includes: Latte, DOES NOT INCLUDE ICED COFFEE)

30-05-00 Refills

30-06-00 Coffee Club Mugs (Includes: reusable hot beverage mugs/containers sold with hot beverage)

30-07-00 Other Hot Dispensed Beverages (Includes: hot cider, etc.)

31-00-00 Cold Dispensed Beverages

31-01-00 Fountain–Carbonated

31-02-00 Fountain–Non-carbonated (Includes: tea, lemonade, cold cider)

31-03-00 Fountain–Sports Drinks

31-04-00 Refills

31-05-00 Fountain Club Mugs (Includes: reusable value-added cups sold with cold beverage)

31-06-00 Other Cold Dispensed Beverages (Includes: iced coffee/iced cappuccino/iced latte)

32-00-00 Frozen Dispensed Beverages

32-01-00 Frozen Carbonated Beverages

32-02-00 Frozen Non-Carbonated (Includes: slush, frozen cappuccino)