



United States Department of the Interior
NATIONAL PARK SERVICE
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(2410)

TECHNICAL BULLETIN

To: Regional Concession Chiefs
From: Chief, Commercial Services Program
Subject: Technical Bulletin: 2021 Convenience Item and Fuel Markup Percentages

This memorandum provides updated industry statistics for use when applying the markup rate method for concessioner *convenience items* that do not have an MSRP. These percentages supersede previous years' markup percentages. The park may approve rates for particular items using comparability rather than the markup percentage if justified by the market and documented. This memorandum also provides a markup method for approving *automotive fuel* rates.

Convenience Item Categories and Definitions

In accordance with the Concession Management Rate Administration Guide, markup is the preferred rate method for *convenience items* that do not have an 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 calculate the markup percentages for 2021. The use of this source ensures comparability with the private sector. Concessioners and NPS staff should agree on a reasonable implementation period to establish updated rates based on this data.

NACS Category Definitions for merchandise and food service are available on the [NACS website](#). Parks should use this list to identify the appropriate product category for the convenience items sold 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, concession specialists should contact their regional office for guidance.

Some concessioners sell pre-packaged food items (e.g., sandwiches and yogurt parfaits) in food and beverage facilities such as cafeterias and grab-and-go outlets. When the products are

purchased wholesale from a vendor and are not packaged by the concessioner, they are considered convenience items and rates for these products should be approved using the markup method or Manufacturer’s Suggested Retail Price (MSRP).

Markup should not be used to price merchandise items. Competitive Market Declaration (CMD) is the preferred rate method for pricing all *merchandise items* that do not have an MSRP.

Markup Method for Convenience Items

Exhibit 1 depicts markup percentages by product category calculated from the NACS SOI Annual Report.

Exhibit 1 - Markup percentages for 2021

Category	2021 Markup %
Cigarettes	16%
Other Tobacco	41%
Packaged Beverages (non-alcoholic)	72%
Beer	23%
Wine	38%
Liquor	37%
Edible Grocery	78%
Non-edible Grocery	72%
Perishable Grocery	67%
Frozen Foods	56%
Packaged Ice Cream/ Novelties	101%
Candy	100%
Salty Snacks	61%
Packaged Sweet Snacks	71%
Alternative Snacks	69%
Milk	43%
Other Dairy and Deli	85%
Packaged Bread	29%
Health & Beauty Care	132%
General Merchandise	122%
Automotive Products	93%
Publications	15%
Ice	262%
Commissary/ Packaged Sandwiches	44%
Hot Dispensed Beverages	170%
Cold Dispensed Beverages	90%
Frozen Dispensed Beverages	131%
Food Service (food prepared on site)	120%

Source: NACS SOI Annual Report 2019 Data

When using the Markup method to determine the maximum selling price, parks must use the following formula:

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

For example, if the concessioner's cost for cough medicine is \$4.25, you would refer to the markup table, identify that the markup percentage for health and beauty care is 132%, and use these numbers to identify the selling price:

$$\$4.25 \times (1 + 1.32) = \$9.86$$

If the concessioner rounds their prices, the approved rate for the cough medicine is \$9.75.

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

If the concessioner chooses to round, rounding must be applied consistently across all products. The concessioner may not choose to only round on products where rounding is upward and yields a higher price.

Note that the common store pricing strategy of lowering prices so that they end in a price of perceived better value (e.g., \$.99 or \$.49 rather than \$.00 or \$.50, respectively) is permitted as long as prices are lower rather than the approved amount. In the example above, the concessioner could choose to sell the cough medicine for \$9.49 instead of \$9.50.

Markup Method for Fuel

The preferred method for setting fuel prices is comparability. However, the comparability method is sometimes not practical because fuel prices are constantly changing and it becomes difficult for park staff to monitor and approve rates for concessioners in a timely manner. Comparability can also be inappropriate for parks to use because comparables can sometimes charge lower fuel prices due to lower transportation costs, higher volume of sales, contract discounts with refiners, and other factors not available to concessioners. If comparability for fuel pricing is not appropriate at a park for any of these reasons, they may choose to approve fuel prices based on the markup method.

According to the NACS Retail Fuels Report, despite extreme day-to-day volatility, retail margins for fuel are fairly consistent on an annual basis. The annual NACS SOI Factbook reported an average annual markup of 10.5% for gasoline. This 10.5% margin includes the retailer's profit and costs to sell fuel, including credit card fees, utilities, rent, and equipment. This markup comes from the same source the NPS uses to establish the markup for convenience items annually.

Approved Fuel Markup for 2021: 10.5%

Based on the NACS SOI Factbook data, the concessioner is allowed to add a 10.5% markup on to the wholesale cost of automotive fuel, including taxes and transportation costs, for 2021 (if their approved rate method for fuel is markup).

The following example outlines how the fuel markup percentage should be applied. The fuel invoice that the concessioner receives should show the base price of the fuel (per gallon), as well as any federal, state and local taxes (per gallon). Here is an example of an invoice:

Cust #	Smn	Cust	P.O.	Date	Ref #	Hauler Truck	From	Terms
2605				3/19/15	87384	BOL# 000000	0 PLANT	NET 15 DAYS RM
(1	Item	Description		Qty	Price	Amount		
R 1	2000	1471 GALLONS	3, FLAMMABLE LIQUID UN	1203, PG II	1,471 GAL	1.96220	2,886.40	
			PLUS 91 OCTANE					
			NON-ETHO GAS					
UNBLENDED GASOLINE MAY BE SOLD ONLY FOR THE PURPOSES AUTHORIZED UNDER S 526.203 (3) STATUTES								
* * NET TOTAL							2,886.40	
				FEDERAL EXCISE-GASOLINE	1471.00	.18400EA	270.66	
				FEDERAL RECOVERY FEE	1471.00	.00190EA	2.79	
				FL EXCISE GASOLINE	1471.00	.16600EA	244.19	
				FL ENVIRON . FEES - GAS	1471.00	.02193EA	32.26	
				LOCAL OPTION DADE COUNTY	1471.00	.16900EA	248.60	
INVOICE AMOUNT							\$3,684.90	

Markup calculation for this sample invoice:

1. The base rate per gallon including taxes for this invoice is calculated as \$2.50503/gallon (1.96220 + .18400 + .00190 + .16600 + .02193 + .16900).
2. Any transportation fees must be calculated as a per gallon rate. For example, assume the concessioner was charged a transportation fee of \$100 for this shipment of fuel. The cost of the transportation fee per gallon is \$100/1471 gallons = 6.8 cents per gallon (.068).
3. The transportation charge per gallon (if any) should be added to the base rate. In this example, the total including transportation is \$2.57303 (2.50503 + .068) per gallon.
4. After adding the taxes and any applicable transportation fee, the 10.5% markup is applied to determine the final approved rate. This is calculated the same way as the markup for convenience items:

$$\begin{aligned} \text{Total Cost} \times (1 + \text{markup percentage}) &= \text{selling price} \\ \$2.57303 \times (1.105) &= \$2.84319815 \end{aligned}$$

5. The rate is then rounded. The total for this example can be rounded to \$2.84 per gallon.

Distribution and Questions

Please distribute this memo to concession specialists and other appropriate personnel within your region. If you have any questions regarding these mark-ups, you may contact Lora Uhlman at 303-987-6903 or Lora_Uhlman@nps.gov.