

# The Retail Review

The Voice of Vermont Retailers

www.vtretailers.com

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## NRF Forecasts Retail Industry Sales Growth of 3.4 Percent in 2012

Though stubbornly high unemployment and continued uncertainty over the prospects for job growth will continue to dampen the outlook for industry retail sales growth in 2012, the retail industry will still grow at a rate faster than many other industries. This year, retail industry sales will rise 3.4 percent to \$2.53 trillion\*, according to the National Retail Federation – slightly lower than the pace of 2011, in which sales grew 4.7 percent. Many economists estimate that real U.S. GDP will rise approximately 2.1 to 2.4 percent.

“Over the last 18 months, retailers have been on the forefront of the economic recovery – creating jobs, encouraging consumer spending, and investing in America,” said NRF President and CEO Matthew Shay. “Our 2012 forecast is a vote of confidence in the retail industry and our ability to succeed even in a challenging economy. Retailers have played a key role in driving growth, but to continue this momentum we need Washington to act on proposals that will spur job creation and unleash the power of the private sector.”

Shay announced NRF’s forecast to 24,000 retailers and their partners at NRF’s 101st Annual Convention and Expo in New York. During his remarks, Shay discussed how continued growth in the retail industry will result in additional jobs, greater innovation and increased consumer value. He will warn that the private sector can’t do it alone and Washington must take steps to support growth, including reforming our corporate tax system to enhance U.S. business’ competitiveness, enacting sales tax fairness to level the playing field between brick-and-mortar and online retailers, and reforming our visa system so more foreign travelers can come to the

U.S. to spend money and help spur growth. Shay and NRF’s Chairman – Chairman, President and CEO of Macy’s, Inc., Terry Lundgren – outlined the indus-

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### 2012 Legislative Conference & Luncheon Thursday, February 23, 2012 Vermont State House Montpelier, VT

As the legislature and administration meet in Montpelier for the second half of the biennium, VRA and VGA are there to follow and advocate issues important to the industry. You are invited to participate in the associations’ annual legislative conference on Thursday February 23.

This program offers you a unique opportunity to learn more about the legislative process, meet key lawmakers and receive updates on important issues before the General Assembly. **Get up-to-date info on health care reform.** Face to face meetings with state legislators allows members an excellent opportunity to discuss issues of concern by sharing first hand experiences of how their businesses are affected by state policies.

*Legislative Day at the Capitol is a chance to meet fellow members as well as your elected representatives. It is an investment in your business.*

*Click here to download a brochure.*



## President's Corner

Bonnie Hawley, President  
VRA Board of Trustees

### Meet, Greet, and Eat!

There's no end to the list of things that make me grateful to be living in Vermont. But certainly close to the top of that list is the openness of our government. Each visit to the statehouse in Montpelier refreshes that gratitude, and, honestly, leaves me a bit amazed. Those of you who have visited other state capitols—let alone Washington, D.C.—know how many layers of security now separate us citizens from the people who govern and the processes they use to do so.

Here, though, we just breeze right through those big old doors, no questions asked, and that's just the beginning. Legislators are *right there*, happy to rub elbows, grab a coffee, and (voting schedules allowing) chat with constituents. Good luck trying that elsewhere.

And it gets even better, once every year, with the Legislative Luncheon co-sponsored by the Vermont Retail Association and Vermont Grocers' Association. This year's event will take place on Thursday February 23<sup>rd</sup> beginning with registration and coffee at the State House in Montpelier. Legislators and the governor will be there to talk about their work and answer questions.

The chance to get up close and personal with these lawmakers is incredibly valuable, but there's yet another reason for attending. VRA members come from all over the state, so it's a priceless (well, not exactly; the luncheon does cost \$20) opportunity to learn what's happening, retail-wise, throughout Vermont.

For more information, call Ceil Stryminski at VRA headquarters, 1-800-649-1698.

## BECOME A FAN OF OUR FACEBOOK PAGE

Vermont Retail Association



***Like us on Facebook. Keep up with Retail News from Vermont and around the Country.***

### Quote of the Week

He who is devoid of the power to forgive is devoid of the power to love.

—*Dr. Martin Luther King, Jr.*

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**Joan Bates**  
*Bookkeeper*

# Top-of-the-Line Lighting Down-to-Earth Economics

If you think energy-efficient lighting can't be beautiful, think again. These days many of the most efficient products are also of the highest quality — and when you take advantage of Efficiency Vermont rebates, they're affordable as well.

There's no question that lighting quality will influence a shopper's behavior. We've all been to stores with harsh overhead lights that have us gathering our purchases quickly, with an eye toward the door. Good lighting, on the other hand, tends to keep customers browsing longer and buying more. *Retail Guru* reports: "Quality lighting aids your sales almost effortlessly, [by] setting the tone for the overall shopper experience."

So what to choose? LEDs, a popular option for display and decorative lighting, can save as much as 80% in energy compared to incandescent and halogen bulbs. If you'd prefer an upgrade to your overhead tube lighting, the new HPT8 bulbs use 35-50% less energy than the old tube lights and can last 1.5 times as long. That means less money spent on tube replacements and maintenance time. Efficiency Vermont offers rebates of \$10 to \$75 to make the upgrade to HPT8s. Right now is the perfect time to switch, as the older, inefficient tube lights, called T12s, won't be manufactured for sale in the U.S. after July 14, 2012 due to new federal efficiency requirements.

Both HPT8s and LEDs emit less heat than their traditional counterparts, resulting in lower air conditioning costs (on top of lower electrical costs). These bulbs also provide better light quality as well as high color rendering – essential when trying to show merchandise at its best.

Visit [www.encyvermont.com/retail](http://www.encyvermont.com/retail) or call 888-921-5990 to learn more about some of the best, most energy-efficient lighting on the market and the various rebates available to you.



**SAVINGS CORNER**  
*brought to you by*  
Efficiency Vermont

Some easy and inexpensive things you can do to lower the electric bills in your business:

- For pin-based display / spot lighting, get the quality illumination of old halogens for less energy with halogen infrared PAR, MR16, or ceramic metal halide lights.
- For track or recessed lighting, use screw-in LEDs and you'll use as much as 80% less energy.

Learn more at:  
[www.encyvermont.com/retail](http://www.encyvermont.com/retail)

# **Johnson Woolen Mills**

**Johnson, Vermont**

*Raymond Roy, Vice President of Sales and Marketing, was recently interviewed for this article.*

## **1. PLEASE TELL US ABOUT YOUR BUSINESS.**

Johnson Woolen Mills, in Johnson, Vermont, is a manufacturer of rugged woolen outerwear for the entire family. The mill has been in continuous operation since 1836. It was incorporated in 1842 and is now under the leadership of a fourth generation owner of the Barrows family, namely Stacy Barrows Manosh.

## **2. WHY DID YOU DECIDE TO DO BUSINESS IN VERMONT?**

Whoever says that you always eventually come back to Vermont is correct. I was born and raised here (South Burlington and South Hero). My love of this state was always strong even though I had chosen to stretch my wings in more urban environments for the last 30 years. In addition, my ties to my family and the death of my mother meant it was time to come back and help care for my Dad. Coming back to the Green Mountain State was like putting on a favorite sweater, it just felt right.

## **3. PLEASE SHARE WITH US THE MOST IMPORTANT RETAILING/BUSINESS LESSON(S) YOU'VE LEARNED.**

Having been in the sales and education arenas for so long, I realized how emotional the sales process is for many individuals. If you listen to their wants and desires and match that with the right product, you have a customer for life. You become a trusted consultant.

## **4. DO YOU HAVE A TIP FOR OTHERS CONSIDERING STARTING A BUSINESS IN VERMONT?**

Do what you like. That passion will sustain you through the ups and downs of business. Don't be afraid to ask for help. It is there for the asking. Just look at how Vermonters helped each other after Irene.



## **5. DO YOU HAVE AN AMUSING ANECDOTE ABOUT YOUR BUSINESS HERE?**

The Vermont retail community can be well-connected. I once was diligently trying to contact a buyer of a large multi-branched outfitter with little success. After leaving numerous phone messages and stopping by the main location on numerous occasions, she returned my call. My surprise out-trumped my professional demure and I blurted out:

"You actually called me back!" Needless to say, she got a chuckle out of that and it quickly made its way around the outdoor apparel reps until I heard the story again in a chat one day. They never knew the exasperated individual in the story was me!

*My quote:* Do what you like. Do it every day, and success will follow.



HAPPY NEW YEAR FROM  
EFFICIENCY VERMONT

## Make energy efficiency a top priority in 2012!

Call Efficiency Vermont or visit  
[www.encyvermont.com/retail](http://www.encyvermont.com/retail)  
to find out how you can save money  
and energy in your store.

*Start saving today!*



888-921-5990 | [www.encyvermont.com](http://www.encyvermont.com)

## Congress Approves Two Month Extension of Tax Break

Just days before the Christmas holiday, congress approved a two month extension of the employee OASDI (FICA) tax credit (remains at 4.2% as opposed to the normal 6.2%). The reduction has been in place for 2011 as a way to help stimulate the economy. When Congress returns in January, negotiations will take place on a possible extension for all of 2012. The legislation also extends unemployment insurance benefits and a provision to prevent reimbursements to Medicare providers from being cut, through Feb. 29.

## Vermont Retail Information

Retail directly and indirectly supports 1 in 4 Vermont jobs.

Retail is directly and indirectly responsible for 19% of Vermont's GDP.

Retail directly and indirectly generates 18% of labor income in Vermont.

Retail supports 96,792 jobs in Vermont

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# Illuzzi Introduces Health Benefit Exchange Legislation

Sen. Vince Illuzzi, R-Essex-Orleans, has introduced legislation that would define small employers under a health benefit exchange as an employer with 50 or fewer employees through 2016.

Under the federal Affordable Care Act, starting in 2014, all states have to develop an exchange that guides individuals and small businesses through the process of purchasing insurance. Plans on the exchange must meet certain yet-to-be determined federal requirements. Between 2014 and 2016, states have the choice of bringing employers into the exchange at either the 50-employee or 100-employee threshold. After 2016, employers with 100 or fewer employees will be considered “small employers.”

Illuzzi said businesses that employ 50 to 99 employees, about 2 percent of the state’s private sector employers, have done a good job of containing health care costs. Businesses have championed the idea of keeping the exchange limited to the smaller employers. Some contend the exchange may limit the flexibility employers have achieved through working with their insurers and the reduced costs that come with it. On the other hand, the state plans to use the exchange as a stepping stone for a universal health care system, which it hopes to achieve in 2017. From this standpoint, the more lives are covered in the exchange, the more widely the risk will be spread around all of the insurance and the more prepared the state will be to implement universal coverage in 2017 when it can obtain a waiver from the feds.

Illuzzi’s bill would also amend Act 48, Vermont’s health care reform law, to set the floor of a bronze level of insurance plan rather than silver, a more robust level as defined by the Affordable Care Act. He said the reason for this change was to allow employers to retain high-deductible plans where the employer pays into a tax-advantaged health savings account. In these cases employees have low premium, high-deductible insurance plans, but often employers pay them the amount of the deductible into the account.

Illuzzi said he does not see the bill as contrary to or undercutting the goals of implementing a universal health care system. “It is just leaving in place systems that appear to be working until we pull the trigger,” he said.

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## NLRB Employee Rights Posting Delayed

The National Labor Relations Board has agreed to postpone the effective date of its employee rights notice-posting rule at the request of the federal court in Washington, DC hearing a legal challenge regarding the rule. The Board’s ruling states that it has determined that postponing the effective date of the rule would facilitate the resolution of the legal challenges that have been filed with respect to the rule. The new implementation date is April 30, 2012.

Most private sector employers will be required to post the 11-by17-inch notice on the new implementation date of April 30. The notice is available at no cost from the NLRB through its website, [www.nlrb.gov/poster](http://www.nlrb.gov/poster), which has additional information on posting requirements and NLRB jurisdiction.

# Earn Cash Reward for Credit Card Pick Up

Every once in a while a business owner swipes a card and an unusual message appears on their terminal screen telling them not to return the card to the customer. The reason for this “pick up” message could be that the credit card was reported stolen or a payment is extremely overdue.

If you receive a pick up card response, which may be displayed as “PICUP” or “PIC UP” on your terminal’s display window, or the Authorization Center tells you to take the card, follow the instructions. **You may be eligible for a cash reward from your credit card processor for doing so.**

To collect your reward, simply cut the card in half directly through the entire account number. Place the card in an envelope along with your name, merchant number, date of pick up, and your address and mail it to your credit card processor (check your card acceptance guide for the appropriate address).

VRA members with questions about pick up requirements are encouraged to call RCSC for assistance. Michele, Nicholl and the rest of RCSC’s Merchant Services Team can be reached at (866) 350-2652 or [VRA@retailcouncilnys.com](mailto:VRA@retailcouncilnys.com).

If you haven’t considered joining VRA’s processing program through RCSC, why not allow us to do a free, no-obligation savings analysis? We’re typically able to save businesses money on this expense and we offer the added protection of a periodic review of statements through our Watchdog Program. Call or email RCSC today.



Get your free “Fiscal Physical” today to see if you’re paying too much for credit card processing

Save money and get a **free terminal** (valued at \$400) when you join our preferred program.\* Put your processing in the hands of our experts.

\*Terms and Conditions apply. Please call for details.

**Call or email for your free, no-obligation savings analysis.**  
(866) 350-2652 | [VRA@retailcouncilnys.com](mailto:VRA@retailcouncilnys.com)

## Minimum Wage Increased January 1, 2012

Vermont’s Minimum Wage increased to \$8.46 on January 1, 2012

Based on a CPI increase of 3.8%, the Vermont Department of Labor has calculated an increase of \$.31 per hour for a new rate of \$8.46 that went into effect January 1, 2012. Vermont law automatically adjusts the minimum wage based on CPI, but no less than 0% and no more than 5%.

*Note: Under Vermont law, full time high school students are exempt from Vermont minimum wage requirements, but must follow federal regulations (\$7.25).*

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# Email Marketing

By Jim Tabor, Gillen Tabor Communications

If ever there was a mixed blessing, email marketing is it. Used correctly, email can provide free, instant, targeted access to customers. Used incorrectly, it can make those same customers want to hang you from the nearest tree.

Believe it or not (and you may not, depending on the junk still pouring into your Inbox every day), a set of Best Practices for email marketers have evolved. We'll take a look, here, at the most important. Many sources have articulated these same principles in varying language, but a special nod here goes to CRM Magazine which, for my money, is about the best of the bunch.

The first thing to understand is the CAN-SPAM Act, enacted in 2003. This law defines spam as unwanted marketing messages by both spammers and companies included in spam. Penalties abound.

The FIRST COMMANDMENT of email marketing is: *ask for permission*. That might seem like a big "duh," but failing to heed that rule is what caused all the spam problems in the first place. Emailing without recipient consent ticks off those recipients and can run afoul of CAN-SPAM.

So how do you get permission? Here's an example: I got an email from Circuit City yesterday offering a \$200 GPS unit I'd been coveting for \$79. Short story: I bought it. *And* I gave CC permission to let me know about similar sales. In other words, offer something of value.

Targeted email lists are almost as important as permission. You can build those with seductive offers, as above. Another way is to ask existing customer/fans to recommend you to friends and associates. There is no more powerful inducement than word-of-mouth recommendation.

Also: persist, but don't pester. There's a difference. Once you have a permission-based list of adequate size, it's important to keep in touch with regular communications that always present something of value to *the recipient*. To follow that CC example above, they can send me bulletins every day if they

continue offering equal values. Here's the rule. Value=persistence. No value=pestering.

Avoid the "spam in a vacuum" syndrome. Remember that email direct marketing is just one of the six classic tools of marketing. To the extent possible, support your email campaign with targeted advertising and strategic public relations initiatives.

Don't overlook the obvious. Eons ago, marketing gurus identified "seven magic words" of advertising. Guess what? They work in email, too! Include them in messages whenever possible. Here they are:

- You
- New
- Revolutionary
- Announcing
- Introducing
- Free
- Easy

Avoid bells and whistles. Fancy graphics, videos, sound, etc. can hurt rather than help. Increasingly sophisticated spam filters react to such adornments. Most experts agree that plain text with hyperlinks is the way to go.

Remember the ultimate goal. (There really is one, believe it or not.) It's often said that a resume should do only one thing: gain an interview. Similarly, a marketing email should do only one thing: drive the recipient to your website to make the buy.

# Agency of Agriculture Launches Online Service for Retail License Renewals

The Vermont Agency of Agriculture, Food & Markets announced the launch of a new online service that allows licensed Vermont businesses to renew, and pay online, for their annual retail products and weighing and measuring device licenses. The new web service is intended to make these processes more convenient for Vermont businesses, saving time and money for both business and state government. This enhancement will allow large Vermont businesses with multiple in-state retail locations to streamline the license renewal process for all of those locations. Additionally, smaller local businesses will benefit from the efficiencies that this new system will offer. Historically, the Vermont Agency of Agriculture has licensed more than 3700 retail locations annually in the retail and weights and measures categories, and this number is expected to increase over time.

“This new online licensing service is a great first step toward enhancing the Agency’s use of technology to support Vermont businesses, many which already subscribe to e-commerce best practices,” said Chuck Ross, Secretary of the Agency of Agriculture, Food, and Markets.

The convenience of the web service is straightforward: with a few quick clicks, retail business managers will be able to enter appropriate data about their license need, select appropriate license types online and pay securely by credit card, then get confirmation of renewal which they can print out if they choose. The service is accessible online 24/7/365 at <https://secure.vermont.gov/Agriculture/licensing/>, and was built at no cost to the Agency over a two-year period by the state’s e-government partner, Vermont Information Consortium (VIC). The online service is the first such service for the Agency – the first, they hope, of many to follow.

“We are pleased to be able to leverage technology in a way that will make things more convenient and

save our local business owners valuable time,” said Governor Shumlin.

For questions about the new system, contact the Agency of Agriculture, Food, and Markets at (800) 828-2436.

## VRA Board of Trustees 2011-2012

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(Continued from page 1)

try's priorities in a letter to President Obama last week.

Though retailers ended last year on a strong note with holiday sales rising 4.1 percent over 2010, many factors will continue to influence the expected slowdown in consumer spending, but none remain more cumbersome than the stalled unemployment rate and lack of newly-created jobs. A number of factors contributed to NRF's 2012 economic forecast, including:

- **Employment:** The number of Americans out of work is at its lowest level in nearly three years, and the rise in employment and hours worked should bolster income and spending.
- **Income growth:** Consumers are constrained by modest growth in income. Congress extended the cuts in payroll taxes and unemployment benefits for only two months. While these provide a lift, and are likely, consumers may act cautiously until both are approved. Income is predicted to lag consumption on a year-over-year basis.
- **Housing:** While most of the economic reports dealing with housing have shown a little more strength, these reports should be treated with caution, as some of the improvement is due in part to unseasonably mild weather. NRF expects home sales and construction will improve slightly in 2012 with low interest rates and affordability at an almost 30 year high.
- **Inflation:** Increase costs have been a drain on consumer purchasing power due to extraordinary agricultural commodity price inflation as well as high oil prices due to global geopolitical tensions. NRF expects inflation to slow down near a two percent range. Rising gas prices may also put pressure on spending.
- **Consumer Credit:** Easier lending standards are expanding consumer credit. Revolving credit appeared to break out from its holding pattern showing a big surge in November, which indicates consumers have confidence to take on debt.
- **Consumer confidence:** Confidence continues to rebound from August lows but remains fragile given volatile financial market conditions and anemic housing markets.

\* NRF excludes the sales of autos, gas and restaurants in its definition of retail sales.

(Courtesy NRF)

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## VRA REUSABLE BAGS

The Vermont Retail Association has our own reusable bag. Our bag is made from recycled materials and is recyclable; it is durable and lightweight, and perfect for any occasion. By using our bag you are reducing the number of plastic bags used and promoting the Vermont Retail Association. We want to have VRA known to everyone in Vermont, please help and go shopping with our reusable bag.

**If you would like to receive one of our complementary bags please let us know. If you like you can stop by and pick one up:** we are located at 148 State St, Montpelier or call (802) 839-1931 or email [mail@vtretailers.com](mailto:mail@vtretailers.com) to request one.



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# Train Your Staff Properly for Changes to Gift Cards

*By John Mayleben*

As consumers increasingly have embraced Visa- or MasterCard branded gift cards, the card networks have become more concerned with the “user experience” at checkout and the impact of a shopper not knowing the balance remaining on the card during the process.

As you might expect, if the consumer brings \$100 worth of merchandise to the counter and presents a gift card with only a \$25 remaining balance, the transaction currently is declined at the point-of-sale terminal because \$100 is more than the “credit limit.” The consumer is then presented with a dilemma. Does the consumer become embarrassed and try to explain to the clerk why there isn’t enough value on the card, or does he or she simply provide a different form of payment (which may not be the same “flavor” as the gift card) or abandon the transaction at the cash register?

None of these options is considered good, and the card networks have come to the conclusion that a “partial authorization” solution is needed.

That’s why as terminals or software is upgraded, the transactional experience is being modified. The new systems are “partially” authorizing the transaction and alerting, in different fashions, the clerk to collect the remaining amount via a different payment choice.

While helpful to the consumer, this split-tender transaction could become problematic if you don’t properly train your staff.

Most retail cashiers are used to a receipt printing and asking the consumer to sign it. But they don’t expect a receipt to print for a partial amount. If a clerk simply assumes that a transaction that generates a receipt is complete, the clerk could be releasing merchandise with only partial payment.

Some of the terminal manufacturers and software providers are prompting the sales clerk with a warning message prior to printing the receipt, but not all of them handle the partial authorization this way. You should make sure that you understand how your terminal is handling this partial authorization and make sure that your staff is properly trained.

In the future, partial authorization will be extended to debit cards and credit cards. So while this may be a small issue today, it will grow over time.

If you have specific questions about partial authorization, you should contact your merchant processing vendor’s help desk.

*John Mayleben is Michigan Retailers Association senior vice president, technology and product development, and a national expert on electronic payment processing.*

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# Employer-Provided Health Coverage on W-2s

*Not Taxable: Reporting is Voluntary for All Employers for 2011 and Small Employers for 2012*

Starting in tax year 2011, the Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. To give employers more time to update their payroll systems, Notice 2010-69, issued last fall, made this requirement optional for all employers in 2011. IRS Notice 2011-28 provided further relief for smaller employers filing fewer than 250 W-2 forms by making the reporting requirement optional for them at least for 2012 and continuing this optional treatment for smaller employers until further guidance is issued. Notice 2011-28 also includes information on how to report, what coverage to include and how to determine the cost of the coverage.

The 2011 Form W-2 is available for viewing on IRS.gov. This is the W-2 that most employees will receive in early 2012. The form includes the codes that employers may use to report the cost of coverage under an employer-sponsored group health plan.

This reporting is for informational purposes only, to show employees the value of their health care benefits so they can be more informed consumers. The amount reported does not affect tax liability, as the value of the employer contribution to health coverage continues to be excludible from an employee's income, and it is not taxable.



## Vermont Retail Association

