

# The Retail Review

The Voice of Vermont Retailers

www.vtretailers.com

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www.vtstores.com

## Vermont Retail Association Names 2010 Retailers of the Year

The winners of the 2010 VRA Retailer of the Year (ROY) Awards are:

Retailer of the Year:

**Allen Pools and Spas**

*Rutland, White River Junction, Williston*

Greentailer of the Year:

**Outdoor Gear Exchange**

*Burlington*

Community Gem:

**Old Brick Store**

*Charlotte*

**Allen Pools and Spas:** Excellence and growth go hand in hand, and no better proof exists than this year's ROY winner. Allen Pools and Spas has grown steadily for more than a half-century, even posting a 20% growth in 2009, one of the toughest economic years in memory. What's more, in 2010 they added 20% growth onto that!



*Ed Allen, Allen Pools and Spas, and Bonnie Hawley, VRA Board President.*

Dan Allen, Sr. started the company in his Rutland

home in 1957. Today, it has 33 employees in three thriving stores. Allen Pools and Spas is not only growing and prosperous--it is truly a "corporation with a conscience." Its primary products--HotSpring Portable Spas--are silent, use little documented electricity, and are virtually chemical free. The company also launched its "A.T.P." program in 2010, providing free removal and environmentally friendly disposal of old spas, along with charitable donations with proceeds from salvaged spas.

In 2010, Allen Pools and Spas received the highest honor from the world's leading manufacturer of spas, HotSpring Spas. The award citation read, in part, "Their determination, dedication, loyalty, and passion for customer satisfaction never falters. They excel in every way."

That says it all about Allen Pools and Spas. Tom Colman, sales manager, summarizes Mr. Allen's 53 year success story like this: "Ed Allen has never thrown any idea under the bus. He is the Ben Franklin of the modern business world!"

**Outdoor Gear Exchange:** The Outdoor Gear Exchange could be the prototypical 21<sup>st</sup>-century business model, and the differences start right at the top. Marc Sherman is the 15-year old company's founder. In the old paradigm, his title would be "President and CEO," or some other official-sounding label. He prefers "Visionary."

"GearX" was born in a discussion around an Adirondack campfire and the forward-thinking design was part of Sherman's vision from day one. That vision included a three-phase mission statement. The first year focus was on customers: "We have fun outdoors and want people to enjoy

*(Continued on page 4)*



## President's Corner

Bonnie Hawley, President  
VRA Board of Trustees

# The 2010 ROYs: A Celebration of Excellence

On Tuesday, November 9th, our executive director Tasha Wallis and I presided over the presentation of the 2010 VRA Retailer of the Year (ROY) Awards. As has been widely reported (more about that shortly), our 2010 VRA ROY winner is Allen Pools and Spas of Rutland. The 2010 VRA Greentailer of the Year is the Outdoor Gear Exchange in Burlington. And VRA's 2010 Community Gem is The Old Brick Store in Vergennes.

It's a good thing we reserved a big room for the festivities at Table 24 in Rutland. What could best be described as a jubilant mob from Allen Pools and Spas roared in, led by Ed Allen, son of company founder Dan Allen, Sr. Outdoor Gear Exchange's contingent was smaller but no less excited: company founder Marc Sherman and his chief "Problem Solver" Mike Donohue. That's really his title, by the way. Marc's is "Visionary." They do things differently at the Exchange. Accepting the award for The Old Brick Store owner Carrie MacKillop (who was, what else, minding the store) was her daughter, Cayenne MacKillop, who brought along her fiancé Graham McHarg to share the joy.

To say that a good time was had by all would be, well, a classic of understatement. Libations flowed almost as liberally as congratulations. It was my pleasure to read the Award Citations, now posted on our website for all to see. And then, just when we thought the excitement was over, a surprise guest popped in: none other than Bruce Edwards, Business Editor of the *Rutland Herald*, with a

photographer in tow. Bruce had received our Media Alert about the event, and had come to see for himself what these ROYs were all about. I think it's safe to say that he left impressed with both the quality of the celebration and, especially, the quality of the award winners.

Now about that "widely reported" thing. Our PR guy, Jim Tabor, distributed the press release right from Table 24, and it hit the wires in a virtual instant, popping up prominently on Vermont Business Magazine's website. Coverage continued in media all around the state. That's certainly a tribute to the winners. The coverage—and, ahem, a personal visit by the state's most senior business editor—are also tribute to the increasing visibility and respect VRA is enjoying. We've worked hard to earn both, adding valuable new programs--and a host of new members--recently. Vermont's legislature and media are two groups which receive our special attention on a daily basis, as well. The hard work is paying excellent dividends, as all indicators suggest.

It's not too early to be thinking about your nomination for next year's Retailer of the Year Awards. And while you're at it, you might consider inviting some friend or neighbor business to consider joining our vital and visible association!

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# FedEx and UPS to Raise Small Package Rates for 2011

The VRA Discount Shipping Program, managed by PartnerShip, has announced that FedEx Corp. (NYSE: FDX) and UPS (NYSE: UPS) will increase envelope and small package shipping rates for 2011.

Effective January 3, 2011, the cost to ship an overnight envelope with Memphis-based FedEx Express will increase by a net average of 3.9%. The full average rate increase of 5.9% will be partially offset by adjusting the fuel price threshold at which the fuel surcharge begins, reducing the fuel surcharge by 2%. Pricing changes for FedEx Ground and FedEx SmartPost for calendar year 2011 will be announced later this year.

Also effective January 3, 2011, the cost to ship with Atlanta-based UPS ground and express services will increase by a net average 4.9% for U.S. domestic and U.S. export services. The rate increase for UPS ground shipments is achieved through a 5.9% increase in the base rate, less a 1% reduction to the index-based ground fuel surcharge. The rate increase for UPS air express and international shipments is based on a 6.9% increase in the base rate, less a 2% reduction to the index-based air and international fuel surcharge.

## Dimensional Weight Calculation Change

In addition, both FedEx and UPS will implement a change to the dimensional weight volumetric divisor, from 194 to 166 for U.S. domestic air and ground services. The DIM factor has also changed from 166 to 139 for international shipments. The lower DIM factors may have a substantial impact in the form of higher shipping rates for companies whose packages are subject to dimensional weighting, such as retailers and companies that ship lower density packages.

Details of dimensional weight charges and additional changes that will be made to other FedEx Express surcharges can be found at [www.fedex.com/us/2011rates](http://www.fedex.com/us/2011rates). Updated UPS rate and service information can be found on [www.ups.com/rates](http://www.ups.com/rates). On Jan. 3, 2011, when the new rates take effect, customers can download the 2011 Rate and Service Guide.

## How VRA Can Lighten the Load

The VRA Discount Shipping Program, managed by PartnerShip, was started to help VRA Members save on all of their shipping expenses. The program discounts continue to help small- to medium-sized businesses save on their small package, express, and LTL shipping. The discounts are vital to help counter the annual carrier rate increases, allowing members to recoup at least a portion of their shipping dollar that would otherwise be lost.

Because of your membership in VRA, PartnerShip offers you its specialized service of helping you understand the complexity of shipping rates, accessorial charges, dimensional weighting and other shipping intricacies. PartnerShip will consult with you to help you get the most for your shipping dollar. Call PartnerShip today at 800-599-2902 to speak with a shipping logistics professional for expert advice, or visit [www.PartnerShip.com/76VRA](http://www.PartnerShip.com/76VRA) for more information on the VRA Discount Shipping Program.

## About PartnerShip

Oberlin, Ohio-based PartnerShip, which developed and manages the VRA Discount Shipping Program, is a leading freight management company that provides shipping solutions to small- and medium-sized businesses nationwide. PartnerShip leverages its relationships with over 17,000 customers to provide businesses of all sizes the exceptional savings typically reserved for large-volume shippers. 800-599-2902 [www.PartnerShip.com](http://www.PartnerShip.com)

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themselves in our store.” In the second year, it expanded to include staff: “Our staff, a most crucial



Mike Donohue and Marc Sherman of Outdoor Gear Exchange.

ingredient in our overall success, is empowered to question, change, and improve our business.” And after the third year, it embraced the community as well: “At the Outdoor Gear Exchange, we strongly believe in a responsible environmental stewardship. We strive to run our business in a way that promotes our staff, local community, and outdoor industry as a whole...”

Outdoor Gear Exchange’s commitment to the environment is total. Company founder Sherman serves on the Burlington Public Works Commission. The company contributes to the Conservation Alliance, donates a nickel for every bag not used, has virtually eliminated the use of paper, offsets trade show travel with carbon credits, and uses compact fluorescent bulbs and UV tinted glass to reduce energy costs. And those are just a few of its overall environmental initiatives. Together, they form the solid foundation of a company where ethical behavior and environmental protection top the list of goals.

**Old Brick Store:** A Vermont village’s store plays a crucial role for its community, customers, owners, and visitors. One of the state’s most remarkable and venerated such establishments is Charlotte’s Old Brick Store, which had been operating since 1853. By 2008, though, the cherished icon had come on

hard times. With bare shelves, cash flow down to a trickle, and renovations urgently needed, its ultimate demise seemed inevitable.

Most potential purchasers would turn and run fast from such a decrepit property, but its very need was what attracted current owner/operator Carrie MacKillop most.

“I needed something to dive into,” she recalls. MacKillop purchased the store in January of 2009, with a plan for resurrecting the moribund landmark that was definitely not business as usual. From the outset, MacKillop intended to pursue “convenience with a conscience,” re-inventing the historic store as a Community Supported Enterprise (CSE). In line with that, she sold memberships to raise money for much-needed renovations. Investors became members and would be reimbursed in store credits plus 10%. No fewer than 90 families bought in, generating enough revenue for the renovations.



Cayenne MacKillop and Graham McHarg, Old Brick Store.

The Old Brick Store reopened on March 1, 2009 and has been flourishing ever since, offering food to rave about and a wide variety of beverages and wines. The store is still quintessentially Vermont; the rough edges here and there part of its inherent beauty. But the times have brought at least one 21<sup>st</sup> century necessity: lattes are

available.

The vibrant new business generated a laudatory article in the *Burlington Free Press*. MacKillop herself penned an editorial for a local paper that eloquently captures the spirit and letter of her creation:

“The Brick represents childhood, adulthood, transitions and passages. It gives basis to vacation memories and the days of summer. People love the Brick not because of the goods it provides, but because of the memories it holds.”

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# New IRS Moves to Impact Credit, Debit Card Retailers

*By John Mayleben*

The Internal Revenue Service recently announced it will begin issuing prepaid debit cards to some taxpayers on a trial basis in 2011 instead of mailing them refund checks during the tax season.

This could create more traffic around tax time in retail stores that accept debit card payments.

The pilot program is designed to make it easier for Americans without savings and checking accounts to get access to their income tax refunds. The IRS says too many recipients are forced to use “high-cost alternative financial products,” such as check-cashing and similar services that eat into their refunds.

The government estimates there are 30 million Americans without bank accounts or with accounts that don’t meet their needs.

## **Withholding**

Another, perhaps “more taxing,” IRS change involving businesses that accept credit and debit card payments comes as a result of the U.S. Housing and Economic Recovery Act of 2008.

The legislation was one of the responses to the recent financial crisis and, as a way to fund it, Congress directed the Internal Revenue Service to make sure all merchant processing transactions are appropriately reported as “income” to a business and, therefore, taxed.

Starting in January 2011, all credit card processors must report individual business transaction volume to the IRS along with the merchant’s TIN (Taxpayer Identification Number). That also means virtually every merchant will be receiving a 1099 form from the processor at the end of 2011 showing the transaction volume that was processed.

If a merchant does not provide an accurate TIN, the credit card processor is required to withhold 28 percent of the processing volume and remit those funds to the IRS. Clearly, this is something that both

processors and merchants want to avoid.

## **FSA**s

A third important change you should know about also comes in response to recent federal legislation – this time health care reform. Merchants who sell products or services that could be paid for with a FSA (Flexible Spending Account) card will need to review the changes scheduled to take effect January 1, 2011.

FSA cards are tied to tax-favored accounts, such as Section 125 Flexible Spending Accounts, Health Reimbursement Accounts, and Health Savings Accounts. After January 1, a number of items previously allowed for reimbursement via a FSA card will not longer be allowed.

Most, if not all, over-the-counter medications (except those “prescribed” by a doctor) will be eliminated from the list of eligible items. For those people with a prescription for an over-the-counter medication, they will need to pay for it and seek manual reimbursement.

As you can see, January will usher in a new year and important new changes by the IRS.

*Reprinted with permission of Michigan Retailers Association. John Mayleben is MRA’s senior vice-president, technology and product development.*

# Merchants Can Set Minimum Credit Card Transaction Amounts

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law in late summer of 2010, merchants now can set a minimum credit card transaction amount of \$10. A merchant can set a smaller minimum if they want, but the limit must not exceed \$10.

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 quarterly review of statements through our Watchdog Program.

Call Michele or Nicholl of RCSC at (866) 350-2652 to learn more about our credit card processing program.

**Let RCSC decode your credit card processing and unlock the savings!**

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(Limited time offer through 1/21/2011)

\*Terms and Conditions apply. Please call for details. RCSC is a member of the Electronic Transactions Association.



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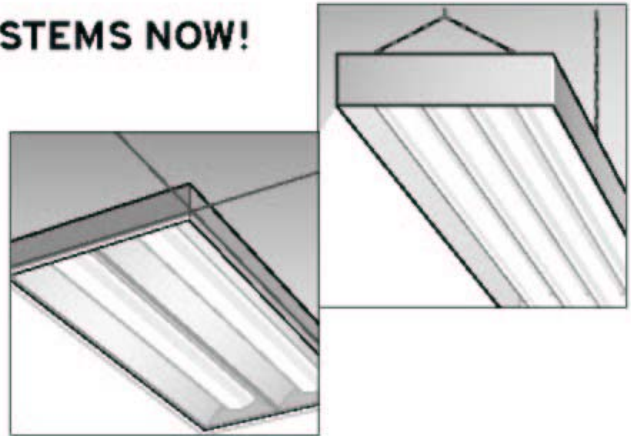


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# Secrets of Successful Marketing

As an added service to VRA members, from now on we'll be offering in each newsletter a regular column by James Tabor, President of Gillen Tabor Communications, Inc. Jim's current and former clients for marketing and public relations have included IDX Corp., the State of Vermont, Burlington International Airport, the Lake Champlain Regional Chamber of Commerce, and many others. You can learn more about him and his services at [www.gillentabor.com](http://www.gillentabor.com).

## The All-Important USP

Way back in the day, legendary advertising guru David Ogilvy coined a phrase to denote what he thought was arguably the single most important aspect of advertising and marketing. The phrase was "Unique Selling Proposition" (USP) and it has stood the test of time, retaining its significance for more than half a century. Regardless of what business you're in or what form of marketing you're using—print, television, radio, new media—the USP remains what I call "the fuel at the core of the reactor." Without it, the biggest budget on earth will not move the sales needle appreciably and continually.

Ogilvy understood that in the hyper-competitive modern marketplace, a business must be able to offer consumers something truly unique, something that differentiates it from all competitors. Here's a great example. For years, Subaru's USP was "The Beauty of All-Wheel Drive." By the 90s, everybody had airbags, convenience packages, anti-lock disc brakes, etc. But Subaru was the only passenger car with all-wheel drive. They spent hundreds of millions of marketing dollars hammering that point home, and their sales were off the charts.

What's a more local example? Ben and Jerry's (erstwhile) "homemade" and "all-natural" were two obvious examples. Perhaps less well-known, but just as powerful, is Leunig's Bistro's USP. To differentiate his superb restaurant from Burlington's vast pool of competitors, Bob Conlon uses

*"The panache of Paris and the value of Vermont."*

Those nine words pack a powerful, evocative punch, as the restaurant's continuing success demonstrates. (It doesn't hurt that his product is consistently stellar, of course.)

Here's another great example: VRA's 2010 Retailer of the Year Award Winner, Allen Pools and Spas, defines itself this way:

*"Where Vermont Goes to Relax."*

That's *good*, and the company's sales, which rose dramatically even during the economic downturn, prove it.

We can all agree on the USP's importance. But to make it work for your business, you've got to have one. How does one find a USP? Like finding a true love, it's both harder and easier than you might think. And that's what we'll talk about in the next newsletter.

Meantime, feel free to email me with any questions about this column, or about marketing and public relations in general, at [jim@gillentabor.com](mailto:jim@gillentabor.com).

**“My employees have called the Blue HealthSolutions nurses for everything from bee stings to major surgery.”**



## [ Blue HealthSolutions ]

The Blue HealthSolutions information and support program helps members learn about the care they're getting. The various components of the program help members to learn about all the options available to them. Members with chronic or serious conditions can get phone support, information by mail and videotapes on a range of diagnoses and treatment options from our nurses. For those who need answers to everyday problems, nurses provide easy access at any time of the day or night by phone or via the web. For information about Blue Cross and Blue Shield of Vermont coverage, call 800-255-4550 or visit us at [www.bcbsvt.com](http://www.bcbsvt.com).

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# Justice Department Settles with Visa, MasterCard in Price Competition Suit

## *Suit against American Express continues*

The U.S. Department of Justice filed a civil antitrust lawsuit in early October against Visa, MasterCard and American Express that challenged alleged anticompetitive practices of the credit card companies. The department also announced they reached a settlement with Visa and MasterCard to abandon anticompetitive practices and allow merchants to offer discounts for cash, checks, debit or cheaper forms of credit cards. American Express declined to be a part of that settlement.

According to the Department of Justice, credit card acceptance costs U.S. merchants approximately \$35 billion each year, collected in the form of a “swipe fee” every time a credit card is used. The lawsuit claims that Visa, MasterCard and American Express inhibit merchants’ ability to reduce card acceptance costs (and therefore their retail prices) by preventing merchants from rewarding consumers when they use less expensive cards or other forms of payment to make a purchase.

If the settlement is approved by the court, merchants who accept **only** Visa and MasterCard credit cards may begin to:

- Express a preference for the use of a particular credit card network, low-cost card within that network or other form of payment.
- Promote a particular credit card network, low-cost card within that network or other form of payment through posted information or other communications to consumers.
- Communicate to consumers the cost incurred by the merchant when a consumer uses a particular credit card network, type of card within that network or other form of payment.

Merchants who accept American Express at their business cannot take advantage of the settlement conditions with MasterCard and Visa because it would be in violation of the card acceptance

agreement the merchant has with American Express. The department said they are still open to a settlement with American Express.

If you have questions about these changes or any other credit card processing issues, please call Michele or Nicholl at RCSC, VRA’s credit card processing program administrator, at (866) 350-2652 for clarification.

## **VRA STAFF**

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# Little Gestures, Big Rewards

If you are a small retailer your biggest competitive advantage in the current economic market is the real, personal relationships you can build with your customers.

You are a real person, not just a brand. You actually know your customers by name. You live in their community. You are a friend and neighbor.

Small personal gestures can cement your relationship with your customers. Use your local knowledge and find ways to connect...

- Scan the newspapers every day for news about your customers - articles about them, promotions at work, their kid on the honor roll, a mention about a charity they support. Clip the newspaper and send it with a quick note of congratulations.
- Watch the obituaries. Send a sympathy card if someone close to your customer has died. They may never say anything about it to you, but trust me they WILL know that you noticed and cared.
- Watch the birth section of the paper. New babies and grandbabies are a great time to send a note of joy and congratulations!
- If you hear that a customer is sick, send a get well card - maybe even a care package.

And those are just a few of the possibilities. These kinds of little gestures don't take a lot of time and they don't cost much. All it takes is commitment, caring, and keeping your eyes open.

Is it worth it?

Small personal gestures mean a lot. They engender loyalty and ensure repeat business in ways that a few bucks off never can!

*Get FREE business building ideas delivered to your "inbox" every week. Sign up for your "WhizBang! Tip of the Week" at [www.WhizBangTraining.com](http://www.WhizBangTraining.com).*

## Newest Membership Benefits for Retailers

As part of your VRA membership the NRF State Leadership Group (SLG) offers retail small business members daily electronic newsletters that touch on valuable industry information. **In order for these electronic offerings to be activated, you must OPT-IN.** Don't miss out on this important benefit please follow the directions below to **opt-in** for the daily emails and the e-newsletter.

**NRF SmartBrief, a free daily email featuring top retail news.** A quick, two-minute read, NRF SmartBrief is a one-stop-shop for the news you need to stay informed. Each Tuesday and Thursday features a "Main Street" section filled with tactical advice specifically for small retailers. You may subscribe for free to this valuable service by visiting the following websites, [www.smartbrief.com/nrf](http://www.smartbrief.com/nrf). **Small Business SmartBrief sign-up.**

**Washington Retail Insight E-Newsletter.** Stay informed about Washington. As your early warning system, NRF keeps you informed about proposed federal legislation that can impact both your bottom line and how you conduct your business; the Washington Retail Insight is our weekly update e-newsletter message to you.

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Vermont Retail Association

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Vermont Retail Association

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