

The Retail Review

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Swipe Fee Reform Takes Two Steps Forward, One Step Back

By Curtis Picard, Executive Director Maine Merchants Association

The good news is that debit card swipe fee relief is coming. The bad news is that it is not coming July 21, 2011 as expected and the relief will not be as great as expected.

After an intense period of lobbying the United States Senate, retailers and merchants breathed a collective sigh of relief when the Tester Amendment to delay swipe fee reform failed to garner the necessary 60 votes for passage. Maine Senators Olympia Snowe and Susan Collins were key votes in standing strong with merchants and consumers and both voted to oppose the swipe fee delay amendment. We appreciate their strong support.

However, merchants and consumers were dealt an unexpected blow when the Fed came out with the final rules regarding debit card swipe fees. In late 2010, the Fed proposed a \$.12 per transaction cap on debit card and had stated that the actual cost of processing debit cards was approximately \$.04 per transaction. Currently, debit card transactions average \$.44 per transaction. The legislation, known as the Durbin Amendment, required the Fed to promulgate rulemaking and set a target of July 21, 2011 for implementation.

The Fed received over 11,000 comments on the proposal and issued the final rule the last week of June. In their final rulemaking, the Fed decided to cap debit card transactions at \$.21 and allows for 0.05% for fraud protection. The Fed also decided to delay implementation to October 2011.

The merchant community reacted swiftly to the news. Excerpt from **Merchants Payment Coalition** press release:

“The Federal Reserve very clearly did not follow through on the intent of the law,” said Mallory Duncan, Chairman of the Merchants Payments Coalition. “This rule is unacceptable to Main street merchants and consumers, who were counting on the Fed to issue a fair rule that followed Congress’ law. Unfortunately, this rule does not meet those qualifications.”

“The Fed’s rule is an irresponsible abdication of its legal duty to implement the law as written in favor of doing the bidding of the nation’s largest banks,” said Lyle Beckwith, Senior Vice President of Government Relations at the National Association of Convenience Stores.

“Today’s action actually increases costs on the most secure PIN debit transactions and is irresponsible and certainly not reasonable,” said Jennifer Hatcher, Senior Vice President of Government and Public Affairs at the Food Marketing Institute.

For almost 100 years, paper checks have cleared at par without swipe fees. Merchants and consumers will continue their struggle towards transparency and fairness in the debit card market in the hope that someday there will be parity between paper checks and electronic checks.

Under the final rule, Americans still pay the highest debit swipe fees in the world – while many other industrialized countries such as Canada don’t permit debit swipe fees at all, and still maintain robust banking industries. Maine Merchants Association will be meeting with national partners in the coming weeks to explore options to the Fed ruling.



President's Corner

Bonnie Hawley, President
VRA Board of Trustees

darkest times. Do such conditions prevail in other states? Perhaps. I certainly hope so. But I know what prevails in Vermont, and the knowledge gives me, once again, limitless gratitude for the great privilege of living and doing business in this extraordinary place.

Irene

This month's catastrophic assault by Tropical Storm Irene got me to thinking about the name of our organization: Vermont Retail Association. We share the last two words with associations all across the country, of course. But we are the *Vermont* Retail Association, and now, more than any time in recent memory, I am struck by how very special is this place we call Vermont. I was saddened by news reports of governors of other states having to publicly urge residents and businesses to work together in the wake of Irene's disaster. No such urgings were required here. All across the state, even before the storm's last winds had blown themselves out and final rain squalls had swollen the raging rivers, individuals and businesses were doing everything in their power to help where help was needed most, be it for friends, neighbors, or complete strangers.

Vermont has never been an easy place to live, given its mountainous, isolating terrain, robust (kind word, that) winters, irascible rivers, and rocky soils. Thus the tradition of Vermonters helping Vermonters arose among our earliest settlers out of hard necessity. But I like to think that even as modern technology has mitigated many of the early, life-and-death conditions that faced our forebears, Vermonters have never lost the spirit of helping that those pioneers embraced.

In times of crisis, over and over Vermont retailers have embodied this spirit of helping, whether by volunteering labor to help those in need, raising and donating funds, providing materiel for rescue and rebuilding, and offering stalwart leadership in the



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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 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, setting the tone for the overall shopper experience."

So what to choose? LEDs are a popular bulb for display and decorative lighting, and are more affordable now than ever. Efficiency Vermont offers between \$16 and \$40 in rebates per eligible LED bulb. Add to that energy savings of up to 80% over incandescent and halogen bulbs, and you're looking at a significant financial benefit.

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, and as an added incentive, Efficiency Vermont offers rebates that can save you anywhere between \$10 and \$100. 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 LED bulbs 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, including less flicker and "hum" as well as high color rendering – essential when trying to show merchandise at its best.

Not sure where to begin? With so many products and devices to choose from, a lighting designer may be the right way to go. Lighting professionals understand the products on today's market – from their light output, color temperature, and watts of electricity they use, to how various products will interact. Involving a lighting designer can increase energy savings by an average of 40% compared to replacing bulbs one at a time. Efficiency Vermont offers rebates through their RELIGHT program to help Vermont businesses get professional design advice.

The truth is, most businesses would benefit from some type of lighting upgrade, and it's likely that yours is one of them. Visit www.encyvermont.com/businesslighting or call 888-921-5990 to learn more about some of the best, most energy-efficient lighting on the market, and the various rebates that will help you afford them.

INBOUND OR OUTBOUND MARKETING?

by George Whalin

This is a subject I've wanted to write about for some time but thought it best to wait until all the hype died down a little. Most of the nonsense has been sorted out, so the subject can now be addressed with reasonable thought and discussion.

OUTBOUND MARKETING

Outbound marketing--what most retailers have been doing for years--includes running print, radio, and television ads as well as sending direct mail or email. The goal: Getting your message out to attract someone's attention or making an offer that brings customers into the store.

With consumers bombarded by so many of these marketing messages nearly everyone agrees traditional outbound marketing alone proves less effective than in the past. A good many consumers simply ignore the ads they are exposed to every day. The recession has also hurt outbound marketing's ability to reach consumers and compel them to take action.

Over the past two years, more and more consumers find stores from which they want to buy on the Internet rather than the retailer reaching the consumer through traditional marketing. Before any of my long-time readers think I'm bailing out on traditional marketing I am not advocating you stop doing the things that work and have proved effective for you in the past.

If you currently spend 90 to 100 percent of your marketing dollars on traditional methods, I suggest you look at and study how you can take advantage of the fastest growing marketing method around--inbound marketing.

INBOUND MARKETING

Rather than trying to find customers with traditional marketing, inbound marketing is about having consumers find you, your stores, and your merchandise on the Internet. In the past traditional marketing was often referred to as "interruption marketing" since its function was to interrupt prospective customers from whatever they were doing so they would pay attention to your message.

Inbound marketing lets the customer find your store on their own terms whenever and wherever

they want. Home and laptop computers, iPads, and smart phones all make this possible.

As the Internet matures, establishing your business and getting known is far less expensive than it was in the past. One great part about this new way of marketing is even the smallest businesses can use these methods to do inbound marketing.

WEB SITE

It all starts with a robust, information-packed web site. I look at a lot of retailer web sites and far too many are little more than a print ad online. Here are some exceptions. Harris-Teeter is a supermarket chain with stores on the East Coast. Its web site (HarrisTeeter.com) includes such valuable information as dozens of videos with recipes and cooking ideas as well as healthy eating tips. The site describes the store's departments, offers meal planning guides, lists weekly specials and promotions, provides a customer service survey, and promotes community involvement programs.

Another great retail web site is Roxy (Roxy.com) that manufacturers and retails surf and board sports apparel for young consumers. In addition to showcasing the wide range of merchandise Roxy's web site provides information on surf-oriented and fashion events, offers hot new music downloads, and links to its blog where interviews with and videos of pro-surf and board sports event participants are posted.

BLOG

A comprehensive approach to outbound marketing includes having a blog that can be used to convey all kinds of information. It may include a calendar of upcoming special events or interviews with celebrities, sports stars, designers, or anyone else who can provide insights into new products and how they are used. Your blog may provide a platform through which you can write about things happening in your store or retail specialty. I often use my blog (RetailerBlog.com) to rant about something I feel is an injustice.

Reprinted with permission, George Whalin's Retail Management E-Letter, August 2011.



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

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NRF Welcomes Proposed Regulatory Relief But Says Administration Must Go Further

WASHINGTON, August 23, 2011 – The National Retail Federation welcomed plans announced by the Obama Administration today to streamline hundreds of government regulations, but said the plan does not go far enough.

“This is a step in the right direction but at the same time the Administration is promising to reduce regulations, the government is continuing to crank out new rules that hamper the ability of the business community to create desperately needed new jobs,” NRF Senior Vice President for Government Relations [David French](#) said. “It’s time to stop the presses at government agencies and on Capitol Hill and focus on reform of what’s already on the books.”

French cited examples such as pending regulations proposed by the National Labor Relations Board that would make it easier for unions to win organizing elections, rules under health care reform that will force many employers to reduce their workforces in order to meet the increased payroll costs of government-mandated health coverage, trade barriers on textiles and apparel, OSHA recordkeeping requirements and the Commerce Department’s agenda for consumer privacy rules that could curtail improvements to online shopping.

President Obama signed an executive order in January requiring federal agencies to review business regulations and streamline or eliminate them where possible. The Administration today unveiled a package of regulations that have been identified for action, and said businesses would “likely” save \$10 billion over the next five years.

“We’ve been presented with a package of rules the Administration says should be streamlined, but it’s vital that what has been proposed actually be accomplished,” French said. “If we look back a year from now and these regulations are still in place or have

barely been touched, then this will all have been an exercise in lip service.”

In addition to reducing government regulation, French said the Administration should focus on assisting employers, especially small businesses, with regulatory compliance rather than aggressively pursuing fines and penalties.

“If the purpose of regulations is to ensure that companies conduct business in a responsible way, then let’s give them help in doing so,” French said. “Massive fines simply take away money that could be put to better use creating jobs and growing the economy.”

French said the Administration also needs to provide sufficient resources to make some existing regulations work more smoothly, citing post-9/11 rules that have made it difficult for tourists from China and other key countries to travel to the United States and shop in U.S. stores because of long delays in processing visa applications. The lack of sufficient State Department staff to process applications is costing U.S. retailers billions of dollars in lost sales.

(Courtesy NRF)

HELP!

If that's what you need after Irene, VRA can point you in the right direction(s). Our hot line is 1-800-649-1698. Call with any problem and we'll do our best to help.

Here are key places to look online for information, advice, and assistance:

<http://www.dca.state.vt.us/> is Vermont's centralized online directory of Tropical Storm Irene Flood Assessment & Assistance Programs

www.disasterassistance.gov provides information on help from the U.S. Government before, during and after a disaster.

<http://www.dca.state.vt.us/documents/irene/Hurricane%20Irene%20Resources%208-30-11.pdf> lists resources and contacts specifically for businesses seeking relief.

You can also obtain information and help by calling these numbers:

802-828-3211, at the Vermont Agency for Commerce and Community Development, is for businesses seeking to report damage and/or speak to someone about additional resources available.

800-660-9130 offers information about Red Cross Donations, services, and volunteers.

Successful Public Relations

By Jim Tabor, Gillen Tabor Communications

In our last marketing column, we discussed advertising and public relations. This month, we'll look at dos and don'ts that are keys to successful public relations.

Let's agree first on a definition of p.r.: *public relations seeks to generate positive editorial reportage about a subject, person, or product.*

The key is that phrase "editorial reportage." *P.R. ain't advertising!* (There's a separate department for that.) Here's a sure-fire way to tell the difference. If your intent is to *sell*, it needs advertising. If it is to *inform*, p.r. is the way to go. It is critical to understand the difference.

It helps to know that journalism is a business like any other, with a process, product, ethical code, and customers. *Customers?* Sure. Journalists' customers are their readers, listeners, or viewers. Journalists must provide their customers with a steady diet of product that is new, reliable, and valuable. The new part is obvious. (There's a reason why they don't call it "olds.") The reliable part should be just as obvious. We readers and viewers depend on journalists to sell us news that is reliable—i.e., true. In turn, journalists appreciate sources who give *them* true information, and quickly learn to ignore sources who don't. Finally, the information journalists provide must have value; *ergo* that famous *New York Times* subtitle, "All The News That's Fit To Print." The *Times* is promising never to waste *your* time with information of no value. Similarly, you must never waste journalists' time with information that ad reps should be seeing.

Here are real-world examples. Let's pick on financial institutions for our illustrations. Kicking off a new checking account campaign with free toaster

giveaways? Use advertising. Launching a new scholarship program for college-bound science students? A press release is appropriate. The acid test: the goal of the former is to sell, the latter to inform.

Think like the journalists who will receive your releases before you send them. Be sure you give them something to help them succeed in *their* business. Follow that golden rule and you'll be rewarded with positive reportage of your valuable news!

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Vermont Retail Association

Now's the Time....

The Vermont Retail Association is happy to announce their third annual Retailer of the Year Awards (ROYs). All Vermont businesses engaged in retail operations are eligible for nomination and consideration for the 2011 Vermont Retailer of the Year Awards. **Nominations may be submitted using the Retailer of the Year nomination form on the next page.** We will accept nominations through December 31, 2011. The awards will be presented in early 2012.

Retailers employ more Vermonters than any other business sector except health care and are crucial to a successful Vermont economy. Please take the time to nominate a retailer in any or all categories.

Awards to be presented include:

RETAILER OF THE YEAR...honoring a Vermont retailer for overall excellence

GREENTAILER OF THE YEAR...honoring a Vermont retailer for environmental excellence

COMMUNITY GEMS...honoring Vermont retailers who make unique and valuable contributions to their communities

Past winners include:

Claussen's Florist - Retailer of the Year 2009

Allen Pools and Spas – Retailer of the Year 2010

Renew Building Supply – Greentailer of the Year 2009

Outdoor Gear Exchange-Greentailer of the Year 2010

Small Dog Electronics – Greentailer of the Year 2009

The Old Brick Store – Community Gem 2010

Zutano Company Store—Community Gem 2009

Vermont Retailer of the Year Nomination Form

All Vermont businesses engaged in retail operations are eligible for nomination and consideration. Please use this form to submit your nominations. We will be accepting nominations through December 31, 2011. Awards will be presented at a luncheon and ceremony in early 2012.

CATEGORIES:

RETAILER OF THE YEAR

This award will honor a Vermont retailer for overall excellence. Businesses nominated for this award will be judged using the following criteria: growth & stability; innovation; best management practices; community involvement; other appropriate factors.

GREENTAILER OF THE YEAR AWARD

This award will honor a Vermont retailer for environmental excellence. Criteria used to judge nominated business will include commitment; innovation; and measurable results.

COMMUNITY GEMS

These awards will honor Vermont retail businesses that make unique and valuable contributions to their communities. Nominate up to three businesses for this award.

For each retailer submitted please indicate the category you are nominating them for.

Business Name _____

Address _____

Phone # _____

Website _____

Owner _____

Category submitted for: _____

Please explain, on a separate sheet, why this business should be awarded the category. Please limit your nomination to 250 words.

Your name _____

Your business _____

Credit Card Processing Corner:

How to call in a Code 10

If during a credit card processing transaction you ever have doubts about the validity of the credit card presented to you for payment, a signature or even a customer's behavior – you can call in a Code 10. A Code 10 is a unique term that allows the merchant to inform the authorization center of a possible fraudulent transaction without alerting the cardholder.

Here are the steps you will take when calling in a Code 10:

- Dial the Voice Authorization Center with the credit card in hand, if possible. The Voice Authorization Center's number can be obtained from your processor. For members in VRA's program through RCSC, Global Payment Direct, Inc.'s authorization center number should be on a sticker attached to your terminal.
- Inform the operator of a Code 10.
- The operator will put you through to the correct person who will ask a series of "yes" or "no" questions. Answer these questions in a calm, normal tone of voice.
- If the operator decides something is amiss, he or she will deny authorization.
- The operator may request to speak with the cardholder to ask account information questions that only the true owner of the card would know.
- If the operator asks you to retain the card, do so only if you feel safe.

A Code 10 can be used any time a merchant feels a transaction may not be legitimate, even if the transaction is approved or the customer already left the premises.

When to call in a Code 10:

- When embossing on the card is illegible.
- When the last few numbers are not embossed on the hologram, or if these numbers do not match the account number on the sales draft or at the

POS device.

- When there is no Bank Identification Number (BIN) above or below the first four digits.
- When the name on the card does not match the signature or there is a misspelling.
- When holograms are not clear or the picture in the hologram does not move.
- When the card does not have an expiration date.
- When the card does not start with the correct numeric digit – all Visa cards should start with the number four, all MasterCard cards with the number five, all Discover cards with the number six and American Express cards with the number three.
- Be aware of cards that don't swipe – check these cards for other security features.
- If a card does swipe, make sure the card number and the number that appears on the POS device match.
- If the message is other than "approved" or "declined."

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 no other processor offers the added protection of a periodic review of statements like RCSC does through our Watchdog Program. Contact Nicholl or Michele of RCSC at (866) 350-2652 or via email at VRA@retailcouncilnys.com for more information.

