Pleasant Surprise at NRF ...

Build Loyalty and Cut the Discounts ...

Who’s Who at KWI? ...

Crafting a Perfect Evening ...

Short Cuts – Fast, Helpful Hints ...

Thanks for partnering with KWI. Your comments mean a lot to us. Please email us — we love to respond!

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NRF Busy Despite Retail Slowdown

The KWI team was pleasantly surprised to experience a busy four days at the January National Retail Federation show.

As the industry's leading trade show, NRF provides a venue for retailers to catch up on the latest developments and engage in some serious networking. This 98th annual Convention and EXPO took place January 11-14 at New York's Jacob Javits Center.

While expected attendance for the show was low given current economic conditions, KWI was delighted to welcome an unexpected surge of visitors to its booth, reconnecting with valued clients and making new connections.

"In times like these," observed Sam Kliger, President, "companies are belt-tightening and looking for every possible cost-saving measure. When retailers are strapped for liquidity, the advantage of managed services rather than committing to buying and maintaining a system becomes exceptionally clear. The economy favors our solution as being the most cost-effective. A managed services solution alleviates the costly burden of acquiring software and servers, ongoing maintenance and support."
Overall, NRF attendees were particularly interested in software applications, technological and “social” aspects of online shopping, and the synergy between retail channels. Because ease of shopping is such an important factor, there was a lot of interest in KWI's latest credit and debit card processing solutions. KWI continues to build on advances made by AJB Software Design, a leading provider of payment technology.

"The show made clear," said Gary Brill, VP of Business Development, "that retailers are looking for new answers to the challenges of 2009. There's a real urgency to implement effective customer loyalty programs, Loss Prevention programs, and innovative technology to run tighter, more economical operations – both in-store and online. With our full service approach, we're ready to help."

For more information, please contact Gary Brill, VP Business Development, at gary@kwi.com or (516) 621-2400, ext. 325.
Loyalty Pays Off – So You Can Reduce Discounts

Loyalty programs have become extremely popular – almost to the point that you must have one to feel you are staying competitive. But these programs accomplish nothing if they simply run in the background, with little meaningful activity.

While the marketing department may feel good about sending a piece of plastic to a customer, don't expect that a fancy card will automatically drive customers to your store. And don't rely merely on “insider” discounts. Use your loyalty program to create an exceptional customer experience, and you'll find you can increase sales without the concern of training the customer to wait for the next bargain.

Every consumer needs a reason to shop in your store; they need to be communicated to; and they need to feel like you have something they want – beyond an attractive price point. Consider special events, personal shoppers, advance notice of new shipments, and more. Be creative!

Here are some statistics on loyalty programs from the past holiday season (according to a recent Ipsos Public Affairs/SoundBite Communications poll):

* Sixty-two percent of respondents (almost 130 million Americans) planned to shop with particular retailers to take advantage of their loyalty programs, such as frequent shopper rewards, coupons or discounts.

* Loyalty programs are particularly powerful among parents with children under 18 and adults under 55.

* More than seven in ten Americans say that in light of the current economic situation, they planned to look for more deals, sales or coupons from retailers than they did last year.

*The survey was conducted by telephone with a random sample of 1,000 Americans ages 18 and older, and has a margin of error of +/- 3.1 percentage points at the 95% confidence level.*
As this data reveals, in tough economic times, consumers will dig deeper for deals. Their loyalty is not really to you, but to the deal that you offer. The last statement might be hard to accept, but it's true. Once you accept that fact, the next step is to give the consumer a convincing reason to come back. A good loyalty program reminds the customer that not only do you have a good deal in your stores, you also have exceptional customer service, you have a great environment in which do their shopping, and you make their shopping experience memorable.

Let the statistics above remind you that consumers like and use loyalty programs when they clearly see the benefit. It's the retailer's responsibility to communicate – and remind them what that benefit is.

*If you would like to arrange a consultation on your loyalty program, please contact KWI-CRM at [crm@kwi.com](mailto:crm@kwi.com) or (516) 621-2400, ext. 367.*
Meet the Operations/Systems Support Team

Seated from left to right, Armand Albertini, John Spicijaric – Systems Manager, Mike Holve. Standing from left to right, Kenn Pestaina and Frank Mataska.

When everything hums along smoothly, you don't think about the infrastructure that delivers your KWI applications and reports. But when issues do arise, OPS often gets involved. We support all the other teams here at KWI in responding to client needs.

Our number one task is making sure the back office systems are up and running. We focus on web, database and application services, as well as networks, backup generators and disaster recovery.

As a 24x365 team, everyone in OPS has worked some strange hours and holidays to repair or upgrade systems at times that impact our clients the least. The variety of challenges keeps our job interesting!

For more information, please contact John Spicijaric, Systems Manager, at jspicijaric@kwi.com or (516) 621-2400, ext. 339.
KWI Celebrates Clients at Craft

On the Menu: PCI Compliance for Level 4 Retailers

Every year during NRF, we enhance the pleasure of seeing our valued clients by inviting them to a special culinary experience. This year's Annual KWI Client Dinner was celebrated at Craft – the creation of renowned restauranteur and Top Chef TV personality Tom Colicchio.

When it opened, Craft received the James Beard Award for Best New Restaurant nationwide. Its unique marriage of fine ingredients, haute cuisine and warm, family-style service make it a "must experience" destination.

The festive evening included a serious educational note – a presentation on an extremely timely and important PCI topic: "What PCI compliance really means to small and medium size retailers in the ever increasing world of data breaches". Data-breach is a lucrative black market for which retailers pay the price. In one example cited, when an emerging clothing chain did not properly encrypt transaction data, 30,000 cards were compromised. The chain sustained $500,000 in chargeback losses and ultimately went out of business.

As the presenters noted, 42 states have already adopted consumer privacy laws and are expanding penalties for data loss. KWI is extremely serious about privacy issues; in fact, we expect to be the
The retail industry’s first "Software as a Service" provider to become PCI "service provider" compliant. Most, if not all service providers currently lack this certification.

The presentation was made in conjunction with Coalfire and Reliant Security, industry leading PCI service providers and independent compliance auditors who are currently managing KWI's intensive PCI project.

To learn more about PCI Compliance please contact Dan Markowitz, CFO, at danny@kwi.com or (516) 621-2400, ext. 305.
This Month’s Short Cuts
Time-saving tips and ideas that are right on the money
– from the staff of KWI.

1. KWI Merchant Services Tip of the Month ... from David Drucker and Phyllis Gricco

Managing your Merchant Services Account

Start the year right with these simple credit card tips:

1. Examine the card before you swipe! There have been many cases of an expired card receiving a valid authorization from the processor when a card is manually entered incorrectly. But ultimately the transaction is not paid to the Merchant. You are responsible for verifying card information.

2. Merchants are prohibited from setting their own minimum or maximum limits on transactions. Per regulations, if you are going to accept credit cards, you must accept them for any transaction.

3. Read your Merchant agreement – the document you executed to get your Merchant Account. It outlines all fees and charges, rules and regulations. Read and understand your Merchant agreement before executing it. If there are any areas that you have the slightest question about, ask your Merchant Services Provider for a written explanation. Once you sign the agreement, you have committed yourself to its rules.

4. There are a variety of fraud screening products and services available to Merchants. Take advantage of them.

5. Ensure that old Merchant Accounts are properly closed and terminated. Contact your processor's support center to get written confirmation that an account has been closed.

6. As your business changes and grows, keep your Merchant Services Provider informed.

For more simple and effective tips to manage your merchant account, please contact David Drucker, President, KWI Merchant Services at ddrucker@kwi.com
2. CRM Tip of the Month ... from Jubin Thomas, CRM Services Manager

Spend Dollars Wisely for Customer Retention

Now that the New Year is underway, it's time to begin cultivating customers. So pick up the proverbial marketing plow and begin digging! You will need to make sure you have a retention program in place to bring back your customers. We do not recommend putting together a retention program that targets any and all customers. Targeting your entire database is a waste of your precious marketing dollars.

A wiser approach: choose those customers worth nurturing, then direct your resources and energy to them. Begin by segmenting customers, using monetary criteria or other measures that are relevant to your business. Once you have your segments in place, you can begin to track their retention and get a better understanding of the factors that drive your business.

Remember, if you're going to make the effort to retain customers, then you're going to need the ability to measure the results.

If you would like to discuss your retention program further, please contact KWI-CRM at crm@kwi.com or (516) 621-2400, ext. 367.

3. LP Tip of the Month: ... from Phil Hummel, VP Global Food Service Business Development

What's the Advantage of Civil Recovery?

Are you still writing off loss from internal theft or shoplifting?

Discover the value of Civil Recovery. Civil Recovery is a program offered by The Zellman Group, KWI's Loss Prevention division. It enables retailers to obtain monetary compensation for the financial losses of shoplifting or internal theft. These losses may include the value of missing or damaged merchandise, and the cost of security measures such as CCTV.

Civil Recovery does not replace criminal prosecution, but it does remove the burden of managing a time consuming process for the retailer and helps to minimize loss. One advantage of Civil Court is that even without criminal charges, a perpetrator can be found liable according to "civil" requirements of proof. Thus, for retailers, Civil Recovery is an affordable, achievable and vital part of the LP process.

The process begins with a letter mailed to the shoplifter or dishonest employee by our Law Firm, outlining their responsibility to pay under that state's specific statute. Additional contact, such as telephone calls and letters, will follow in order to increase collection efforts.
There are additional advantages to The Zellman Group's Civil Recovery Program such as:

- No set-up cost.
- Lead attorney has in-depth retail/hospitality LP and litigation expertise.
- Network of attorneys can implement recovery procedures in every major jurisdiction.
- State-of-the-art recovery management tools to support fast action.
- User-friendly Internet access for on-demand reporting.
- Automated ease and process customization.
- Payment plans to help increase your collection rates.

For more information, please contact Phil Hummel, Vice President, Global Food Service Business Development, at phummel@zellmangroup.com or (253) 238-8648.