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Safe and Secure with KWI ... [more](#)



A Warming Trend in Retail ... [more](#)



Who's Who at KWI ... [more](#)



Business is Much IMPROVD ... [more](#)



Short Cuts – Fast, Helpful Hints ... [more](#)



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KWI Security Review: "We've Got You Covered!"



Information security is of paramount importance in today's digital world. At one end of the spectrum is Julian Assange with data leaks of international impact. At the other end is identity theft, affecting millions of individuals. And smack in the middle is the retail world, concerned about the security of its own vital business information, as well as the security of customer information.

As the leader in SaaS, KWI treats security issues with the utmost concern. Way beyond following the basic "rules of the road", we've developed a multi-tiered security system with redundant backup to protect your data at every level. Here's a quick overview.

KWI Data Security Initiatives:

1. Your data is secured by Password Protection. We remind our clients that system users should never give out their password, and should change it frequently. Also be sure that when an employee leaves the company, their password is immediately removed from the access system.
2. We back up and secure your data daily at both of our Co-location sites, as well as incorporate multiple layers of firewall and other network security in order to provide exceptional information security redundancy.
3. We use highly sophisticated encryption technology to secure your privacy and protect your, and your customers', information.
4. We conduct extensive background checks on our own personnel before hiring, and maintain 24/7 facility lockdown to avoid any unauthorized entry or break-ins. Surveillance cameras, electronic ID swiping systems and staffed entry area are just some of the security measures we take on your behalf.

It's an unfortunate fact of the modern age that cyber criminals are constantly

evolving new ways to hack into personal and business data. We urge our valued clients to protect their office and home computers in every way. Even with the latest security software, we still recommend that you log off when leaving your computer station for any length of time.

For more information on KWI's best-in-class data security, please contact Mike Ruvolo, Chief Technology Officer, at mruvolo@kwi.com or (516) 621-2400, ext. 322.

 [back to page 1](#)



Spring Fever: Retail Sales Warm Up



It's been a brutal Winter for most of the country. No wonder consumers are ready to welcome Spring with open arms, and wallets! With the new season officially beginning this month (on Sunday, March 20th), here are some of the major trends as identified by our fashion forecaster:

UTILITY

Not an entirely new trend, the Utility look continues from Fall 2010 into Spring 2011 with a few key changes:

- The look softens; think Utility meets femininity; moves away from the edgy military look of Fall
- Lots of shades of khaki, sand and putty, as opposed to the olive green shades from Fall
- Pops of color are added to the primarily neutral palette: blush tones, coral, pink, some yellow
- Layer in floral prints to contrast utility details

WEAR NOW, WEAR LATER

A big trend: stemming from the economy and consumers' desire to make their purchases last, designers to mass merchants are developing styles that can be worn in cooler weather and warmer weather:

- Popular as a tag line or marketing approach, often used in magazines or websites to show how to extend a wardrobe
- Accomplished through layering cardigans, jackets ? which means a great opportunity to cross sell items

A TREND TO WATCH: MINIMALISM

The past few seasons have been filled with jewel encrusted, sequined, bedazzled looks, and we're over it! Now expect more streamlined looks, simple styling and

less embellishment as Spring 2011 develops:

- Lean looks from the '70s are a key influence
- Key accessories have dialed down the bling
- The trend is still in the beginning stages of development but it will soon trickle down to the average consumer

ALSO OF NOTE

- The top of this season's color pyramid is white. It's the focus of many designer collections to express innocence, purity, style and easy comfort.
- Eco-friendly fabrics: purchasing decisions may be influenced by consumers' desire for sustainability in materials, to promote environmental protection.

As you merchandise your Spring stock, look for ways to capitalize on these key trends. And for additional business-building support, explore solutions from KWI. Our CRM division can help expand your customer base and better monetize the value of your existing customer database. Our advanced store systems can help you run your business more efficiently and profitably. And our executive team is always ready to help you brainstorm the right retail solutions ... from LP to eTailing!

For more retail growth solutions from KWI, please contact Gary Brill, Vice President, Business Development, at gary@kwi.com or (516) 621-2400, ext. 325.

 [back to page 1](#)



Meet The Zellman Group's Recovery Services Department



Top left to right: Anthony Estevez, Stephanie Derby, Jose Rivera, Carolina Rodriguez, Evan Goldfarb, Cristina Luna, Waylon Hernandez

Bottom left to right: Tanika Smith, Regina Wasarhaley, Vita Vaccaro, Renee Gonzalez



Top left to right: Lester Youngreen, Sanford Drexler

Bottom left to right: Lisa Jai, Elty Hernandez, Angelique Virgil

Not Pictured: Anand Sagar, Cristhian Arana, Denise Suria, Glenella Leader, Joelis Nunez

The Zellman Group (TZG), KWI's Loss Prevention division, is rapidly expanding its Recovery Services department, which focuses on the Retail and Food & Beverage industries.

Recovery Services was initiated ten years ago with one small client and one employee. Today, in addition to their legal counsel and four levels of management, the department has grown to a 37-member team, 16 of whom are bilingual.

Early on, their focus was collecting on civil demand amounts and restitution for smaller boutique retailers. Now, the team handles civil demand, restitution, court ordered restitution and specialty cases for an impressive roster of 36 clients such as Kohl's, J.C. Penney, Sears, Bloomingdales, Jamba Juice and Six Flags.

All administrative functions and phone calls are handled from the Port Washington, NY office. All legal related matters are guided by chief counsel Michael Ira Asen, PC, from the Manhattan office, with the help of in-house legal assistants. All cases are contacted via mail and telephone, with the team handling thousands of incoming and outgoing calls per day. To fully serve clients without interruption, TZG recently upgraded its phone system to include VOIP phones that can be taken home during adverse weather conditions - so the workflow never stops. These phones can be monitored from anywhere. Additionally, TZG expanded its hours to accommodate West coast clients, handling calls Monday-

Friday 8:00am-11:00pm and Saturday 10:00am-7:00pm.

So what exactly is Recovery? Each state has laws governing the pursuit of civil penalties against shoplifters apprehended in retail stores. Recovery helps the retailer defray overhead costs associated with apprehending shoplifters such as staff, equipment and damaged, un-saleable merchandise.

In response to client requests, the department now also handles Restitution cases. Restitution is an amount owed by dishonest employees who may have taken merchandise, cash, or given handouts, etc. Apprehended employees sign a promissory agreement to pay back the monies they owe to the store. If a case has been criminally prosecuted, Recovery Services handles the court ordered restitution, including collection and processing for the client.

All these services save TZG clients the time and payroll dollars it takes to follow up on cases. As the Recovery team puts it, "We are a service driven department and often tailor-make programs to fit our clients' needs. It's how we build very solid partnerships far into the future."

For more information on The Zellman Group's Loss Prevention services, please contact Kimberly Bloomston, Vice President, Loss Prevention Operations, at kbloomston@zellmangroup.com or (516) 625-0006, ext. 406.

 [back to page 1](#)



Valentino Introduces Improvd Design



No, not THAT Valentino ... we're talking about fashion force Valentino Vettori, a 10 year veteran of the Diesel design team. He and Sam Ben-Avraham (of New York's Atrium boutique and the Project Global Tradeshow) have designs on improving contemporary fashion options for men and women. The response to their brand has been strong enough that now they are rolling out their own stores.

The first Improvd Design store just opened in New York City in February. Their second store will open this month in Miami.

With a very tight launch schedule, Improvd relied on KWI for fast implementation of best-in-class retail solutions. We are providing POS systems for all their stores - New York, Miami and all future rollouts. We'll also be providing our KWI Merchandising system as well as KWI Merchant Services for Improvd's credit card processing.

Valentino Vettori describes his collection as "avant-garde basics", with a pared-down edginess and simplicity that is very wearable - and very affordable. The collection includes t-shirts, sweatshirts, jackets, scarves and women's dresses.

We're pleased to be part of this exciting launch, and see it as one more proof that this year's retail environment is much "Improvd"!

For more information about KWI's full spectrum of retail solutions, please contact Gary Brill, Vice President, Business Development, at gary@kwi.com or (516) 621-2400, ext. 325.



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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



Merchant Account Limits ? Part I

Yikes! Here's a tip many merchants are not aware of: even if sales are literally pouring in, and it's the peak seasonal sales time, a merchant account provider can limit the ability to accept transactions -- even shutting them off or placing funding on hold. You certainly don't want to be caught unawares during the busiest times of the year!

As odd and maddening as it may seem, merchant account providers do shut down accounts and hold back funds if the total dollar amount of transactions a merchant processes in a month exceeds the predetermined limit. This is because a huge spurt in sales gives rise to suspicion of fraudulent activity and the funds are held back as a reserve against possible future chargebacks, resulting in a cash flow problem.

The answer to "why would your merchant account provider shut down accounts when sales are increasing and a business is growing" is simple: to protect themselves and the credit card companies from the potentially huge losses of credit card fraud. Believe it or not, this does happen? unless you have a processor that knows your specific sales trends. That's why it's so important to have a relationship ? not just a contract.

In next month's newsletter, we'll discuss how you can avoid account limit issues with your processor ... and keep the profits flowing.

For more information regarding Merchant Account Limits, and how we protect our clients from these issues, please contact David Drucker, President, KWI Merchant Services, at ddrucker@kwi.com or (516) 621-2400, ext. 720.

2. CRM Tip of the Month ... from Claude Johnson, President, KWI-CRM

The most difficult aspect of Retail CRM?

Most retailers think that capturing customer information at the point of contact is the biggest challenge of Retail CRM. Many retailers will spend thousands of dollars on prospecting customers, simply because they do not have a fruitful customer database of their own. So the follow-up question is - how can you overcome this difficulty?

The first step is to TRAIN, TRAIN and TRAIN your retail associates. Store staff must understand that capturing customer information is just as important as selling product. It's the best way to ensure that customers will return and make subsequent purchases.

In detailed analysis for one of our clients, we were able to prove that by increasing the capture rate of the "low" performing stores to the company average, the retailer would in fact capture an additional 100k transactions posted to the customer record. Since the average customer had 1.7 transactions per year in 2010, there would be roughly an additional 60k customers.

What's the point? Well, the retailer would have realized almost \$1 million in incremental sales! This is delivered through an average of \$160k in incremental sales per mailing, 6 mailings in one year.

And the cost? Nothing, other than the time it takes to train store personnel to ALWAYS capture customer information.

We would love to review your customer capture strategy. Feel free to contact us at crm@kwi.com or (516) 621-2400, ext. 357.

3. LP Tip of the Month ... from Cathy Mulder, Field Auditor, The Zellman Group, LLC, a division of KWI.

Return Fraud: The Devil is in the Details

In previous columns we've discussed how a gift-or-original receipt can distinguish true returns from fraudulent ones. Fraudulent returns hurt your bottom line by adversely affecting shrink, overall sales and the number of items damaged out. Here are some details to help your staff maintain a less-costly returns policy:

- Verify that price ticket is properly attached and condition is still new.
- Be sure SKU on the tag matches SKU on receipt. This helps ensure on-hand inventory matches the system's count.
- Always capture customer and management signatures for verification. This

should be done consistently, and especially during high volume holidays when returns fraud is more prevalent.

- Split-tender returns should always be returned back to both forms of payment. If a transaction was tendered with credit card and cash, the same dollar amount tendered with credit card must go back to the credit card; same with cash.
- When handling a credit card refund, always verify that the credit card used to purchase the item is the same credit card the item is being refunded to. Do this by comparing the last 4 digits of the card number of the original receipt to the credit card the customer hands you.

Next month we will provide a few more valuable details to help you minimize returns fraud.

For more information on best Loss Prevention practices, please contact Kimberly Bloomston, Vice President, Loss Prevention Operations, at kbloomston@zellmangroup.com or (516) 625-0006, ext. 406.

 [back to page 1](#)
