

Michigan Retailer

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Sidewalk sales

Selling outdoors to help
customers feel safe

Small grocers discover
benefits from the pandemic

The importance of
contactless credit card
processing

By the numbers: MRA's
initiatives during the shutdown

The inviting
sales space
outside of My
Secret Stash in
Traverse City.

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Volume 45 No. 3

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With every issue, we reach retail owners, managers and executives who make spending decisions for 15,000 stores and websites across the state.

To request a media kit, email Rachel Schrauben at rschrauben@retailers.com.



ON THE COVER



SIDEWALK SALES page 3

Retailers are looking for ways to sell differently during coronavirus, whether it's using the outdoors for sales events or creating small intimate gatherings for a trunk show. (Photo credit: Karen Hilt, owner of My Secret Stash in Traverse City)

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The conundrum of enforcing face masks

On May 1 a security guard in Flint, working at a Family Dollar, was shot and killed when he informed a customer that a face covering was required to enter the store. The man left behind a wife and several children. Retailers have been placed in a dangerous situation by the Governor's well-intentioned Executive Order requiring face coverings. Quite frankly, it's also become a political flashpoint.

A brief look at the Executive Order shows what it requires and what it doesn't. Specifically, the Governor's May 7 order states that "any individual able to medically tolerate a face covering must wear a covering over his or her nose and mouth – such as a homemade mask, scarf, bandana or handkerchief – when in any enclosed public space." What it doesn't address is enforcement. Fortunately, the Order does not require a retailer to deny entry to an individual not wearing a face covering. How could a retailer be expected to comply? How is a retailer supposed to determine whether the individual can medically tolerate a face covering?

Retailers don't want their employees to be arbiters of the law. Not only is it dangerous, but retail employees aren't trained for confrontation. Confrontation is a safety risk for the employee and a liability risk for the retailer. In fact, even when it comes to shop lifting, retail employees are often instructed not to use any physical actions to stop the suspected criminal. Safety is always the most important consideration.

Tensions are already high during this pandemic, with many individuals anxious about their health and safety while others are upset about government mandates. Retailers are doing their very best to provide a safe environment for their employees and customers. They've posted signs at the doors stating that face coverings are required for entry. They've implemented periodic announcements over their PA systems to remind customers of the Order's requirements. But they should not instruct their employees to confront customers that aren't wearing face coverings. Instead, they should call law enforcement to resolve the situation.



In addition to encouraging consumers to follow the requirements of the Executive Order and specific protocols implemented by retailers, we've asked for better messaging from the Administration and the Attorney General's office. Since the Order is silent on enforcement, many consumers are under the impression it is the store's responsibility to only allow individuals wearing face coverings into their stores. Those customers then get upset when they see others not complying with the Order. The Governor and Attorney General should remind the public that it is the responsibility of the customer to comply with the face covering requirement and not the retailer.

Social distancing guidelines and safety measures like face coverings are likely here to stay for some time. The public needs to take responsibility for its actions and enforcement of the law shouldn't be left up to retail employees.

A handwritten signature in black ink, appearing to read 'William J. Hallan'.

WILLIAM J. HALLAN
*MRA President and
Chief Executive Officer*

Sidewalks & parking lots

Outdoor sales events to make customers feel safe during COVID

By **SHANDRA MARTINEZ**

Karen Hilt knows the power of color – and how to catch a potential shopper's eye.

As the owner of My Secret Stash, a gift shop located on a side street in downtown Traverse City, she recently had to get a little creative to pull in customers.

During the weeks when non-essentials retailers couldn't do only curbside or online sales, she bought little rolling enameled carts and loaded them with colorful merchandise, from wine and wristlet purses to pretty painted wooden items like little owls and birdhouses. Then, she set the carts outside.

"If people are walking by, they see some color and, literally, I would watch people U-turn and come to our spot to check it out because nobody was open," Hilt said. "I would either come outside and talk to them or we talk through the window, or we would FaceTime."

With people feeling more comfortable dining and shopping outdoors, some savvy retailers are seeing the potential of extending their shops beyond the sales floor with displays and events during the slow reopening phase of the pandemic recovery. Their tips range from displaying eye-catching products and deterring thefts to creating unique events.

NO VEHICLES ALLOWED

Like many communities, Traverse City is shutting down part of its main street to cars this summer to give restaurants outside space to serve customers in a safer way and allow for social distancing.

"We have some added flexibility due to the situation, and things change and evolve

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My Secret Stash in Traverse City is making full use of its sidewalk to maximize sales to customers who may be nervous to head inside during the pandemic. (Photo credit: My Secret Stash owner Karen Hilt)





Sidewalks

continued from page 3

daily. We have always kept a fun assortment outside, within our lease line, and I think this year, there may be a bit of relaxation to some of the rules,” Hilt said.

Theft isn’t a big issue, thanks to her location. The cafe next door has outdoor seating, so there are people always watching. The store also has huge windows and her staff love talking to people.

“Anytime somebody comes up to look at something, myself or staff people can absolutely see, and we just come out to chat with them,” Hilt said.

‘WELCOMING BODIES IN’

Bethany Shorb, who owns Well Done Goods just south of Detroit’s Eastern Market, regularly puts products out on the sidewalk on Saturdays to draw attention to the store, which is located on a quiet block.

“We have had some issues with theft, like someone taking the T-shirt right off a mannequin, but it’s generally very worth it to welcome bodies in,” Shorb says. “We try to put only items out that we make in-house that have better margins — that wouldn’t be the end of the world if they walked away.”

PARKING LOT PLAYDATE

Patti Brock, owner of the Berkley boutique Annabelle’s Couture for 26 years, was recently inspired to make use of parking in the back of her clothing shop.

She came up with the idea of a parking lot playdate.

She invited about 10 of her customers — selected through



BELOW: Patti Brock, owner of Berkley boutique Annabelle’s Couture, held a “parking lot playdate,” to attract customers.

OPPOSITE PAGE: Holland’s sidewalk events are renowned for boosting sales. (Photo credit: Kara de Alvare, Downtown Holland)



a secret lottery to avoid hurt feelings.

They were invited to back their vehicles in a row so everybody sat in their hatchback or chairs they brought.

"We had a great time. People just socialized," said Brock. "I had my right-hand gal with me. We took turns so that someone was always out socializing with the group, and we could bring everyone into the store, one by one."

The sales for the two-hour event were impressive. She figured she spent about \$200 on pay for her assistant and the gourmet snacks provided each customer, and made tenfold in revenue.

"I think it was people wanting to shop and socialize with someone other than the people they have been quarantined with. It was so great, people had so much fun," Brock said.

Everybody wore masks when they went into the store but not outside.

After the event, she shared photos on Facebook. She heard from more than 40 people who wanted to come to the next one, including those who attended.

"We're humans, we need the connection. That's why I have a brick-and-mortar shop. I'm hanging on to the human connection with every fingernail I've got. I really feel like people needed to get out and feel some sense of normalcy and socialize in a way that was safe and legal," she said.



Sidewalk Sales Merchant Tips

For the past decade, Kara de Alvare has been coordinating Sidewalk Sales in Downtown Holland — and doing a lot of shopping. She's sharing some of her best sales tips and tricks she has gleaned from her experience.

Make pricing clear and visible. Don't make your customers do math. Cross out the regular price and write the discounted price right on the same sticker so customers can easily see how much of a discount they are getting.

Make paying easier. Allow cash customers to pay outside and take credit cards inside your store. This makes cash transactions quick and easy (which is why people carry cash), but forces credit card customers (who may be willing to spend more) to go inside your store, where they might explore your full-priced merchandise.

Don't forget the extras. Have extra staff, extra cash registers and extra changing rooms, if possible. Customers want to get as many deals as they can in a short amount of time, and they will not want to wait in long lines to receive service. This is especially true if it's too hot or a threat of rain.

Have a back-up plan. This is your one chance each year to clear out old merchandise and give your sales a boost to get you through until the holidays, so you don't want technology issues — a point-of-sale terminal goes down or your internet is spotty — to cost you sales.

Offer a sneak peek sale. Give your loyal customers or your email subscribers early access. It makes them feel valued because they have a chance to buy the best merchandise. Plus, you may be able to capture some sales at a smaller discount before having to make the huge price cuts expected at a sidewalk sale event.

Have a good inventory. People will pass by a booth that looks half empty because they'll think it's not worth their time. Likewise, people will be disappointed if all you are selling is damaged merchandise. Merchandise should be displayed as nicely as possible.

Be honest. If a piece is damaged, be sure to note the damage on the price sticker. Customers will feel cheated if they purchase a product thinking they are getting a great deal, only to find that it's been damaged and cannot be returned.

Don't forget your employees. Sidewalk Sales are a lot of work, so make it fun for your staff. Print matching T-shirts for them to wear (which also makes it easier for customers to identify employees), provide them with snacks and beverages, send someone out for a coffee run in the middle of the shift, thank them with a gift card at the end of the day, etc. If your staff feels appreciated, they will be more motivated to provide a better customer experience.

Smaller grocers benefit from boost in sales amid COVID-19

By **SHANDRA MARTINEZ** Photos **STEVE JESSMORE**

As retail sales in general plunged amid coronavirus lockdowns that have essentially shuttered much of the economy, small grocers like Ric's Food Centers are seeing a spike in sales, even as they are scaling back hours.

"We haven't had this good of sales since 2008, during the Great Recession," said Tom Baumann, vice president of operations for the three-store grocery chain started in Isabella County.

With smaller grocers like Ric's benefit from a boost in sales, they are scrambling to address issues such as keeping shelves filled, an extra level of cleanliness and new rules designed to keep employees and customers safe from the spread of COVID-19.

Even as Ric's reduced hours from 24/7 to 7 a.m. to 10:30 p.m. during March and April, sales climbed.

"We didn't have the staff to run 24 hours, and our business has just shifted to daytime business. It used to be 3-7 p.m. was your peak, when you did 80% of your sales. Now it's just a constant, steady stream. At 7 a.m., people shop like crazy because they want to beat the rush," Baumann said.

PULLING IN BUSINESS

He doesn't think he is pulling business from retail giants — Meijer, Walmart, Costco or Amazon — but from restaurants, which haven't been able to offer dine-in service since the state's shelter-in-place order went into effect in March.

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LEFT: Manager Tom Baumann talks with cashier Stacy Hunter at Ric's Food Center in Mt. Pleasant.

RIGHT: Protective masks and screen guards protect customers and cashiers.



Smaller grocers

continued from page 6



Manager Tom Baumann checks in with deli employees Carolyn Blizzard (left) and Katie Miller (center) at Ric's Food Center in Mt. Pleasant.

As unemployment has climbed to the highest level since The Great Depression in the 1930s, Baumann has struggled to find enough workers to keep up with the pace of demand. He lost some of the company's 120 store employees as college students returned home when Central Michigan University switched to online classes. Other employees had underlying health concerns, and high school students stopped working when their parents were concerned about their safety.

Ric's, like most stores, quickly put safety measures in place. Shields were installed at checkouts. Masks were distributed to employees. Cleaning procedures were stepped up. Employees were assigned to sanitize every cart before they were given to customers to use. Every night, the fronts of the cases and anything a customer may touch are cleaned.

Baumann says the masks, which were initially hard to find, cost him about \$1-\$1.30 apiece. At first, he started to sell them at the store for \$1 to people who show up to shop without one, but soon

began to give them away.

MASK CONTROVERSY

Recognizing Gov. Gretchen Whitmer has become a polarizing figure with her "Stay Home, Stay Safe" orders, he doesn't mention her by name in asking customers to follow the order to wear masks.

"We put up a sign that said, 'Due to the COVID-19 virus, the state of Michigan requires masks to be worn in all enclosed public buildings. We are working hard to keep all our employees and customers as safe as possible,'" Baumann said.

"We haven't had this good of sales since 2008, during the Great Recession."

- Tom Baumann, Ric's

Since his name and phone numbers are on the bottom of every receipt, he's received calls from people complaining that not all customers are wearing masks.

While the store requires customers to wear masks, Baumann doesn't expect employees to confront customers. For the most part, people follow the rules.

UNEASY ABOUT MASKED SHOPPERS

Darryl Nelson, the owner of Holiday Shopper and Terrace Shopper, two Traverse City-area liquor stores, said he doesn't feel comfortable when he can't see a customer's face.

"We're a liquor store. If somebody walks in with glasses and mask and hat, and all that kind of stuff, it scares the heck out of us," said Nelson.

Masked customers are instructed to pull down their masks so a camera can grab the image of their face. They also have to pull down their masks when presenting their ID to employees to show they are old enough to buy alcohol.

Initially, around 75% of Nelson's customers were wearing masks when they came into his stores, but that dropped to less than 25% in June, and about a third of them take

them off when they see others in the store without masks.

KEEPING SHELVES STOCKED

Another issue that grocers had to pivot with during the pandemic is supply-chain disruption. It got so difficult to keep shelves stocked that Baumann dropped Ric's print advertising because there was no way to guarantee the stores would have listed items.

Alan Hartline, owner of Kingma's Market in Grand Rapids, said having Michigan suppliers has paid off. Local farmers supply the store's pork and beef. As reports have surfaced of workers falling ill and dying of COVID-19 at large meat processing plants, more consumers feel safer buying meat from small farms.

"Our meat business has probably doubled from what it used to be. People are concerned about sources of supply," Hartline said.

DIFFERENT SUPPLIERS

As his traditional grocery suppliers have struggled with inventory, he has turned to restaurant suppliers like Sysco and Gordon Food Service.

The store got a supply of Michigan beefsteak tomatoes originally grown for restaurants to put on salads and sandwiches. He had a similar situation with fresh chicken produced for higher-end restaurants.

"We've been working with them and getting great-quality products at a good value because they need to move it, so it's been kind of a win-win," said Hartline. "The biggest challenge for retailers is being nimble enough to find other sources, and certainly the food service suppliers like Gordon and Sysco can be an alternative."

BONUS VS. HAZARD PAY

Many retailers, from Walmart to Amazon, have been offering \$2 extra an hour in hazard pay because employees are considered front-line workers. Baumann decided to give Ric's employees three bonuses instead.

"Anytime you give somebody so much per hour, that becomes part of their paycheck and that's so difficult to take it back," said Baumann.

He added that he appreciated how much his employees have stepped up during the pandemic to serve customers.



TOP: At Ric's Food Center in Mt. Pleasant, Assistant Manager Heidi Leiferman wipes down a cart.

ABOVE: Carrie Here stocks apples at Kingma's Market in Grand Rapids.

BELOW: A Kingma's customer checks out the butcher counter.



The last three months have been a fire drill like no other



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MRA's Ask Us First team fielded scores of calls and emails from members.

There's nothing like a good fire drill to shake things up, and COVID-19 was the fire drill to end all fire drills. It was like three months straight of lame duck session but with a twist. Not only did it bring all legislative activity to a grinding halt (and mess up the timing to achieve some of our legislative goals) but it changed how work was done everywhere and closed most retailers' doors.

Over the past three months (which felt more like three years), instead of working on legislation, MRA's legislative department worked with the governor's office to bring relief from restrictions on those retailers still operating, interpret rules and the 114 executive orders (as of June 8), craft and advocate for reasonable safety requirements or restrictions and do everything we could to get retail doors back open.

Change as drastic as the COVID-19 shutdown causes panic. MRA's Ask Us First team fielded scores of calls and emails from members. The rules to operate a retail business changed weekly, sometimes daily on the local level, and left everyone scrambling to keep up, including us. The information floodgates were wide open with changes rapidly coming from federal, state and local governments.

Our first goal was to get accurate information and get that out to members quickly. We closely monitored every communication coming out of Governor Whitmer's office and reached out to her staff asking questions. We worked with federal retail groups to decipher the federal loan and support programs and asked Congress to support additional flexibility for retailers and business owners trying to stay afloat.

Next were the requests from critical infrastructure retailers. Some retail industries are highly regulated like grocery and pharmacy. To operate effectively during the pandemic, they needed more flexibility. The lists of requests came in quickly to cut various red tape. This included things like lifting seasonal weight restrictions and local time/noise restrictions for trucks delivering essential goods, allowing 90-day prescriptions to be filled, pushing back licensing deadlines, suspending nonessential government mandates like taking back bottles and cans, asking for leniency on inspections and WIC product-stocking requirements as panic shopping continued, and generally making it easier to keep shelves stocked and stores clean.

That brought us through the first two weeks. Then as the Stay Home Order was extended, the safety

requirements started rolling in while we began to push for retail to reopen safely, at least for curbside pickup and delivery. County health departments started imposing employee health screenings. It started with two counties and quickly snowballed into at least 42 with slightly different twists on how the screening should be conducted.

New executive orders in mid-April started detailing what could and couldn't be sold, what kinds of protective equipment retailers must use and mandated strict cleaning requirements. With every new order we got dozens of questions on how to comply, many of which went unanswered from the administration. They were overwhelmed with questions and too few people to analyze and answer them. We often had to offer guidance that was our best guess. We recommended retailers come to their own conclusion based on the sometime vague language and be prepared to defend those answers.

Then came the compliance nightmares. We started getting calls about different levels of enforcement at the local level – so we reached out to local authorities and tried to help local law enforcement understand the challenges retailers were facing. Some calls were more successful than others and we would always alert the administration to problems so they too could weigh in.

At the same time, we were crafting recommendations about phasing the reopening of all retail back in. We worked with our board and members to detail various phases and protections retailers could take to keep their employees and customers safe. We pushed hard to have those recommendations adopted as early as possible, knowing for many retailers, reopening their doors soon was the only way they could survive.

To be honest, we're extremely disappointed the administration didn't take our advice and reopen retail sooner. We know many of you missed out on important spring and holiday sales you won't get back. We felt strongly retailers could safely reopen to the public with limits and safeguards in place. MRA threw out every argument we could think of. We reminded the state of lost sales tax dollars for schools and local governments. We argued that all retailers could operate as safely as critical infrastructure retailers. We pointed out the state was driving sales to online retailers who don't invest in Michigan. Most of it seemingly fell on deaf ears, not for lack of trying.

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Recalling employees back to the workplace



THOMAS P. CLEMENT
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Ensure employees that they can return and operate in a safe and healthy environment.

For retailers, re-opening does not come without obstacles. A consistent inquiry we receive is how to effectively recall employees and what to do if they refuse to return.

When the decision is made to return your employees to work, you should provide formal notice, in writing, that the furlough, layoff, or employment without reporting status is over and that they are expected to return to work as scheduled. The notice should also outline mitigation efforts that have been put in place to keep employees safe and, if your business operates on a regularly changing work schedule, you should provide an updated schedule.

Lastly, you should require employees to acknowledge receipt of the notice and updated schedule. Anecdotally, some employees are refusing to return to work for two very different reasons. The first is a genuine fear of contracting the virus. The second is the potential for a short-term financial windfall due to the Federal CARES Act, which extended unemployment benefits from 26 to 39 weeks and added \$600 a week in benefits. Let's address these two scenarios separately.

The first step to successfully recalling employees who may be anxious about COVID-19 is to ensure you are operating in a safe and healthy environment. Gov. Whitmer's order mandates compliance with a number of requirements that are specifically designed to protect public health. Proper enactment of these measures, and letting your employees know you have done so, can go a long way to alleviating concerns. Depending on your type of business, these include:

Developing a COVID-19 preparedness and response plan, consistent with recommendations in Guidance on Preparing Workplaces for COVID-19, developed by the Occupational Health and Safety Administration and available OSHA Guidelines. Such plan must be available at company headquarters or the worksite.

Restricting the number of workers present on premises to no more than is strictly necessary to perform the in-person work permitted under the order.

Promoting remote work to the fullest extent possible.

Keeping workers and patrons who are on premises at least six feet from one another to the maximum extent possible.

Increasing standards of facility cleaning and disinfection.

Adopting policies to prevent workers from entering the premises if they display respiratory symptoms or have had contact with a person with a confirmed diagnosis of COVID-19.

Adopting other social distancing practices and mitigation measures recommended by the CDC.

Providing face coverings to all employees.

There are even more specialized requirements for those businesses focused more on outdoor services such as gardening or landscaping, maintenance or moving operations, food-selling establishments and pharmacies. These include prohibiting gatherings where six feet of social distancing can't be maintained, limiting in-person interactions, providing personal protection equipment, and adopting protocols to limit sharing tools and equipment. The list grows longer for the construction industry. The full listing of requirements can be seen at paragraph 11 in Executive Order 2020-70 and for food-selling establishments and pharmacies, at EO 2020-71.

In addition to ensuring a safe environment, you may also consider working with the employee to identify job duties that they may be more comfortable with, explore limited or reduced hours, taking advantage of the state of Michigan's workshare program, or review any remote work opportunities. The Governor and the Department of Labor and Economic Opportunity are actively promoting the workshare program, which allows employers to retain most or all of their employees while reducing the hours worked thereby lowering payroll. Under the program, employees would remain eligible for partial unemployment plus the additional \$600 from the federal government.

Exploring alternatives is admirable and a great benefit for your employees, but you should understand that mere fear of the virus is not a legitimate reason to refuse to come to work and remain employed or, if furloughed or terminated, remain eligible for unemployment benefits. This may require some difficult decisions as you re-open, but you want to be careful to avoid a situation where multiple other employees claim fear of the virus after you treat one employee favorably.

The second scenario appears to be an unintended

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Getting the best rates when you key entry credit cards

By **JOHN MAYLEBEN**

As we move through the new “normal” of doing business in a non-contact kind of way, one of the points of contact that can be modified is how you accept a card for payment at the point of sale.

Pre-coronavirus, we didn't think anything of taking a card from the consumer and “dipping,” “tapping” or “swiping” the card (more on those methods in a minute) for the consumer. With heightened sensitivity to handling something from someone outside of your immediate circle of contacts, you may want to review your options. If you have a credit card terminal that can handle a chip transac-

radically different landscape, let's review ways to safely take credit card purchases while lowering processing costs.

Since the virus can be spread by things we touch, a number of retailers are modifying their behavior to minimize or eliminate those points of contact. Whether it is curbside pickup, shipping goods to customers, home delivery or some other innovative solution, you may be considering keying the card number into your terminal because you don't have or don't want access to the customer's physical card.



Most terminals have the ability to accept “contactless” transactions. Some cards are configured to allow the consumer to “tap” the terminal and transmit the data to the terminal for processing. Also, most new smart phones have a contactless solution built into them. As more and more businesses (and consumers) decide to limit the handling of cards to avoid cross contamination, you may want to review your terminal and determine if this payment option is something that fits with your business model and store's “cash wrap” layout.

If you are key-entering card numbers into your credit card terminal, you need to make sure that you are collecting enough data (and the correct data) to ensure that you qualify at the best rate possible. With this data, you can also prevent bad guys from defrauding your business.

tion (dipping the card), you aren't required to collect a customer signature on the receipt, nor compare that signature to the one on the back of the card. This change in the rules, along with a customer-facing entry device like a pin pad, would allow you to complete an EMV-enabled card transaction without ever touching the card.

Most terminals that are EMV capable and allow you to dip a card also can handle a contactless transaction (like Apple Pay or Google Pay), thereby allowing the consumer to “tap” their card and eliminating the need for a signature. This reduces the points of contact on most transactions.

Unfortunately, if you have a consumer that doesn't have a contactless card or an EMV card, you will have to swipe it through the terminal (or have them do that at the customer-facing device). But you will need to get a signature on the receipt to protect yourself from a possible chargeback. Most pre-paid cards are swipe only and don't have a chip on them, so it is possible that you will still see these cards in your business.

GETTING THE BEST RATES

As we continue to grapple with the impact of Covid-19 on retailers and develop new ways to provide goods and services in this

If you don't swipe, dip or tap a card through the terminal and instead key it into the terminal, your transaction cost can increase. There are a number of interchange rates that you might downgrade to, which will increase your cost of the transaction.

To minimize the downgrade (unfortunately, you can't eliminate it) and protect against fraud, you need to collect the following information and enter it into the terminal, when prompted, during the authorization attempt.

- Street address where the month-end statement is mailed.
- Zip code where the statement is mailed.
- Three- or four-digit security code on the signature panel of the card (for American Express transactions, it is the four-digit code on the front of the card.)

If you have customers that are paying with a business card (either corporate, business, or purchasing card) then you need to also provide a PO Number and the amount of the transaction that is sales tax, if you charged sales tax on that transaction.

If the cardholder doesn't have a PO number, use one of your own. Something as simple as the date of the transaction (example: March 27, 2020 would be 20200327). By way of example, for sales tax,

if the total sale was \$106 (this is what you keyed into the terminal when prompted for the “amount”), then you would indicate that \$6 of that was sales tax.

Modifying your behavior at the point of sale can save your business between 33¢ and \$1.35 on a transaction of \$100.

The other thing that we, unfortunately, need to worry about is fraud. During these chaotic times, the bad guys will figure out ways to commit fraud. Collecting the information above (address, zip, and security code) will provide additional information that you can use to determine if the sale is legitimate.

Address Verification Service (AVS) will return a match, partial match, or mismatch message on the receipt that is printed. Based on this message, you may decide to handle the transaction in a different manner. You should establish business controls to ensure that your staff understands the importance of this data point.

If the security code doesn't match the one on file at the issuing bank, you will not get an approval code. This business control is hard-coded into the system and will prevent you from processing a sale on a card where the “customer” provides the wrong code.

In modifying your business process, if you choose to write a card number on an order form, you need a process in place to redact or destroy the card number after you are done with it. The same goes for the security code. You shouldn't ever store the card's security code after you receive an approval code.

Lastly, if your changes to your business model need a digital invoicing solution (with a payment link embedded in the invoice), we have merchant processing solutions that could help you with that service. Obviously, this type of change is a little more significant, but we have solutions to help you be successful. If you are interested in this type of solution, send an email to sales@retailers.com or call 800.366.3699 and ask for one of our sales team members.

As always, we are here and able to help you with any questions about these issues or anything else. Please feel free to contact our customer service team at 800.563.5981, option 2 for help.

Combating credit card fraud: Steps you can take

By **PENNY SIERAKOWSKI, CPP**

Manager, Customer Service Department

If you receive a request to wire money or to ship merchandise out of the country, please call customer service at **800.563.5981 option 2**, to discuss before processing the transaction.

Be on the alert for suspicious or fraudulent transactions. Contact customer service to discuss any of the following:

- Multiple purchases by the same customer
- Multiple credit cards from the same customer
- AVS (Address Verification) or CVV (Security Code) does not match

Terminal functions that assist with fraud control:

- Process with a chip-card-enabled terminal/device
- Address verification (AVS) requires the street number and zip code. If it doesn't match the credit card, you will receive a mismatch response and have the option to cancel the transaction
- Security code verification (CVV) requires the 3-digit code on the back of the credit card, or the 4-digit code on the front of an American Express credit card. If it doesn't match the credit card, you will receive a mismatch response and have the option to cancel the transaction
- Password protection requires a password for all returns, reversals, force capture, store/forward, reports, etc.
- Fraud control, when enabled, will prompt for the last four digits of the credit card to be verified. If incorrect, the prompt will state invalid card number, and the transaction should be cancelled
- Verify the credit card receipt to make sure the customer name and credit card number are identical to what's on the the card. If not, call **800.563.5981 option 4** and say **“CODE 10.”**



FREE SIGNAGE FOR YOUR STORE

Michigan Retailers Association has designed several signs that you can download for free and use in your store. You can find the signs on the retailers.com website by typing in this url:

<https://bit.ly/2WXxUds>. Simply click on the link below each sign. A large image of the poster will come up, which you can print out and use in your store. They are 8.5" x 11" and print just fine in black and white if you don't have a color printer. If you have any ideas for signs that you need, email mholland@retailers.com and we'll see if we can come up with a brilliant idea for you!

MRA SCHOLARSHIP COMPETITION ENDS

The annual scholarship competition has ended for the 2020-21 academic year. Winners will be notified mid-June by letter and email and an official announcement will come in the August edition of the Michigan Retailer and on our website. A third-party administrator, International Scholarship and Tuition Services, selected the winners. MRA received 168 applications; 24 scholarships will be awarded, ranging from \$1,000 to \$1,500. The scholarships are funded by the Michigan Retailers Foundation from earnings on tax-deductible contributions from MRA members and other generous donors. The program funds scholarships for high school seniors and college freshmen, sophomores and juniors who are dependent sons and daughters of owners of MRA member businesses, or of full-time employees of MRA-members. Also eligible are part-time employees of MRA member businesses who are full-time students. The next scholarship round begins Jan. 1, 2021.

Taking credit cards over phone can pose problems



JOHN MAYLEBEN

ETA CPP and

MRA Consultant

Contact John at

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"In today's world of text message alerts from your credit card company, you may want to develop a plan and share that with your employees."

Recently a story crossed my news feed that caused me to pause and think about how merchant processing for retailers is evolving. It made me wonder, "Are merchants ready for this?"

The story was about a restaurant in New Jersey that took a "to go" order for curbside pickup from a person that paid with a credit card. In this time of COVID-19, that's nothing unusual. So far...

Shortly after that, someone from Oregon called and advised the restaurant that they had just seen a transaction alert on his phone and wanted the restaurant to know that it wasn't a legitimate transaction. The business owner called the police and they were in position to respond to the restaurant before the order was picked up. When the bad guy arrived to get his food order, he (and his two accomplices) were arrested on charges of credit card fraud.

What would happen in your store, today, if you were that merchant? Would the sales clerk that answered the phone understand the importance of the call? Would they know how to communicate it to you or a manager (if you weren't available)? How would you handle that "customer" if they came in to pick up the order?

In today's world of text message alerts from your credit card company, you may want to develop a plan and share that with your employees. In this business' case, they were lucky that the cardholder understood the value of going the extra mile to call about potential fraud.

I am reminded of a conversation I had several years ago with a jewelry store owner. There had been a rash of jewelry store robberies in the mid-Michigan area and everyone was a little edgy about possibly being the next victim. The store employees used a code word — let's say ice cream — that wouldn't ever get a bad guy's attention but would alert all of the staff to a possible situation. They would ask, in a stage whisper kind of voice if anyone knew if there was still ice cream in the break room fridge.

The store employees were also trained to use the phrase if a colleague happened to call during a robbery or suspicious activity, along the lines of, "Oh by the way, there's ice cream in the break room fridge." That was a signal to the inbound caller to call the police and ask for a welfare check.

I recall a conversation with a retailer in the Upper Pen-

insula, in which we were alerting him to a suspicious transaction on his merchant account the day before. We talked about how his employees could benefit from additional training to understand how to handle large phone orders. The day before, he had taken a day off and during his absence a buyer by phone placed a large order and wanted it rushed to the post office. This was something that didn't usually happen in his business model. The employees wanted to show their boss how productive they were, so they packaged the product and immediately got it to the post office for shipping.



The employees were trained to make sales at all costs, not to think like an owner and question the validity of unusual orders. Even though the order was completely out of the norm for that business, they went ahead and made the sale. While their intent was good, the end result was a chargeback and the loss of \$1,500 worth of merchandise.

As a business owner you have developed practices and procedures to protect your business from fraud. In today's new normal, make sure that you review and adjust those practices and procedures accordingly.

As always, if you have questions about this or anything else related to merchant processing, our customer service team members are ready to answer them. Please call us at 800.563.5981 option 2. We have implemented our pandemic disaster plan and are fully staffed, working remotely, as needed, to help you with these issues.

John Mayleben, one of the nation's first Certified Payments Professionals designated by the Electronic Transaction Association, is an MRA consultant and national expert on payment processing.

By the **numb3rs**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35

During the shutdown, Michigan Retailers Association stepped up its educational component to help members navigate the confusing state and federal assistance programs, Governor's orders and general uncertainty.

[Here's what we did:](#)



101 Ask Us First inquiries answered.



16 Webinars produced on reopening retail and dealing with difficult customers.



118 Times appeared in online, radio or TV reports.

409

Retailers and advocates joined the new "Michigan Retailers Strategizing Together" Facebook group.



1,925 Retailers provided with downloadable free signs. (See <https://bit.ly/2WXxUds>)

Thank you for wearing a face mask.

Consider it your good deed for the day.





How to negotiate for a rent deferral or reduction

By **BENJI ROSENZWEIG**

Benji Rosenzweig is a commercial real estate broker with Colliers International, global commercial real estate services organization. He is based in Southfield. He specializes in retail throughout Southeast Michigan and is an expert in all things commercial real estate in the city of Detroit.

As the pandemic shut down stores for weeks, many retailers have gone without any revenue and have had trouble paying fixed costs like rent. Nationally we are seeing tenants asking for rent reduction and/or deferment to help alleviate rental burdens until the business can get back to 'normal' or stable.

As a real estate broker who works with both landlords and tenants, I have some

perspective and information which may be helpful to retailers.

Landlords who are resistant to deferring rent are often themselves in a precarious position. As of today, the banks have not released any information or offered mortgage relief. They are in a wait-and-see status until they know what concessions the government is going to provide the banks. That said, if you have any sort of sophisticated landlord, they are (or should be) having daily conversations with their bank. Banks for the most part don't want to take back the property. The banks want to work with the property owner to prevent a repeat of 2008.

However, there are some exceptions. So, if you're approaching your landlord and asking for rent relief or rent deferment, here are a handful of proactive measures and rent

structures that can increase your chances of working out an arrangement.

1) Show your landlord that you have applied for all the various business loans and grants (Apply if you have not already.). Asking your landlord to help you without showing that you tried to help yourself will likely rub them the wrong way.

2) Be transparent with your books. Provide your landlord the year-to-date income in comparison to last year. There are a handful of retailers who are actually doing really well right now and still asking for rent relief. Show your landlord that you're asking for help, and that you really do need it.

3) Offer to add any agreed upon deferred payments to the end of the lease. For example: If you have 40 months remaining on your lease, and request March, April and May to be deferred, add 3 months at the end of your lease so the landlord still gets 40 additional rental payments. It basically froze the lease for 3 months.

4) Although most landlords do not prefer this rental structure, you might offer percentage rent while you ramp up again. For example: During the first 6 months, you can offer 8% of gross sales as your rent. In that scenario, the landlord gets to participate in any upside of your success. Different industries have different benchmark standards for percentage rent: 8% is often used for a food and beverage business. 12% is often used for a coffee shop/café. Depending on the type of retail business you have it can be slightly higher or lower.

5) Lastly, while retailers are all working to make sure they are financially covered, we also need to remember that the landlords need empathy too. Many of them are seeing 80% default rates on their existing rental income, and some closer to 100%. So, please speak professionally to your landlord so they know you understand that we are in this together. Don't forget to ask them how their families are holding up, how home-schooling is going or if their parents are safe. They have the same fears and concerns for their families and businesses. Some of their other tenants may not be speaking to them as nicely, so bring back the human factor to the conversation.

I understand that every situation and tenant-landlord relationship is different. So, if you have any questions, I would be happy to discuss free of charge.

Drumm

continued from page 10

But as restrictions and limits on retailers loosen and things return to "normal" there is much we can learn from this COVID-19 fire drill. The state needs to be better prepared to act quickly, decisively, and to answer questions (they need more people who can jump into these roles in the governor's office and the unemployment agency). There needs to be consistency in requirements and an easy way to find those requirements. MRA fills a vital role to get and decipher information and to advocate for members.

And the biggest lesson of all, is that the private sector economy must be able

to function in order for the government to function long term. Michigan is facing a severe budget shortfall of \$3.2 billion because of months when sales tax, income taxes and payroll taxes dried up. If a federal bailout of states does not occur, prepare for state tax increases to make up that difference on the backs of already hurting industries and individuals. Unfortunately, there is simply no way the state can trim \$3.2 billion, it will require new revenue. The reality is that all these programs to keep businesses and individuals afloat during the pandemic carry a hefty price tag that will come due soon.

consequence of the CARES Act and the speed with which it was pushed through Congress. It is true, and we have heard many examples, that an employee could make more money from unemployment than by working.

Many employers have trouble faulting their employees for such actions when the alternative is to make less money and risk exposure. However, despite this unintended consequence, employees who do have their position available to them cannot refuse and qualify, or remain qualified, for unemployment. While the requirement to seek work was temporarily waived, the return to available work requirement was not.

One potential remedy to this scenario, short of challenging an unemployment claim, is to consider the workshare program outlined above, which can potentially reduce payroll, keep your employee partially employed and leave them eligible for partial unemployment including the \$600 a week federal benefit.

If you are facing one or both of these scenarios, the unfortunate end game is that you will need to decide if you want to challenge an unemployment claim. During this unique challenge, it is advisable to undertake a number of common-sense best practices. First, you should document all interactions with the employee. Ideally, this would occur in real time rather than having to recall interactions from memory, but COVID-19 did not give us advance warning that these issues would emerge. If you haven't kept records to this point,

now is a very good time to start.

Second, in addition to the notice referenced above, you should clearly communicate to your employee, in writing, that you have work available and that you will be challenging an unemployment claim. This will give the employee an opportunity to explain their position, and perhaps cause you to reconsider if there were facts you were unaware of.

Third, be objective in your view of the situation. It is likely that the administrative hearings system will be favorable towards the employee. You should consider this in assessing your approach to the situation.

Finally, be flexible and not afraid to think outside of the box. Retailers everywhere are brainstorming ways to reinvent themselves in this time of crisis. That reinvention can extend to the way you work with your employees to resolve issues.

These scenarios are difficult to navigate. On the one hand employers want to look out for the health and financial welfare of their employees while, on the other hand, the objective of state and federal legislation is to provide necessary assistance to those who are directly impacted by COVID-19. The employees in these two scenarios do not meet that direct impact threshold. Rather, they are fortunate to have an employer who has managed to continue their position in a safe environment.

Contactless credit card processing.



Safe and simple for you
and your customers.

Minimize contact.

We can update, upgrade or add equipment to your current terminal platform.

The advantages:

- You can use your phone or tablet to accept payments, or add a Wifi terminal for curbside delivery.
- Our solutions support hundreds of online shopping carts, payment gateways and virtual terminals.

Our hardware supports:

- Apple Pay
- Google Pay
- Tap to pay...
- ...Or add a pin pad!



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Pine Crest Dairy LLC, Cadillac
The Vision Center of Canton PC, Canton
Preferred Designs & Interiors, Cedar Springs
Beyond the Yellow Brick Road Landscaping, Charlotte
Cheboygan Brew Acquisition Corp., Cheboygan
Roseann's Kitchen Cafe, Clinton Township
Worth Holdings dba American Cooper & Brass, Coldwater
Union Lake Fuels Inc., Commerce Township
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Eagle Security Services LLC, Detroit
L Georges Coney LLC, Detroit
Coney Island Inc., Detroit
Padre North of the Border LC, East Jordan
Cardinal Hospice Inc., Fairgrove
AL Coney Island LLC, Flint
Tom's Coney Island LLC, Flint
Des Aldos Family Restaurant, Flint
Al's Family Restaurant LLC, Flint
Vic Bond Sales Inc., Flint
Wesley Orthodontics PLLC, Fort Gratiot
Gardener's Delight, Freeland
Fremont Rent All, Fremont
ALS Property Associates Inc, Galesburg
Rick Verhey Limousines LLC, Grand Rapids
Reinspired Treasures LLC, Grand Rapids
Grey Skies Distillery dba Eastern Kille Distillery, Grand Rapids
Metcalf & Jankhoff Funeral Service Inc., Grand Rapids
McCarthy Group Inc., Grand Rapids
Grandville Jenison Chamber of Commerce, Grandville
Detroit One Coney Island 2 LLC, Highland Park
Outdoorsman Pro Shop Inc., Jenison
Great Lakes Waterproofing Inc., Kalamazoo
Blue Water Pipe & Supply Inc., Kimball Twp.
Master's Touch Barber Parlor, Lansing
SRRS Investment LLC, Lincoln Park
Buccilli Group LLC, Livonia
Old World Style Almonds, Livonia
Abrahamson's Towing LLC, Ludington
Skopje Truck Inc., Macomb
DBC Company, Macomb
S.C. International Inc., Madison Heights
City of Manistee Housing Commission, Manistee

The Pickle Back LLC, Marne
Arrow Constructions, Marquette
Blue Water Aggregates Co Inc., Marysville
Silver Lake Pizza Factory LLC, Mears
Cochrane Tree Company LLC, Mesick
Management Company of Midland, Midland
Healthy Done Better LLC, Muskegon
DAD Express Inc., Northville
Old Homestead Tavern Inc., Norton Shores
Willow Pointe of Ortonville, Ortonville
Frontier Distributing Inc., Oxford
Blues Taproom Inc. dba Rainbow Inn, Perrinton
Coil Line Installations LLC, Petersburg
American Welding Inc., Petersburg
Franks Hardware Co., Pinconning
Able Safe dba More of Michigan, Pinconning
Northwoods Wholesale Outlet Inc., Pinconning
PH Aquatics Inc. dba Sunshine Pools Spas & Tanning, Port Huron
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Portage Lake Dentistry, Portage
Kimmie's Pub N Grub, Prescott
Galea's Upper Crust LLC dba G's Pizzeria, Prudenville
Towing By Nelson Inc., Rockford
Aubrey Brothers dba Motor City Pawn Brokers II, Roseville
Royal Oak Hospitality Limited, Royal Oak
Kneaded Angels Inc., Saginaw
Victory AFC Inc., Saginaw
Beacon Tri-State Staffing Inc., Shelby Twp.
Encore Style, Shelby Twp.
Monty's Tree Service, Shelbyville
Alexena Inc., South Lyon
Maxillius Transportation Group Inc., Southfield
Green Dot Ent LLC dba Print Metro, Sparta
Don Basil Inc. dba Two Tony's Taverna Grille, Spring Lake
Lakeshore Parking Lot Maintenance Inc., Spring Lake
Porte-Man Dining LLC, Traverse City
The Bedroom Company, Traverse City
Proguard Security Services LLC, Utica
Safe-T Transportation LLC, Warren
All American Construction II LLC, Washington
Webb Managed Delivery Service Inc., Wayland
Winter Contracting Inc., West Branch
Legacy Mgt. Ent dba Little Caesars Pizzeria, West Branch
Crosaires Inc., Williamston
Bigfoot Riverside Liquor LLC, Wisconsin
GMT Logistics Inc., Wixom
Great Lakes Made, Wyoming
Truthful Towing LLC, Wyoming
Durango JS LLC, Wyoming
MPD Welding Grand Rapids Inc., Wyoming