Retailer News – December 2014
Keeping Retailers up to date

Tony's Take – Economic commentary from BNZ Chief Economist Tony Alexander

Retail sales volumes rose by a strong 1.5% during the September quarter to deliver a good 4% rise for the entire year to September compared with a year earlier. Top performer for the year was electrical goods with a rise of 13.5%. Why was such a boom not seen for any other type of store? Perhaps it is because electrical goods prices on average have fallen by 15% in the past two years. In fact apart from hardware, with sales growth of 19%, the past two years and price rises of 1.8% driven by the Christchurch rebuild, no other store type with increasing prices these past two years enjoyed sales growth since 2012 above 9%. Consumers are very price sensitive which makes achieving profit growth hard for retailers –and note how falling petrol prices may reinforce this expectation for a bargain. Post-GFC the world has changed and retailers should get used to an environment in which growing competition from cheaper internet-sourced goods, debt aversion, and price sensitivity present challenging sales conditions.

Minimise your Fraud over Christmas

As the busy holiday season gets underway, credit card fraud is on the rise – particularly with mail, telephone, fax and internet (card not present) orders.

Here is a sample list of warning signs to be aware of:

› A number of declined transactions before an approval

› The total amount is split over numerous cards

› Orders from internet addresses using free email services (e.g. Hotmail, Yahoo!, Gmail etc.) or with domain names that can be set up by anyone

› Larger than normal orders that maximise the use of stolen or counterfeit payment card accounts

› Orders where an extra amount is charged to the card and the cardholder requests the additional amount to be transferred via a money transfer service (e.g. Western Union)

› Orders where the transaction is cancelled and the cardholder requests the refund be processed to another card, bank account or via a money transfer service

It is extremely important that any refund processed to a cardholder be processed to the credit card number used for the original purchase. Refunding to bank accounts or alternative credit cards can result in a substantial loss to your business, as the transaction will be charged back, and you will have already returned the funds to the fraudster.

Please share these warning signs with your frontline staff. It is important that they familiarise themselves with these warning signs so they can assist in stopping your business becoming the target of fraud.

Put a stop to Shoulder Surfing

'Shoulder surfing' continues to occur and it's time to make sure you're doing everything you can to stop it. A 'shoulder surfer' is someone who stands behind a customer using an EFTPOS terminal looking to catch their PIN number. Memorising the PIN, they look for an opportunity to steal their card and use it to withdraw cash or make fraudulent purchases.

As a merchant, you should have a secure EFTPOS terminal site for your customers so they can make purchases by credit or debit card in total privacy. Check that your EFTPOS terminal is located where others cannot easily see customers entering their PIN. Alternatively, you can purchase a PIN Pad Privacy Shield from your terminal supplier. A great, low-cost way to give your customers the privacy they deserve. Also consider using a terminal that has a PIN pad that customers are able to pick up, shielding the entry of their PIN with their body. Internal fraud is also an area to consider, so please be careful that your security cameras are not aimed directly at the EFTPOS terminal, as this could give your staff members the opportunity to see a customer's PIN.

Wishing you all a safe and prosperous Christmas!

If you have any queries regarding any of the above articles or your Merchant Facility in general, please contact our EFTPOS & Internet Merchant Sales and Services team on **0800 737 774, Option 4**.