


A circular graphic with a red classic car in the center. The text "RTO CUSTOM WHEELS AND PERFORMANCE TIRES" is written in a large, white, sans-serif font around the top and sides of the circle. Inside the circle, the text "THANKS TO RENT-TO-OWN, PERSONALITY IS ON THE ROAD AGAIN," is written in a smaller, white, sans-serif font.

RTO CUSTOM WHEELS AND PERFORMANCE TIRES

THANKS TO RENT-TO-OWN, PERSONALITY IS ON THE ROAD AGAIN,

A close-up, high-angle shot of a white car wheel with a multi-spoke design, positioned on the right side of the page.

There is a new kind of rent-to-own dealership that is hitting the streets all over the country. These stores rent wheels and tires, of all things. Americans love their cars and they love them even more when those cars are sporting shiny new custom rims and sleek, low-profile performance tires, most often acquired from the relatively new-in-town wheel-and-tire rental stores. When pondering the current crop of cars on the road, you might subscribe to the axiom, “They don’t make ‘em like they used to”—and you might be right. But a growing number of RTO dealers are bringing *cool* back and providing personality to cars, like in the good old days.

BY ED WINN III



In the 1950s and 1960s, the heyday for U.S. car manufacturers, Detroit retooled its assembly lines every year or so and came out with distinctive designs for their automobiles. Often, people were known by the cars they drove and they traded them in for newer models frequently. Cars and personalities overlapped. Then gas prices shot from 25 cents a gallon to more than \$1 per gallon overnight in the early 1970s; driving and car ownership changed. Cars got smaller. The federal government mandated new safety features and better gas mileage—and cars also got more expensive. Detroit retooled models less often, changing body styles every three to five years, and the changes were modest, less dramatic than in the past. Automobiles lost style in the interests of aerodynamics and good gas mileage. Car notes went from three-year to six- and seven-year terms and drivers had to keep their cars longer.

Eventually, the dictates of the marketplace caused all cars except those at the very high end to look like the Toyota Camry. Personalities and cars got disassociated because cars were all so bland. However, automobiles still represented freedom in America and much of the American ego was still bound up in the kind of car one drove.

How, then, to distinguish one's "ride"? By the late 1990s, the resolve was to "pimp it." For many, it became the thing to do and even spawned a successful MTV program, *Pimp My Ride*, which first began airing in 2004.

According to the Specialty Equipment Market Association (SEMA), sales of automobile after-market products doubled from 1996 (\$18 billion) to 2006 (\$36 billion), as car drivers sought to make an impression behind the wheel. A healthy chunk of the automotive after-market business—\$2 billion in 1996 and \$4.5 billion in 2006—was in custom wheels and performance tires. One of the quickest and easiest ways to make a ride distinctive is to dress it up with fancy, often larger, shiny chrome wheels and, perforce, thinner performance tires.

Until relatively recently, after-market wheels and tires were not marketed with much flair. When passenger tires wore out, car owners simply replaced them at one of the national chains—Sears, Firestone or Pep Boys, for example. These stores might have carried a handful of wheel choices, but only as an afterthought and most often more as a means of displaying the tires for sale than as a product for customers. There were never more than a half-dozen wheel styles lying around or nailed to a wall in the back of the store

somewhere. The pitch was to sell good tires, ideally four at a time, not to replace the existing wheels with anything different, or God forbid, a different size.

Auto-supply houses, catering to the weekend car-repair crowd, might have had a few custom wheels lying around, but no retail stores were focused on selling wheels as a targeted product. Car owners who were after high-end, high-quality wheels had to go to the car magazines or the Internet to find what they wanted. They had to make a significant purchase

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decision based on a tiny picture in a magazine or on a Web site. Then, when the product arrived via UPS, there was the hassle of finding someone to install them.

Custom wheels might never have taken off like they have but for some visionary rent-to-own entrepreneurs who saw the opportunity for a new product niche and launched RTO businesses specializing in wheels and tires in the early part of this decade. Rent-to-own dealers married their unique rental/ownership transaction with an under-marketed product category and built a new industry seemingly overnight. In 2003, the Association of Progressive Rental Organizations could locate only 15 rent-to-own wheel-and-tire stores nationwide. Today, there are nearly 200 such businesses up and running. Early on, rent-to-own entrepreneurs experimented with wheel-and-tire kiosks in traditional RTO stores, but the consensus today is that the product is so specialized that it needs its own space, employees and installation facilities—and that is the direction in which the business is moving.

With the emergence of RTO wheel-and-tire stores, now, for the first time, car owners have a place where they can shop for fancy wheels and tires in their local market. Since its development within the industry, these rent-to-own stores have had computers where a customer can view a picture of his car (down to the year, model and color), scroll through different on-screen wheel-and-tire configurations as they would look on that car, and then finesse the configuration to get a precisely desired look. Often the store will have the product on hand for immediate installation or can get the wheels and tires shipped in a day or two. Incredibly, SEMA reports that more than 25 percent of new car buyers



are swapping out their factory-installed wheels with custom wheels, evidence that the personalizing trend in automobiles is significant.

Growth in rent-to-own wheel-and-tire stores has been nothing short of phenomenal and seems to be holding steady even during the current economic downturn. Rent-to-own stores have raised the bar for marketing custom wheels and tires and retail buyers are learning that the best availability for these products is in RTO stores. Rent-to-own transactions may make up only half of a dealer's revenues—the other half coming from cash customers who want the selection that they can only find in RTO stores. A large rent-to-own showroom, for example, may have 250 different wheels on display; a medium-size RTO showroom will have half that number. That contrasts with retail tire stores that may have only a dozen or fewer styles in stock. The retail automotive aftermarket is slow to catch on to the trend of specializing in custom wheels and, until it does, rent-to-own dealers intend to take full advantage of their leadership in the business segment. One chain, Rent-n-Roll, is changing its name in new markets to RNR Custom Wheels and Performance Tires so that it can continue to attract its rent-to-own customer base and also draw in more of the retail trade.

Custom wheels do not come cheap and if the customer is changing the size of the

wheels, which is most often the point of the exercise in stylization, there will have to be new tires in the deal, as well. A set of four wheels and tires can run from \$2,000 to \$5,000—and even higher for really big wheels.

Logically, one might suppose that most of the wheel-and-tire business comes from testosterone-drenched young males, ages 18 to 25. This demographic constitutes a fair percentage of the market, but the customer base is far broader than that. Women make up a third or more of the buyers and renters for custom wheels. Some might be getting the wheels as presents for boyfriends and husbands, but many are “tricking out” their own rides, opting for wheels that better suit their personality.

One issue confronting the business is keeping customers on the books. Once a customer has acquired that dream set of wheels and tires, it may be years before that car gets traded in or the customer comes back for a different set of rims. RTO wheel-and-tire dealers are looking at other automotive accessories to keep customers coming back to the store—custom grills, GPS devices, window tinting, car stereos and regular passenger tires are all being tested, all for sale or rent. But the focus in all rent-



HOW TO TALK IN THE WHEEL WORLD

In the custom-wheel-and-performance-tire business, you've got to speak the lingo:

- It is all about having **street cred** and personalizing your ride.
- The goal is a **smokin' ride** with **shiny shoes**.
- They aren't wheels; they are **rims, spokes, shoes, blades** or **dubs** (which, in fact, is also the name of a magazine for the customized car trade).
- Rims can go on any kind of vehicle, including stodgy sedans—**donks, boxes** or **bubbles**—that, with their new look, are transformed into **hi-risers**.
- There is a wide variety—and growing wider—of rim styles: **moonies, spinners, floaters** and **blades**.
- This **bling** is for show more than performance. Fancy rims can show up on the most modest of cars—**beaters**—whose value may be less than the **shoes** on them.
- The market is for big—the bigger the rim, the better. Most cars come with rims from 14 inches to 16 inches in diameter. Custom rims can be that small, but most often are larger, 20 inches to 22 inches, and lately, all the way up to 30 inches.
- Of necessity, the bigger the wheel, the thinner the tire so as not to have to modify the wheel well and suspension and possibly void the manufacturer's warranty.
- No matter what terms you care to use, it is a statement that the driver is making and, if you look around these days, you will see it is being made on almost every street.

to-own custom-wheel-and-tire stores is on the wheels and it is that product, in its ever-increasing variety, that drives customers to the stores in the first place.

Traditional rent-to-own dealers might wonder how the wheels dealers get their stuff back when a customer defaults. It has happened that a customer's car gets left up on blocks, shorn of the dealer's merchandise by the collection crew—it can be done in less than 15 minutes—but such events are rare. Most customers need their cars and know that if they do not make their wheel payments, they run the risk of not having a drivable vehicle. Most of the time, customers who cannot keep up with their rental payments bring their cars back into the store and have their old wheels and tires put back on so that they can at least continue to drive. Collections in the wheel-and-tire business have not proven to be any more problematic than in the traditional rent-to-own business. There is some “hide and seek” to be sure, but not so much that it is affecting the growth of the business. When custom wheels and/or tires come back to the store, they are cleaned up and put back in inventory at discounted rates, just like used televisions, appliances and furniture.

One detail unique to the wheel-and-tire business is that often, there is a lien on the car, giving the lien-holder the right to repossess the vehicle if the customer defaults on the car note. If that happened, the bank or the car lot would be getting a

windfall if the law allowed it to keep the new custom wheels and tires—add-ons that increase the value of the vehicle by hundreds, sometimes thousands, of dollars—that were not on the car when the loan was made. But, in fact, the law recognizes the rights of the rent-to-own dealer to recover his merchandise, even from the bank or car lot that has repossessed a car. Article 2A of the *Uniform Commercial Code*, which has been enacted in every state since 1993, allows a dealer to recover his property without any obligation to replace the property taken. If the bank refuses to relinquish the wheels to the dealer, the bank is liable to the dealer for the fair-market value of the wheels and tires.

Since the rent-to-own industry began, dealers have been quick to discover and develop new business segments as they came along. Stores that were originally just in the TV-rental business added appliances, then furniture, then jewelry (although the industry did pass up the CB-radio craze back in the day.) This latest foray into the custom-wheel-and-tire business is proof that the entrepreneurial spirit in rent-to-own is alive and well and ever open to new opportunities as they arise. *

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WHO'S WHO IN RENT-TO-OWN WHEELS AND TIRES

Discover Rims To Rent Inc.

Contact: Doug McDougal
Salt Lake City, Utah
801/532-5108
www.discoverrimsfranchise.com

EZ Wheels

APRO member
Contact: Ben Fields
Baton Rouge, Louisiana
225/273-9931

Premier Wheel Workz (a division of The Premier Companies)

APRO member
Contact: Tommy Crenshaw
Memphis, Tennessee
800/779-3639, ext. 401
www.wheelworkz.com

Rent A Wheel

Contact: John C. Bowlin
Van Nuys, California
818/786-7907
www.rentawheel.com

Rent 'N Go Custom Wheels and Tires

APRO member
Contact: Patrick Terhune
Tamarac, Florida
888/440-0050
www.rent-n-go.com

Rent-n-Roll, dba RNR Custom Wheels and Performance Tires

APRO member
Contact: Larry Sutton
Tampa, Florida
813/977-9800
www.rnrwheels.com

Rent To Cruise

APRO member
Contact: Ann Marie Kelly
Myrtle Beach, South Carolina
843/839-5888
www.renttocruise.com

Rimco (a division of Aaron's)

APRO member
Contact: John Allevato
Atlanta, Georgia
678/402-3703
www.rimcofranchise.com

RimTyme Custom Wheels & Tires (a division of ColorTyme)

APRO member
Contact: Jim Deering
Plano, Texas
972/403-4905
www.rimtyme.com