



MARKETING

SUCCESSFUL rent-to-own dealers nationwide have several things in common when it comes to marketing, not the least of which is a preference for planning. Although there are marketing tactics you can implement today that will certainly generate new business immediately (and you'll hear more about those later), to be more profitable in the long run, research and planning must come first.

TO GROW

EIGHT TIPS TO GENERATE NEW BUSINESS
BY MARGIA LAYTON TURNER

1. WRITE A MARKETING PLAN

"You need to have a plan with specific goals," says Larry Carrico, owner of Rent One in Mount Vernon, IL. "You need to set realistic targets for your own business based on what you've done in the past," he says, which means doing some research up front. Carrico relies on APRO's annual statistical survey for a guide to industry averages, which lets him know which of his 34 stores are below average and which are above.

Based on that information and his own historical record-keeping, Carrico can map out sales targets for each store, along with cost estimates, inventory purchase plans and marketing budgets. Carrico's company spends 5.5 percent to 6 percent of sales on marketing each year, which is well within the 4 percent to 7 percent range he reports is the standard for the rent-to-own industry.

With a marketing plan in-hand that tells his managers what they should expect month-to-month in terms of sales, expenses, inventory needs, hiring and promotions, his staff is better prepared to meet the targets that have been set.

With performance standards established as part of the marketing plan, Carrico can evaluate his stores and managers on an ongoing basis. Likewise, managers know where they need to improve, whether it's amount spent per month per customer or number of products currently rented.

2. INVEST IN TRAINING

A marketing plan may well set you on the road to riches, but you may still encounter problems with implementation. Carrico has learned that in many cases, poor performance in one area may be the result of inexperience or misinformation. Fortunately, both can be corrected with training.

For example, "an employee's fear of computers may be the reason that your store is renting fewer of them," he says. By investigating areas where performance is below the industry average, you may discover skills your employees can improve through seminars or classes.

3. NETWORK, NETWORK, NETWORK

Carrico has found that the store managers who are most visible in the community often have higher revenue-producing stores. "How active a manager is in the community makes a difference," he says. Carrico tries to encourage community involvement by announcing new managers via a press release to the local press and by featuring managers involved in community service in the store's internal newsletter.

4. LOOK FOR SPEAKING OPPORTUNITIES

Another effective marketing tool is public speaking, which Jay Conrad Levinson, author of the best-selling *Guerrilla Marketing* series, believes is one of the best tactics around.

"By offering a half-hour talk about your industry, such as trends in rent-to-own or on a public service project you're involved in, you become an authority for the audience to look up to," says Levinson. Given widespread fear of public speaking, you'll likely have little competition for such engagements within your industry. As long as you're not selling anything directly or are too self-promotional, Levinson has found that more than 50 percent of the audience is likely to become a referral source—or a customer.

"BY OFFERING A HALF-HOUR TALK ABOUT YOUR INDUSTRY, SUCH AS TRENDS IN RENT-TO-OWN OR ON A PUBLIC SERVICE PROJECT YOU'RE INVOLVED IN, YOU BECOME AN AUTHORITY FOR THE AUDIENCE TO LOOK UP TO."

Levinson also recommends free clinics or in-store demonstrations to bring potential customers in and to encourage existing customers to try a new product. Computer demonstrations or classes are likely to boost rentals of those products, just as a presentation on "50 Ways to Save Money" (using rent-to-own, of course) may spur rentals of large appliances covered in the talk, such as a second freezer.

5. BILL MONTHLY

One unconventional marketing strategy that works well for a successful rental-purchase business owner in Yakima, WA, may at first sound self-defeating. Where most rent-to-own operations look for opportunities to have more face-to-face contact with their customers, Mark Peterson of H&H Furniture Inc. prefers to have less.

Instead of requiring weekly or biweekly payments from customers, as is the industry norm, Peterson sends out monthly bills. "The cost of mailing is lower than driving out to track down a payment every week and it's more professional," he says. In addition, he can insert promotional materials with the bill, taking advantage of each monthly contact with his customers. By encouraging customers to treat their rental payment just like other household bills, Peterson reports a low loss ratio.

Another benefit is a much higher keep rate. H&H has a keep rate far above the 30 percent industry average, which Peterson attributes largely to his monthly billing policy.

6. USE MULTIFACETED PROMOTIONAL CAMPAIGNS

At the core of many rent-to-own marketing programs is a multifaceted campaign that coordinates several tactics to drive home one message.

Amy Zeller-Fankhauser, vice president of City Rentals Inc., who has seven stores in and around Defiance, OH, invests in direct mail campaigns coordinated with radio advertising. City Rentals is currently running a new in-store promotion similar to the McDonald's

Monopoly game to bring customers back into the store.

Carrico is also a believer in multi-part marketing pushes, which he organizes around a theme. Right now, his Rent One stores have a "Say No to Laundromats" promotion designed to encourage washer and dryer rentals. To support his theme, Carrico has bought radio and television advertising and has designed four-page flyers to be sent to potential, existing and past customers. Rarely does he rely on just one tactic.

Similarly, Peterson is constantly trying different mixes of the same marketing tactics as part of multi-level campaigns. However, he sticks to one main message, positioning H&H Furniture as the "Couch Potato Headquarters" and mentions that in every promotion he undertakes.

Because Yakima has very low-cost television advertising, 60 percent of H&H Furniture's marketing budget is invested in that medium, with the remaining 40 percent split between print and radio advertising. During four promotions scheduled throughout the year, such as the Christmas holiday, Fiesta Furniture Event in May, an anniversary sale in the summer and a floating promotion that they frequently use to tie in to a new store's grand opening event, Peterson makes heavy advertising buys for his four stores.

Where print, television and radio advertising are purchased to coincide with an upcoming promotional campaign, many stores also invest in ongoing advertising methods, such as Yellow Page ads under the "rental" category or telephone message-on-hold systems.

7. TRY DIRECT MAIL

City Rentals' largest marketing expenditure is in direct mail, which accounts for 40 percent to 45 percent of the company's marketing budget. Zeller-Fankhauser does about five mailings a year, alternating



Above: H&H Furniture promotes its products heavily during four annual marketing campaigns, including this one for Fiesta Days each May. All of the company's marketing efforts pull in the "Couch Potato Headquarters" message. Right: City Rentals recently introduced a bingo board promotion designed to educate customers on the wide variety of products its stores carry and to encourage extra visits and payments.

© CITY RENTALS INC. A.E.F.

between targeting new and existing customers.

H&H Furniture's Peterson ties his two annual direct mailings into one of his four seasonal pro-

BONUS MARKETING TIPS

- Have colorful banners designed to draw attention to your storefront and entice shoppers to stop in, which City Rentals does.
- Rally your employees to place door-hanger promotions in certain, high-potential neighborhoods.
- Let managers design their own promotions. Not only does it increase their commitment to meeting their targets, says Larry Carrico, but it also ups the chance that they will surpass their goal.
- Have a late night, invitation-only sale for current customers.
- Send out coupons to customers who have just paid off their account to give them a reason to sign back up.
- Be sure your advertising program caters to your local audience. That may mean advertising on Spanish television networks, as Peterson does, for example, or in local foreign language community newspapers.

AFFORDABLE SOLUTIONS

COMPLETE POINT-OF-SALE SOFTWARE FOR RENTAL AND RETAIL STORES ONLY



\$899.00

OR LEASE FOR \$75 A MONTH

RTO PRO INCLUDES:

- Complete inventory, including depreciation
- Retail sales ✎ Complete rental
- Collection and overdue reports and on-screen account Management ✎ Billing ✎ Airtime accounts
- Contract printing ✎ Cash-advance transactions
- Data conversions from other software available

For Windows 95, 98, ME, NT, 2000 and XP—single and network versions

HOME OFFICE NOW AVAILABLE!

**FREE DEMO AVAILABLE. CALL [800] 351-6299,
OR VISIT OUR WEB SITE AT WWW.RTOPRO.COM FOR MORE
INFORMATION AND TO DOWNLOAD THE DEMO.**

FUTUREWARE ENTERPRISES INC.

5026 Gall Blvd., Zephyrhills, Florida 33541

APR Associate Member since 2000

CD-Burner!

Our Universal Refresh Disk eliminates your need to catalog restore CDs.

Custom PCs
Custom Service

Featuring
premio
brand PCs



**Come see us
at Booth 134!**

CSI
COMPUTER SPECTRUM INC.

Contact Mick Walts
mick@computerspectrum.com
Telephone: (502) 585-8866
Fax: (502) 585-8869

motions, targeting new and existing customers. What makes Peterson's challenge unusual, however, is that his four stores cater to four totally distinct populations, requiring that he alter his message to fit his customers' needs.

The direct mailing to his customers on an Indian reservation is unlike the mailer to his metropolitan customer base nor like the mountain community (think "Northern Exposure," he says) or his Hispanic neighborhood. Tweaking the message or the promotion to fit your customer profile is important and can yield results well above average when done well.

Carrico's direct mailings are designed only after careful analysis of his stores' strengths and weaknesses. He says his best first mailer is to a current customer's home to suggest a product he or she doesn't already have. He looks at income, location and gender when creating his mailers, trying to appeal directly to his buyer.

8. INVEST IN IN-STORE PROMOTIONS AND GIVEAWAYS

Zeller-Fankhauser's new Bingo board promotion is the first of such in-store promotions City Rentals has tried, but it seems to be working, she says. By offering game pieces to customers who take a specific action, such as bringing in a new customer, re-renting or making a payment, Zeller-Fankhauser's goal was to educate customers about the range of products the stores carry, as well as generating more revenue. "Some customers make an extra payment just to get a game piece," she says, which is exactly what she had hoped would happen.

The key to getting more customers and making more money is not in quickie promotions, but in designing a program that is constantly building on itself. By investing time identifying your most lucrative prospects, establishing a marketing budget that fits your total sales volume and setting minimum performance standards for any new marketing campaign, you'll be much more profitable. ■

Marcia Layton Turner is a free-lance writer.