

During the past year, almost 300 articles were published about rent-to-own – good, bad and ugly. An analysis of that news reveals how dealers can best utilize the media to help paint a clearer picture of the industry and attract more customers.

I read the news today, oh boy

By RICHARD MAY

Rent-to-own's handling of media coverage and reporting of the industry has been one of the most challenging, pivotal and detrimental issues in its history. There have been periods where negative news headlines such as "\$5,000 VCR," "couch payments" and "RTO = Ripping Them Off" resulted in congressional action, national media scrutiny and a crippling effect on the industry's public policy and image. A series of recent negative newspaper articles throughout the country and, in particular, in the *Buffalo News* remind rent-to-own dealers that the media is a significant factor in the industry's marketing, growth and—more important—in the legislative and legal arenas.

The *Buffalo News* articles have prompted Buffalo, New York, city leaders to hold public hearings this summer to address companies that "target the poor," including rent-to-own. A recent report published by the Brookings Institution declares that public leaders can help the poor "by implementing stricter caps on fees and interest charged" through rent-to-own state laws. The articles have helped fuel criticism and potential advocacy against rent-to-own. New York's gubernatorial front-runner has stated that, if elected, he will use his power to address more stringent rent-to-own legislation.

As with every public aspect that touches rent-to-own, industry leaders are reminded that if we, as participants in this industry, do not control our public message and direction ourselves, outside entities will control the message instead. Again and again, the industry has found itself battling to uphold its reputation during legislative efforts, legal battles and public relations crises—and nowhere is this more damaging than in the media. Media relations is an ongoing effort that must be addressed not only by APRO, but by individual dealers as well.

In the past, media relations for the individual dealer has meant damage control, and in cases such as the recent charges levied in the *Buffalo News*, damage control may be the necessary tactic for that area's RTO dealers. In the larger sense, however, rent-to-own companies should consider a more contemporary strategy: *proactive* media relations.

Research on potential rent-to-own customers consistently shows that the more familiarity potential customers have with RTO, the more likely they will become customers. That finding, in conjunction with analysis of the industry's more favorable media coverage over the past year, unveils a better climate for proactive media relations for RTO dealers. Rent-to-own critics in the media are still out there and dealers need to be ever watchful. But, the overall trend suggests that a more fine-tuned and proactive media strategy is in order.

During the past year, there were 293 news articles in which rent-to-own was featured or was a component to a news item. APRO compiled these articles, which were distributed through Internet services such as Google News and Yahoo, and categorized the news into four categories: general, negative, positive and business. Analysis of the types of rent-to-own news circulating across the country can help APRO members review their own media strategies, but more important, demonstrates how best to utilize the media for their company's promotions.

BUSINESS NEWS: Your business IS news

The majority of rent-to-own news items featured in local, state and national news fall into the business news category—items reported in the business sections of newspapers and online journals. Therefore, it is important to understand the necessity of a business media strategy to enhance marketing rent-to-own businesses as consisting of successful, independent dealers.

RTO in the news: key findings

- ▶ 40 percent of news articles were business related, underscoring the need for a business news strategy for every rent-to-own company.
- ▶ 14 percent reported on the bad financial choice rent-to-own provides consumers. Less than 1 percent of the news featured rent-to-own's positive financial value—its flexible option in the marketplace. The industry and trade association need to continue to focus on the pricing issues and better promote the value of RTO.
- ▶ 45 percent of positive news reported was related to rent-to-own contributing or being involved in a charitable cause or event.
- ▶ 16 percent featured legal or legislative issues regarding rent-to-own, underscoring the importance of considering a media and public relations campaign in conjunction with a legislative campaign.

While many RTO dealers were featured throughout the year in business sections, 25 percent of the business articles covered one of the three rent-to-own public companies and their public stock reports and analysis. Equal to the RTO public company business news coverage was independent business news coverage regarding promotions and sponsorships by independent rent-to-own companies.

Most business sections of newspapers have a policy of free listings regarding store openings, closings or location changes. Many small newspapers will consider a store opening or moving as a news article. Also, many newspapers list or cover a business' anniversary, especially as the company grows and thrives in its community. Rental companies that do not celebrate store anniversaries with events are missing a positive public relations opportunity. Stores that *do* celebrate anniversary events should promote them to the business journals and business sections of local newspapers and media outlets.

NEGATIVE NEWS: Communicating the value of rent-to-own is the key to overcoming negative stigma

Negative news coverage of rent-to-own is nearly twice as prevalent as positive coverage, according to the past year's compilation of coverage. The three predominant negative news categories were: articles reporting on how rent-to-own is a bad financial choice for consumers, articles critical of positive rent-to-own legislation and news items featuring specific rent-to-own stores.

While reports show that negative media coverage does not significantly affect customers and potential customers' response to rent-to-own, the most significant effect is demonstrated through governmental investigations, oversight and regulations that such news generates. A recent negative media campaign that affected public policy involved 21 news articles addressing the Wisconsin state rent-to-own legislation, 17 of which were specifically negative to the industry and legislation. The articles featured critics of rent-to-own and, most damaging, headlines urging Wisconsin Governor Jim Doyle to veto the monumental rent-to-own legislation that passed the Wisconsin state legislature. The articles and editorials critical of rent-to-own obviously had an impact—Governor Doyle vetoed the legislation.

Fifty-eight percent of the negative news focused on rent-to-own's pricing, which underscores the industry's continuing need to educate the public and media on the value of rent-to-own in the marketplace. Five percent of negative news regarded a consumer complaint that had risen to such a level that it was considered newsworthy. Negative news coverage of bad treatment or consumer complaints are dangerous as

these articles have pushed rent-to-own companies into the courts and forced legislation upon the rent-to-own industry many times.

"While the number is significantly better than during the years of Public Interest Research Group press conferences, a fourth of total news coverage being negative is still a figure that is a concern to every rent-to-own business owner and needs to be addressed," says APRO Executive Director Bill Keese.

POSITIVE NEWS: Communicating the value of rent-to-own is the key to recruiting new customers

While positive news reflects only 13 percent of total rent-to-own news coverage, rent-to-own dealers need to understand powerful and desired results that positive stories can generate and incorporate similar news for their companies' marketing campaigns.

Charitable donations and the "big game" are two of the most important reasons the media reported favorably on rent-to-own over the past year. Nearly half of the positive articles featured rent-to-own dealers contributing to, or participating in, local charities. Many of the charity articles focused on hurricane relief in which rent-to-own dealers participated. Another significant percentage of positive stories focused on the renting flexibility of name-brand, big-screen televisions for the Super Bowl or the college bowl games.

If your company participates in a charity, always make certain that the charity recognizes your company in its press releases and promotions. In addition, consider alerting the media yourself about your company's participation

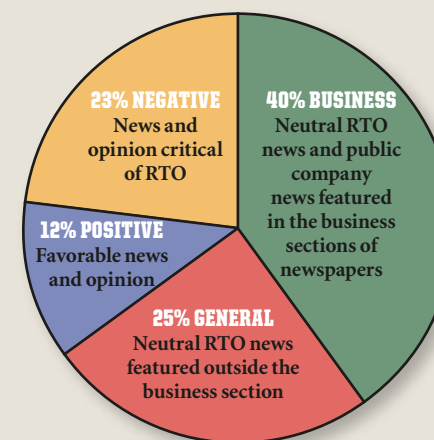
in charitable causes. Research conducted by APRO reveals that 42 percent of your potential customers would feel more comfortable about rent-to-own if they knew the company was involved in a local charity. Be sure to factor in your charitable donations as a part of your media and marketing campaigns. If you are uncomfortable tooting your own horn, then at least be sure the charity includes you in its press and promotions.

Less than 1 percent of all articles focused on the positive financial aspects of rent-to-own—e.g. rent-to-own is the most flexible transaction for consumers and it helps consumers build a credit history through regular payments. While that number is embarrassingly low, it does reflect potential opportunities and a fresh angle when approaching business reporters.

Reporters are constantly trying to find the new angle—and the flexibility of rent-to-own has historically proven to be a newsworthy angle. In 1997, when APRO launched its "Take a New Look at Rent-to-Own" advertising and media campaign, several major publications wrote positive feature articles on the flexibility of rent-to-own and renting. Those types of articles have long since gone and a new generation of business reporters are now primed for the new angle of rent-to-own.

If you do decide to approach a local business reporter, refer him/her to the *Trenholm Market Research Report* that demonstrates how powerful communicating rent-to-own's value and flexibility is in changing the public's mind. Reporters need statistical context to back up their angle and the Trenholm report is just a tool. The report is available to APRO members by calling 800/204-2776 or e-mailing Richard May at rmay@aprovision.org.

What's the news? How RTO news was disseminated in 334* articles in one year



POSITIVE NEWS

- ▶ Total number of positive news articles: 42
- ▶ Average number of articles per month: 3.5
- ▶ Average number of articles per week: 0.8
- ▶ 45 percent reported on rent-to-own contributing to, or being involved in, a charitable cause or event.
- ▶ 19 percent reported favorably on a rent-to-own company or operator—e.g., two articles featured APRO's Customer of the Year and Employee of the Year.
- ▶ 14 percent reported on renting big-screen televisions for the Super Bowl or college bowl football games.
- ▶ 7 percent reported on the financial value of rent-to-own—e.g., flexible option in marketplace.

NEGATIVE NEWS

- ▶ Total number of negative news articles: 76
- ▶ Average number of articles per month: 6.3
- ▶ Average number of articles per week: 1.5
- ▶ 62 percent reported on the bad financial choice rent-to-own provides consumers.
- ▶ 39 percent focused on legal and legislative issues, predominantly in New Jersey and Wisconsin.
- ▶ 5 percent were news related—e.g., mistreatment of customers or consumer complaints.

BUSINESS NEWS

- ▶ Total number of business news articles: 134
- ▶ Average number of articles per month: 11.1
- ▶ Average number of articles per week: 2.6
- ▶ 25 percent reported on one of the publicly traded companies.
- ▶ 25 percent reported on promotions and promotional events.
- ▶ 21 percent were general business news.
- ▶ 14 percent reported on store openings, closings or movings.
- ▶ 12 percent were in trade publications promoting business involvement with the RTO industry or a RTO company.

GENERAL NEWS

- ▶ Total number of general news articles: 82
- ▶ Average number of articles per month: 6.8
- ▶ Average number of articles per week: 1.5
- ▶ 71 percent reported on rent-to-own legal and legislative issues.
- ▶ 25 percent reported on a specific rent-to-own store, company or owner.
- ▶ 4 percent reported on rent-to-own financial news that was not public company information.

* Some articles were designated in more than one category—e.g., one article might be labeled both "positive news" and "general news."

STOP THE PRESSES!

There are two significant trends rent-to-own dealers should consider when assessing or creating their company's media strategy. One is the Internet, which has revolutionized news coverage, giving RTO dealers a better opportunity to promote a positive image and additional outlets to present their side of the story. The news media is no longer governed by a small set of editors and, as a consequence, rent-to-own has a much better opportunity to promote its benefits.

The second trend is that the public's perception of RTO has changed—for the better. While many still know very little about rent-to-own, public perception has improved over the past several years. Rent-to-own dealers in the 1980s and 1990s had an unwritten rule that the media is to be avoided at all costs—the strategy being that no news is good news and any news will certainly be bad. In 2006, dealers need not fear the media and should incorporate a proactive media strategy in their marketing and promotion budgets and yearly campaigns. In 1997 and 1998, *NBC Nightly News* and ABC's *20/20* featured negative exposés of the industry, but the negative fall-out was minimal.

When two network television news programs featured negative reports on rent-to-own and the industry didn't suffer as a result, rent-to-own passed a milestone. APRO members and APRO's public relations programs have created enough education and information that the news media understand at least the basic necessity of the rent-to-own transaction in the marketplace.

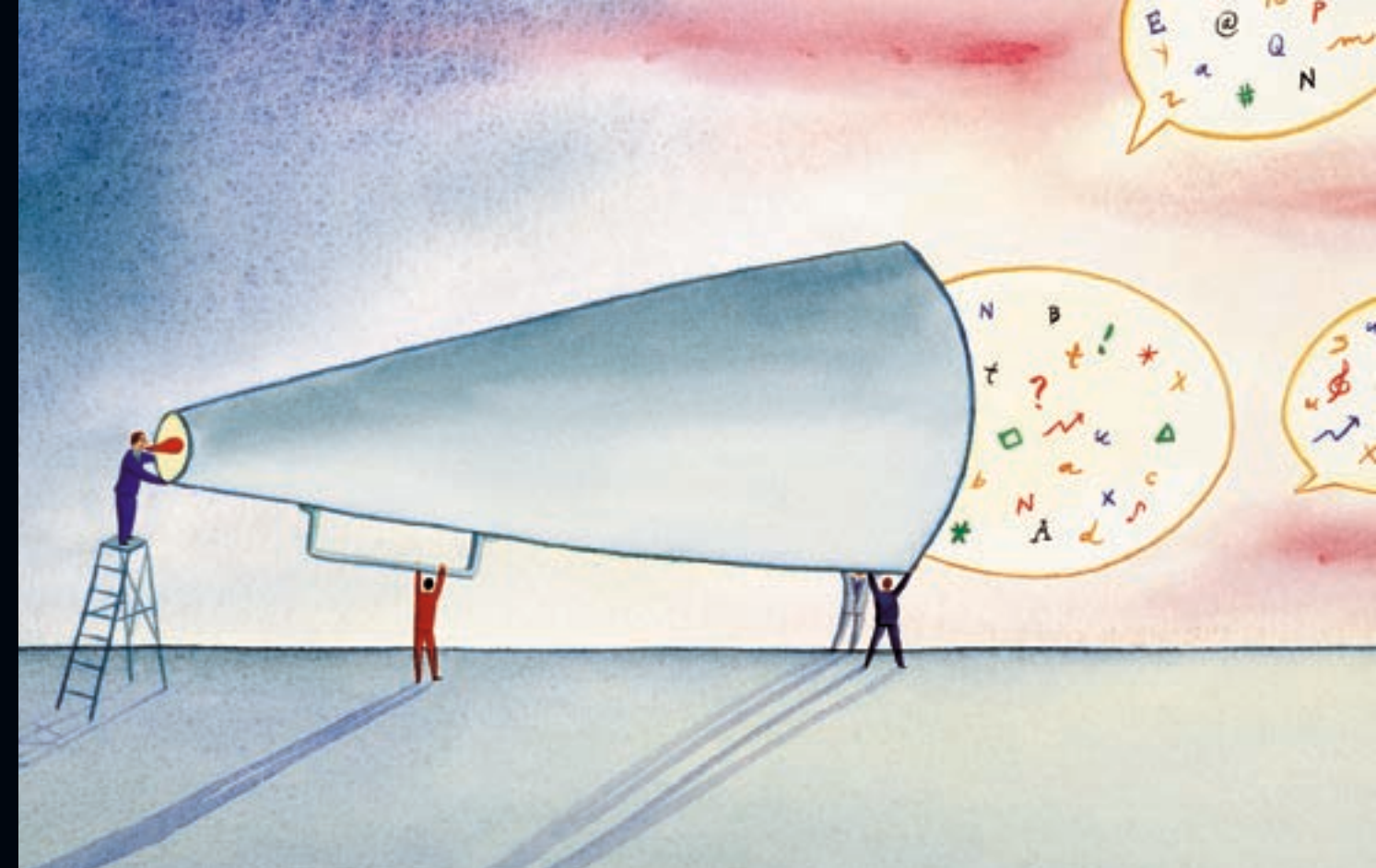
Reviewing the past decade of media activity, the headlines clearly show an evolution as rent-to-own has progressed from being portrayed as evil, then a necessary evil and on to its current evolution as a viable choice in the marketplace. Tomorrow's headlines can be rent-to-own as a *valuable* choice in the marketplace. RTO dealers need to take the next step and utilize the media to educate and communicate with the public on the value of rent-to-own and the role it serves for American consumers and the economy. Studies show that education about the value of rent-to-own will create new customers for your store—so let the media help you carry that message. Don't fear it; embrace it! ■

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What is your business news media strategy?

Every local media outlet has a business section that is responsible for covering your business. Be sure to find out who your local business reporter is and try to create a relationship with him or her. It is important to create and maintain a relationship because rent-to-own is afforded coverage as much as any other business. But reporters are bombarded with information on a daily basis so the responsibility is on the business to promote itself—not the reporters. The following are established story ideas that have created local press for APRO members.

- ▶ **Store openings.** Almost all publications have a policy for a free listing when a new store opens. A new store needs all the publicity it can get, so always use the new store opening as a hook with the local media.
- ▶ **Rent-to-own business involved in local charity.** Whether it's hurricane relief, educational scholarships or Habitat for Humanity, one of the most prominent story placements for the industry has been through charitable donations and/or involvement.
- ▶ **Local rent-to-own business celebrates anniversary.** One-year, five-year, 10-year (and so on) anniversaries serving the community are standard business stories that show community commitment, involvement and obvious business success for the number of years in operation. Do your stores hold their own birthday parties/sales events each year?
- ▶ **Rent-to-own and the "big game."** The most positive business articles featuring the flexibility of rent-to-own and the name-brand products it offers are from articles featuring rent-to-own's popularity for accommodating Super Bowl and the college bowl game parties.
- ▶ **APRO's RTO Customer of the Year and/or RTO Employee of the Year contests.** The industry received several positive human-interest stories highlighting the annual APRO Employee of the Year and Customer of the Year contest. As a consequence, your company should consider holding its own customer and employee contests to generate potential opportunities in your local newspaper.
- ▶ **RTO event/corporate sponsorship.** Many RTO dealers sponsor professional, amateur and little league sports teams and enjoy great marketing and branding success from those corporate sponsorships. An additional benefit to this strategy is logo placement, a common benefit to sponsorship. If a banner with your company's logo is included in the background of a newspaper photograph showing the winning home run, that baseball team won't be the only winner that day.
- ▶ **Rent-to-own isn't what it used to be.** The rent-to-own industry has grown up, offering brand names and customer service. It has become more fashionable and reasonable to the American consumer. The flexibility of payment options and the quality and choice of merchandise are found nowhere else in the marketplace. Let your public know this. Let your newspaper know this. Change their minds and help them dispense with outdated notions about rent-to-own.



IS YOUR RENT-TO-OWN MESSAGE BEING HEARD?

Make sure your advertising, media and public relations strategies are armed with the most current ammunition to recruit new customers and communicate effectively with the media. It's easy with APRO's *2006 Advertising, Public Relations and Media Relations Handbook for the Rent-to-Own Industry*—the most comprehensive public relations guide the rent-to-own industry has ever published. It features the stats and strategies you need to spread the word about rent-to-own. And it's *free* to APRO members.

APRO'S 2006 ADVERTISING, PUBLIC RELATIONS AND MEDIA RELATIONS HANDBOOK FOR THE RENT-TO-OWN INDUSTRY

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