

Can RTO really go uptown? | The rental-purchase jewelry market | Home theater in a box | Convention '97 recap

PROGRESSIVE

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JANE MARINO



COVER PHOTOGRAPH BY DAVID OMER

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PROGRESSIVE Rentals

PUBLISHED BY THE
ASSOCIATION OF PROGRESSIVE
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PROGRESSIVE RENTALS (ISSN 8750-6106) is published bimonthly by the Association of Progressive Rental Organizations (APRO) at 9015 Mountain Ridge Drive, Suite 220, Austin, Texas 78759; 512/794-0095. Basic price \$1 per year to APRO members. Additional subscriptions: U.S. and Canada—1 year (6 issues), \$30; 2 years (12 issues), \$50; 3 years (18 issues), \$65. Second class postage paid at Austin, Texas. **POSTMASTER:** Send address changes to Progressive Rentals, 9015 Mountain Ridge Drive, Suite 220, Austin, Texas 78759.

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news

BREAK

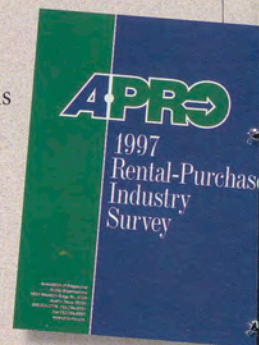
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JESSICA SCHNEIDER
AND JULIE SHERRIER

1997 Statistical Survey offers insights into industry

The numbers are in! Carolyn Fitzsimmons, membership director for APRO, recently announced that the results of APRO's Statistical Survey are complete.

This year the survey was expanded to include more questions about advertising habits, employee performance and customer feedback. The results were presented at the annual convention by Thomas Noon, president of Industry Insights, the company that compiled the survey.

Some of the more interesting results centered around advertising expenditures. Of the combined companies that participated, the majority spend less than \$1,500 for producing television commercials and less than \$250 for radio commercials. From consumer research, APRO learned that inexpensive advertising is a major contributing factor to the industry's negative image.



TISSOT



LEWALLEN



DeMOSS



DAVID



McDOUGAL

APRO members vote in new leadership

On August 14, the APRO board of directors elected the following slate of officers to serve in 1997-98:

PRESIDENT: Darrell Tissot, Countryside Rentals, Bainbridge, OH

FIRST VICE PRESIDENT: Ernie Lewallen, United Household Rentals, Cincinnati, OH

SECOND VICE PRESIDENT: Ron DeMoss, Rent-Way Inc., Erie, PA

SECRETARY: David P. David, Full-O-Pep Appliances, Bloomington, IN

TREASURER: Gary McDougal, American Rentals, Hixson, TN

IMMEDIATE PAST PRESIDENT: Bill White, RTO Inc., Mesquite, TX

At the general session on August 12 during the APRO convention, APRO members placed their votes for the eight open positions on the board of directors. The following candidates were elected to serve two-year terms on the APRO board:

David P. David, Full-O-Pep Appliances Inc., Bloomington, IN; Richard "Dick" Eichlin, Star Rentals, Harrisonburg, VA; Joseph S. "J." Kieffer, Thorn Americas Inc., Wichita, KS; Ernie Lewallen, United Household Rentals, Cincinnati, OH; Gary Romine, Show-Me Rent-To-Own, Farmington, MO; James "Jimmy" Strong, Easy Way Inc., Delhi, LA; Wayne Sutton, Instant Rent to Own, Hammond, LA; Darrell Tissot, Countryside Rentals Inc., Bainbridge, OH

1997~98

CALENDAR OF EVENTS

These survey results certainly support those findings. In response, APRO produced two high-quality television commercials that will be available to Association members at no cost. It's just one of the many ways the industry can use survey results to improve its image.

The survey results are free to those who participated in the *Statistical Survey*. For non-participants, the price is \$300. Contact APRO at 512/794-0095 or 800/204-2776 to order your copy.

Score one for RTO

The Furniture Industry Scorecard has been released and RTO came out on top. *Furniture/Today* reports publicly held rent-to-own companies continue to outperform retail stores in profitability. All six major chains reported large gains in revenue, mostly through acquisitions and have boosted their incomes by using that growth.



OCTOBER 1997

- TBA Mississippi Rental Dealers Seminar, 601/769-3782
- 16-24 High Point Furniture Market, 910/888-3700
APRO/Bushline Hospitality, October 17

JANUARY 1998

- 7-16 Atlanta Furniture Market, 404/220-3000 or 800/ATL-MART
- 8-11 CES Las Vegas, 703/907-7600
APRO/Audiofile Home Theater Hospitality, January 9
- 10-13 Dallas Furniture Market, 800/325-6587
- 23-27 San Francisco Furniture Market, 415/552-2311
APRO/Emerald Home Furnishings Hospitality, January 24

FEBRUARY 1998

- 8-10 APRO Legislative Conference, Washington, DC, 512/794-0095
- 16-19 American Rental Association, Orlando, 309/764-2475
- 19-22 Tupelo Furniture Market, 601/844-1473
APRO/Benchcraft Hospitality, February 20

APRIL 1998

- 23-May 1 High Point Furniture Market, 910/888-3700
APRO/Progressive Furniture Hospitality, April 25

MAY 1998

- 3-6 1998 APRO Mid-Year Conference, Puerto Vallarta, Mexico, 512/794-0095
- 27-31 TRIB, Opryland, Nashville, 770/451-4302

JUNE 1998

- 27-30 Dallas Furniture Market, 800/325-6587

JULY 1998

- TBA Texas Association of Rental Agents Annual Meeting, 903/581-4943
- TBA Indiana Rental Dealers Association Annual Meeting, 812/949-3370
- 8-12 Atlanta Furniture Market, 800/ATL-MART
- 24-28 San Francisco Furniture Market, 415/552-2311

AUGUST 1998

- 12-16 APRO Annual Convention and Trade Show, Orlando, 512/794-0097
- 20-23 Tupelo Furniture Market, 601/844-1473



New RTO commercials debut at APRO convention

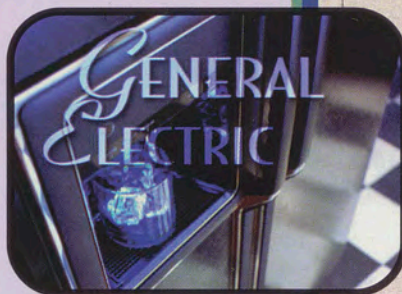
APRO unveiled two new television commercials and one radio commercial during the APRO convention and trade show in August. The television spots, "Image" and "Couple," are real-life commercials designed to deal with the specific misconceptions of rent-to-own and encourage consideration for the rent-to-own consumer option.

The "Couple" spot highlights a young couple who have just moved into a new home and are faced with entertaining the next day. The camera pans around the home, which is sparsely furnished. The couple is then seen entering a rent-to-own store, talking with a friendly salesperson and then cuts to a delivery truck unloading furniture. The commercial ends with the couple sitting happily in an attractively furnished living room when the doorbell rings.

The "Image" spot was specifically produced to address the lack of brand-name awareness by non-RTO customers. This issue was raised during the Association's consumer research. In this commercial, the camera artfully pans across electronic equipment, appliances and furniture while name brands, such as JVC, General Electric and Stratolounger, among others, scroll across these products in type. Both television ads are 30 seconds long and are professionally produced, with space left at the end of each for a store tag-line.

The 60-second radio spot addresses the advantages of renting vs. owning in a humorous, light-hearted treatment.

These commercials are available free to APRO members. APRO is also encouraging group advertising, where a state association or group of stores in the same area join together to make a media buy. To get your free ads, contact Richard May at APRO at 800/204-2776 or 512/794-0095.



Aaron Rents leads the industry, with \$76.5 million in revenues, up 18 percent from just last year. Renters Choice, Alrenco and Rent-Way also reported strong growth in both revenues and profits.

Zenith's Norm Smith to step down

During the APRO convention in Las Vegas in August, Norm Smith announced that he will step down as national manager, rental division, for Zenith Electronics Corporation.

Fifteen years ago, Zenith recognized the opportunities the rent-to-own industry offered and employed Norm Smith to build a rental division covering the entire United States. "It's been a real pleasure to get acquainted with and work with many of the rental dealers and companies across the country," says Smith.

"I believe Zenith is, as well as I am, proud and pleased with the position the company currently enjoys in the rental-purchase industry," he adds.

Smith turned 70 last spring, which started him thinking about his future. It was his decision to step down at the end of 1997.

All involved are pleased to announce that



Zenith and Smith have reached agreement whereby he will remain

as a consultant for Zenith's rental division. Smith will be present at major rental activities throughout the country for years to come.

PIRG report available

APRO has obtained the final Public Interest Research Group report that caused so much negative coverage of the RTO industry. If you'd like to take a look at which stores were surveyed by the PIRG, contact Carolyn Fitzsimmons at APRO for a copy.

Rent America honors vets

On September 12, Rent America held its second annual Rent America/Vietnam Veterans Golf Tournament at Waterford Landing Golf Course in Richmond Hill, GA. Last year, the tournament raised more than \$2,000 for the Veteran's Administration. All



profits from this year's tournament will be donated to the Veteran's Home for the Holiday Fund.

U.S. Rep. Jack Kingston (R-Ga.) — a

supporter of the rental-purchase industry — was on hand to deliver a speech on behalf of the industry, the tournament and the Vietnam veterans.

Kudos to Robert D. Mims IV for his community efforts and involvement and for helping to bring the image of the RTO industry to a new level.

TRIB Group contributes to APRO Team Fund

The Rental Industry Buying Group recently contributed \$5,000 to the APRO Team Fund. The Team Fund is currently soliciting contributions to assist in the Association's public relations and legislative efforts over a three-year period. The goal is \$3 million — or \$1 million a year for three years — and \$1.5 million has been raised so far. If your company has not yet made a pledge, now's the time. Contact Amber Roberts at APRO at 800/204-2776 or 512/794-0095 for more information. Or simply complete the form to the right and send or fax it in.



THREE-YEAR PLEDGE OF SUPPORT

I pledge my support to the TeamAPRO fund over the next three years. I understand that TeamAPRO is committed to uniting all rental-purchase dealers for the common purpose of passing fair federal legislation that clearly defines the unique rental-purchase transaction and for legislation to achieve a more appropriate tax depreciation treatment. I also support TeamAPRO's mission to ensure proper treatment of customers and also promote the rental-purchase business through effective public relations.

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TITLE _____

COMPANY _____

ADDRESS _____

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TELEPHONE _____ FAX _____

I choose to fulfill my pledge as follows:

- I elect to pay my three-year pledge in full in the amount of \$_____, which represents my _____ [NUMBER] stores at \$300 per store, per year.
- I elect to pay for the first year of my three-year pledge in the amount of \$_____, which represents my _____ [NUMBER] stores at \$300 per store.

Bill me annually quarterly or monthly for the remaining portion of my contribution.

Bill me annually quarterly or monthly for my contribution over a three-year period.

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Name on card _____

Signature _____ Date _____

Please mail or fax this form to APRO, 9015 Mountain Ridge Dr., Suite 220, Austin, Texas 79759; fax 512/794-0097



Fashion Craft hires three new representatives

Joe Patterson will join Fashion Craft with 35 years of sales/wholesale experience under his belt. He has been carrying the Fashion Craft Line since last fall. Patterson has already set up several new stores with jewelry as well as serving current customers. He will represent Fashion Craft in the Arkansas/Louisiana territories.

Sara Surkamp has been a sales representative for more than 15 years and handles the administrative duties for Sales & Marketing Solutions. Surkamp will also cover her own limited sales territory. She brings the experience of owning her own business and working in her family's retail business to the Fashion Craft Corp.

Finally, Jackie Thal will cover territory in rural Missouri and Kansas. She spent 12 years in the advertising business and has worked with companies such as J.C.Penny, PetsMart, Crown Shoes and others.

Jim Page named IFRA president-elect

In May, the International Furniture Rental Association held its annual convention in Florida to present awards and elect officers, reported *Furniture/Today*. APRO associate member Jim Page was named president-elect of the trade group. Page, of Sherman Furniture in Poughkeepsie, N.Y., served as treasurer for the 1996-97 term and will succeed current president Chuck Egan of Cort Furniture Rental.

Positive press/negative press

► Bill Morgenstern, founder of Rent-Way Inc., was profiled in the *Erie Morning News*. The "For Your Money" feature applauds the Pennsylvania-native's success story. Morgenstern, who started his first store at age 23 with only \$1,000, turned his business into a 193-store empire. Rent-Way Inc., reports the article, is fast closing in on Aaron Rents, the third largest company in the RTO industry. The entrepreneur largely credits his success with hiring the right people and training them well.

► A *Family Circle* article titled "Rip-off Alert" featured the rent-to-own industry in its search for "new scams." A Baltimore, MD, resident was "shocked" to learn that he paid more than \$2,300 for a television after 91 weeks of renting. What he thought were affordable weekly payments turned into a small fortune. RTO dealers, reports the article, often "lure" in customers with promises of owning items without a credit check or down payment.

The Consumer Protection Division of the Maryland Attorney General's Office says they get complaints about

the rent-to-own industry on a regular basis. Among the charges are the gross overpayment of merchandise and the forced repossession of merchandise. But the article fails to mention that all information is disclosed before the transaction takes place and customers can choose whether they want to rent or own. According to *Family Circle*, however, these consumers claim to have no idea what they're getting into when they rent-to-own.

► In a May issue of the *Union Advocate*, published in St. Paul, Minn., members of the Minnesota AFL-CIO say the new rent-to-own bill in their state is just another term for loan-sharking, allowing exorbitant "interest rates."

The Minnesota



Senate has proposed legislation to exempt rent-to-own from consumer credit sales, a move the AFL-CIO calls a vote against working families. All consumers, says the federation, deserve equal protection, even those who can only afford rent-to-own.

But a Minnesota rental dealer is taking a stand. In a recent "Counterpoint" editorial in Minneapolis' *Star Tribune*, Michael Rondinelli says critics of the industry insult the average consumer when they assume families, students and business people can't make intelligent choices when choosing rent-to-own over a retail purchase. In 1990, the Minnesota Supreme Court issued a ruling that did away with rent-to-own in the state. As a result, writes Rondinelli, residents are stuck with renting-to-rent. If thousands of other consumers have made the choice to rent-to-own, why can't Minnesotans, he argues.

RTO Enterprises Inc. acquires Rent-A-Centre Canada Inc.

On June 11, RTO Enterprises Inc. announced the purchase of Rent-A-Centre Canada Inc., which owns and operates 29 rent-to-own stores throughout Canada. For-

merly operated by Thorn Americas Inc., Rent-A-Centre has been operating for nearly 10 years in the rental-purchase industry and has annual revenues of approximately \$20 million.

RTO Enterprises is

Canada's largest rent-to-own company. The acquisition of Rent-A-Centre represents the company's commitment to expanding its business, says RTO President and CEO Gordon J. Reykdal.

RTO Enterprises will reduce costs by integrating Rent-A-Centre's head office operations into their own. Since July 31, 1996, RTO has added 78 rent-to-own stores in Canada and currently has 152 loca-

IN MEMORIAM

Bill Coleman

Bill Coleman TV and Coleman Rent To Own founder, William Patrick Coleman, 71, died of bone cancer in late August. A founding father of APRO, Coleman was active in the RTO industry, having served on the APRO board from 1987 to 1988. More important, Coleman,



with the help of State Rep. Mary Brown, almost single-handedly created the first state rental-purchase statute in his home state of Michigan. Michigan's RTO law has served as a model for other state RTO laws.

According to the *Kalamazoo Gazette*, Coleman was "an active person who loved flying, sailing and archery. He grew his rental business from a television service and repair operation he opened in the late 1950s." In 1972, he moved the television store and re-opened it as a rent-to-own business. The business grew to include 34 Coleman stores during the 1970s and 1980s, with locations throughout Michigan and Indiana.

The Coleman stores were sold to Rent-Way Inc., but Bill Coleman's son David still owns and runs a repair store in Kalamazoo.

Ron Logan

Ron Logan, executive vice president of sales and marketing for FORESIGHT Inc., died July 2, the date of his 49th birthday. As a member of the FORESIGHT team since 1994, Logan brought an extensive background in insurance and marketing to his position.



Logan graduated from Eastern Michigan University in 1971 with a Bachelor of Science Degree in business with an emphasis in marketing. He spent 16 years with Top/Creditor Resources Inc. and was regional sales director for American Bankers Insurance Group before joining FORESIGHT. Among his friends at the company were Chairman Steve Owens and CEO/President Danny

Wright. "Bringing Ron into the FORESIGHT family was a decision I viewed as not only a bonus to the company but to the rent to own industry as well," Wright says.

Logan is survived by his wife, Dixie Logan, his mother, Wanda Logan, four children and many friends, co-workers and clients.

NEWS BREAK

tions with more than 630 employees.

APRO convention attendees win vacations

General Electric Appliances announced the following lucky winners from the APRO convention of G.E.'s Vacation Celebration give-away: Cynthia Baber-Strunk, Baber's Leasing, Pascagoula, MS, and Terry Mullins, Rarick's Rental-Purchase, Ft. Wayne, IN.

Florida RTO gets a new crusader

Carol "Corkie" Warzecha, a loss prevention manager with Champion/Home Choice Rent to Own, took on the Florida Legislature this past May to challenge a statute written by the Pawn Brokers' Association. Financed by Cash America, the lobby group created Statute 539, which, among other things, sealed all pawn records. Without pawn tickets, RTO dealers have no way of proving their

merchandise has been pawned.

Warzecha, working with the Florida Law Enforcement Property Recovery Unit, went in front of the legislature to comment on the partiality of the law. It worked; the statute was rewritten to benefit the victims of property crime. This was Warzecha's first experience with lawmakers, but it won't be her last. Warzecha says she plans to continue to take on the legislature to protect the rights of the rental-purchase industry.

Alreco and Rent-Way report record growth

Alreco Inc. reported record results for the second quarter of 1997. Revenues for the three-month period ending on June 30 increased 81 percent to a total of \$26.4 million. Operating profits rose 59 percent and net earnings increased 53 percent. The second quarter performance exceeded analyst's expectations and brought revenues for the first half of 1997 to \$50.3 million.



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"We have had an excellent first half of the year and are pleased to report our seventh consecutive quarter of record revenues since our initial public offering," says Michael D. Walts, chairman and president of Alrenco Inc.

Walts says the company is especially happy with the performance of the stores Alrenco Inc. acquired in the first quarter, including the Fastway, Monterey and Atlanta groups of stores. Alrenco Inc., one of the 10 largest operators of rental-purchase stores in the country, operates 169 RTO stores in 20 states.

Pennsylvania-based Rent-Way Inc. also reported record growth for the quarter ending June 30, 1997. For the fifteenth consecutive time, the 184-store chain reported record revenues and net income. Total revenues rose 97 percent and net income increased 100 percent. Rent-Way Inc. also reported a rise in same store revenues of 7.7 percent for the three-month period.

William E. Morgenstern, president and CEO of the RTO chain, says the revenues and earnings are proof of the success of the company's acquisition strategy. "We continue to realize greater economies of scale as we expand,"

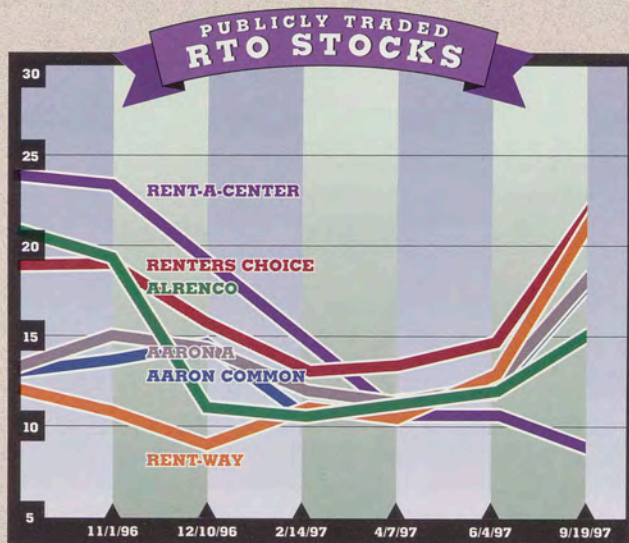
Morgenstern says. "Our acquisition strategy not only increases our size, but also looks for quality stores," he says.

In 1997 alone, the company has acquired 89 stores and on July 14, 1997, announced the acquisition of a four-store rental-purchase chain in Pennsylvania. The rental merchandise and rental agreements of R.A. Wolford Inc. were sold to Rent-Way Inc. for \$2.8 million.

Advertising tips

When planning advertising, retail and, presumably, rent-to-own dealers, are doomed to fail, says Phillip Gutsell of Gutsell & Associates in Chicago, unless they:

- ▶ Conduct research on the target market or evaluate what types of advertising are effective in the marketplace.
- ▶ Create an advertising plan or an advertising budget for the next six to 12 months.
- ▶ Make production of the advertisement(s) a priority.
- ▶ Do appropriate media buying and con-



sult with expert media buyers about what are the "best buys" for the budget.

▶ Tell salespeople about the theme of the ad(s) so that they won't be in the dark when customers come in and ask questions relating to the ad(s).

Source: Furniture Today, February 1997.

Thorn gets a new CEO

Douglas Anderson, former Rent-A-Center president and Thorn Europe CEO, was selected as the new president and CEO of Thorn Americas. The company operates the Rent-A-Center, Remco and U-Can-Rent chains of RTO stores.

Anderson began his retail/rental career in 1972 with Sage Allen & Co., a U.S. department store chain. He then moved on to Brookstone Co. before joining Thorn EMI's Rent-A-Center division in 1990. Anderson was moved to Thorn UK in 1992 and then to

the newly formed Thorn Europe in 1995. Anderson, who replaces John Isaac, was scheduled to return to the United States in August to assume his new position.

Meanwhile, Thorn divisions abroad are streamlining operations. At the recent annual meeting, Chairman Sir Colin Southgate announced Thorn UK will close 90 Radio Rentals stores as well as trim administrative functions and refocus business on the core product range. In Canada, the 29 Rent-A-Centre chain was sold in June to a larger local competitor (see related story on page 11).

Thorn also plans to withdraw its rental operations in France, the Benelux Region and Finland. However, the Business-to-Business and Crazy George ventures will not be affected in these regions. Finally, Thorn is working on longer-term opportunities, including product extensions and developing flexible credit propositions.



Once again, the APRO staff succeeded in producing an exciting, informative and well-run convention. The quality of the show stands as but one testament to the quality of people in the APRO office. APRO members are fortunate to have such a staff and I, for one, am thankful.

Each new president of APRO wants to make his or her contribution—something to add to the success of past achievements. I am no different. Along with the great honor that resides in this office also abides an awesome responsibility. This industry that has been so good to many of us

any of the APRO board of directors. We welcome your input and look forward to hearing from you.

As members of APRO, we are part of a very well-run, financially sound organiza-

tion that has succeeded in providing most of us a relatively safe and fair environment in which to do business. During these past few years, our industry has accomplished much at both the state and federal levels, but the task is not over. There

are those who believe that we, as rental dealers, should do what we do for free. Although our detractors are well-meaning, they do not share the com-

mon sense of the real world. Our task of informing and educating the “real-world people” will be an ongoing effort. I, for one, don’t think our task of educating will ever be finished.

We must maintain our vigilance at both the state and national levels. We must be ready to react to the negatives we face and also be ready to take advantage of situations that will allow us to secure a more fair and equitable marketplace in which to do business.

By all standards, we are a small industry. Therefore, our Association needs the involvement of all its members. Whether you operate one store or run the largest RTO company in the land, APRO can and does provide valuable services for each. Class envy has no place in our organization. We all must be willing to pull together for the good of the entire industry.

This much I know: There is nothing we cannot accomplish if we are united in improving communication and cooperation. We owe it to ourselves as well as fellow members to utilize our energies to the fullest in order to remain the winners we have become. ■

Darrell Tissot is owner of Countryside Rentals, based in Bainbridge, OH.

“This year, I would like to make it my priority to improve member communication. Each member is entitled to know what is happening in this Association. To accomplish this goal, I need your help.”

Let's talk communications

faces and will continue to face both wonderful opportunities and great challenges. As APRO deals with these challenges and opportunities, not all of us will agree—members as well as within the board itself—on the directions or methods taken to address these demands.

I am aware there have been times that some APRO members may have felt out of the loop. I can assure you that almost without exception neither the board nor the staff has intentionally done this. This year, I would like to make it my priority to improve member communication. Each member is entitled to know what is happening in this Association.

To accomplish this goal, I need your help. Please feel free to contact me personally with any suggestions, questions or comments you may have concerning APRO’s direction or action. The board and the staff need to know what members think and what they expect. However, we will never know what your concerns are unless you tell us. I cannot guarantee to agree with you, nor will I guarantee that any one person will get what he or she

wants, but I will assure you an answer and an open discussion resulting in informed results. You may contact me by phone at 614/634-2666, by fax at 614/634-2667 or by mail at Countryside Rentals, 210 South Quarry St., Bainbridge, OH 45612. You may also call the APRO office or



By DARRELL TISSOT
APRO's President

Powell Builds the Safest Bunk Beds



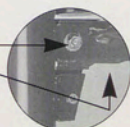
1 2" diameter heavy gauge metal tubing on all metal bunk beds and solid wood posts on Pine and Iron bunk beds

2 Electrostatic powder finishes . . . all lead free, non-toxic, and virtually chip-proof

3 Full heavy duty welds on end panels and guardrails maximizes bonding of components

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5 Welded independent side bracket and a doubler plate for extra strength



6 Sturdy welded metal slat system for mattress support features the heaviest gauge mattress side rails in the industry!

7 Standard twin, dual, and futon metal bunk beds have ladder permanently incorporated into end panel

8 Full length guardrails

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The convention is over and it's now time to get back to business. It's hard to believe that this was my ninth convention as your executive director. By all accounts, this was the best convention and trade show in APRO history. Everyone who attended learned much, networked and had fun. For those who were unable to attend, you must make plans to attend next year's show in Orlando. I promise you it will be an important show.

I want to thank Bill White for giving himself so unselfishly as your president for the past two years. I also want to thank Rich Bartel and Wayne

the dedication of efforts by the Association has resulted in the degree of success we enjoy today.

We get calls every day at the APRO office from members. However, I want every member to give us a call when they need assistance with anything pertaining to the industry. I have heard countless times that APRO is the most responsive association from people who routinely deal with trade associations. Most everyone who calls gets assistance. If we can't help, we probably know someone who can help. I believe APRO is one of the most "user-friendly" associations anywhere.

But we can't help unless you ask. Call us! We will help if we can. That's what our jobs are all about.

Call me for general questions. Ed Winn can answer your legal questions. Carolyn Fitzsimmons will help out with any member benefit questions you might have. Richard May will talk with you about public relations and APRO's image campaign. Ron Waters is our government affairs director and will help with any legislative issues. Shelley Martinek takes care of all convention and meeting issues, including seminars and speakers. Julie Sherrier is our communications director and works on communications issues as well as public relations issues. Cindy Ganther handles our advertising in our publications.

We have consultants on the payroll to help with public relations issues, government relations issues, wage and hour issues. We have experts on industry tax issues. We are also starting a human resources group as this has become a more important issue with our industry.

The fact is, if you call the APRO office often, you will find the benefits of membership far outweigh the cost. You won't benefit from our services unless you ask.

What I'm asking you to do is to call our office and ask if we have any information that you might need. I bet you can receive more information than you pay in membership to the Association. That, after all, is the reason APRO exists. To help its members.

Use us, its O.K. ■

.....
 "If you call the APRO office often, you will find the benefits of membership far outweigh the cost. You won't benefit from our services unless you ask."

User-friendly is our goal

Sutton, our past secretary and treasurer. These two gentlemen have also given much to the industry and have now left the executive committee as officers. But we will still benefit from Bill, Rich and Wayne's experience, for they remain on the APRO Board of Directors.

I am looking forward to working with our new president, Darrell Tissot. Darrell brings considerable experience to the table and will contribute a lot to all of us as this year's president. Ernie Lewallen, with all his energy, is our first vice president. Both Darrell and Ernie served on the executive committee this past year and will do so again this year. New to the executive committee are Ron DeMoss as second vice president, David P. David as secretary and Gary McDougal as treasurer. Once again, we are all fortunate to have people of this caliber leading our Association.

Upon returning to the APRO office, I received a letter from a new member who I think is special and will serve to make a good point to those of you who do not currently utilize all that APRO has to offer. This member opened his first store in 1995 and says one of the first checks he wrote was to APRO for membership. He said he's proud to be a member of APRO because he has solicited and received support from APRO that has benefited his business. He is proud of the professionalism displayed at the convention and



By BILL KEESE
 APRO's Executive Director



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The convention this year was a peculiar admixture of the sublime and profane for me. The mood among rental dealers was decidedly upbeat. Business has been good. The easy credit spigot seems to have been closed down a turn or two. Industry public relations, albeit in its infancy, may be having some ameliorative effect on how the business is viewed by mainstream consumers. In any case, business values remain high as the public companies continue to vie for acquisitions.

Whether or not rental dealers can or want to sell, it always makes them feel good to know that

Such talk inevitably turns to collections before the night's end. It's the beast in the business. It is, after all, where the stories come from. One dealer at one such gathering was heard to brag that when he had to leave his customer's house without his television, he grabbed a tricycle off the porch to hold it ransom for his unit. Some young kid woke up the next morning looking for

"I would like to live long enough to see an industry where bragging about repugnant retaliatory conduct is soundly condemned and rental dealers are too ashamed to save up their best examples of childish behavior."

his tricycle and could not find it. I wonder if the daddy told his son that the TV man stole it. And we

wonder why this industry has a bad reputation.

I guess in the rosy glow of all the good news I was hearing, it brought me up short to hear this. I should not have been surprised. I have been around long enough to know that customers' front porches can be the site of white-hot emotions. No, that it happened should not have surprised me. What both surprised and depressed me was that some SOB rental dealer had to come to the convention to brag about it.

I do not expect to live long enough to see an industry dealing with the American public on a weekly basis not have some egregious missteps from time to time, especially on the collections end. It's human nature to get peeved when someone steals your television. I would, however, like to live long enough to see an industry where bragging about repugnant retaliatory conduct is roundly condemned and rental dealers are too ashamed to save up their best examples of childish behavior to share at the next get-together with their peers. ■

Ed Winn III is APRO's general counsel.

Good news and bad behavior

they own something highly valued in the marketplace. Public company analysts, incidentally, predict another 12 to 24 months of aggressive purchasing with as many as 1,000 to 2,000 privately held stores going to the public companies. The convention round table moderator, Carter Schelling, looking at the industry from the outside, encouraged smaller dealers to open a few more stores, grow them to profitability and then sell to the big guys. All in all, rental dealers heard encouraging words about their business.

Headiest of all, of course, was Wayne Huizenga—surely the entrepreneur's entrepreneur. He is not a computer wizard and, instead, made his billions renting things to people: movies, garbage pick-up services, stadium seats during games and, most recently, hotel rooms for the night. Nothing beyond the reach of rental dealers. He has done what rental dealers do on a grand scale. It was inspirational for rental dealers to hear him and especially to hear him pay his respects to the importance of luck and timing to an enterprise—something we all know about business, but something a lot of hyperinflated egos cannot acknowledge.

But then, I did not escape Las Vegas without a sobering visit to the other side of the world as is the case at conventions. Rental dealers were sitting around over drinks talking about the business, especially the things that stick in their craw.



By ED WINN III
APRO's General Counsel

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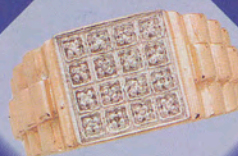
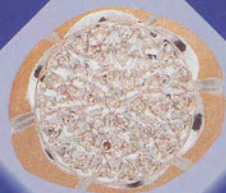
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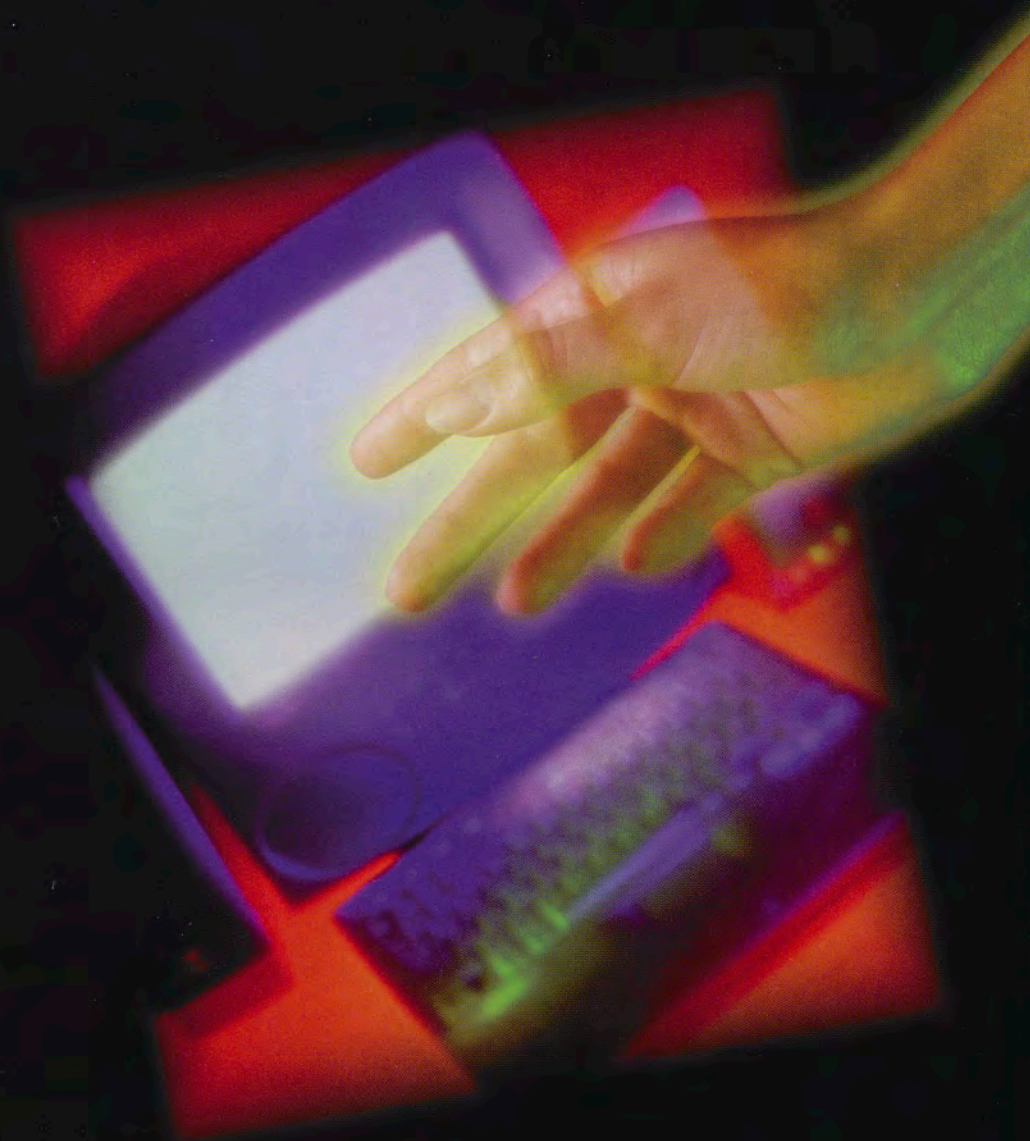
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A NEW TAX LAW FOR RTO

Relief!

Tax relief for rental-purchase taxpayers is in order with the recent passage of the Taxpayer Relief Act of 1997. The Act carves out "qualified rent-to-own property" and places it in the three-year property category under MACRS. It goes on to give such property a four-year class

life for the alternate minimum tax calculation. In addition, the law also defines a typical rental-purchase transaction as a lease for tax purposes for the first time. ✂ This landmark legislation for the rental-purchase industry marks the first time Congress has recognized rental-purchase transactions for what they really are. The Federal Reserve Board had done it in Reg. Z. The IRS had done it in

a Revenue Procedure, but those agencies remained subject to a change of the bureaucratic mind or Congressional override—until now.

The Taxpayer Relief Act of 1997 cuts out some red tape for rental-purchase dealers by cutting to the chase on the definition of the RTO transaction.

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The 1997 law brings clarity to an area that has been cloudy since at least 1986. The industry's treatment of property held for rental-purchase in rental company tax returns has not been consistent over the years. At various times, rental dealers have used five-year MACRS, income forecasting, both fixed denominator and floating denominator, various straight-line methods, amortization as a part of cost of goods sold and other methods to account for the wear and tear on rental merchandise during the life of that merchandise in the store.

The IRS approved and then disapproved how rental dealers depreciated their rental property on an inconsistent, ad hoc, basis. In the early 1990s, the IRS appeared to have adopted the position that

no depreciation method was proper since the transaction was really a conditional sale for tax purposes. The IRS let go of this "unofficial" position in 1995 when it issued Revenue Procedure 95-38, declaring the transaction to be a lease and not a sale for tax purposes.

The IRS attempted to answer the question of how to depreciate rental property properly by simultaneously issuing Revenue Ruling 95-52, which declared that five-

year MACRS was the only proper depreciation method for rental-purchase property. The Revenue Ruling might have ended debate on the matter, but then the U.S. 10th Circuit Court of Appeals held that income forecasting was a perfectly acceptable depreciation method for rental-purchase property and, indeed, for all kinds of personal property under certain circumstances in the case of *ABC Rentals of San Antonio Inc. vs. Commissioner*.

Even before the ruling in ABC, rental dealers were unhappy with the requirements of five-year MACRS because it unfairly distorts a rental company's expenses by requiring a five-year depreciation schedule for property that only lasts for two years, three at the most.

The tax policy wonks in Washington finally figured this out when they read an article in *Forbes* magazine highlighting the 10th Circuit decision and inviting whole industries to start using income forecasting as a means of getting faster depreciation than was available under MACRS.

The impetus for the language in section 1086 of

the new law came from the joint tax committee staff and initially was added to close the income forecasting "loophole" opened by the Circuit Court's ruling. The same section of the law that recognizes rent-to-own property clarifies that income forecasting is not an acceptable depreciation method for tangible personal property and is available only for certain kinds of intangible property—copyrights, books, patents and other intangible property that historically had been depreciated by using income forecasting.

The new law should help a rental dealer's cash flow, especially if the company previously had been using five-year MACRS. The joint tax committee estimated a revenue loss to the government of \$97 million over five years.

The difference in the first year between the 20 percent of cost allowable under five-year MACRS and the 33 percent of cost allowable under three-year MACRS could mean a first year tax savings of \$7,000 to \$9,000 for an average store purchasing \$150,000 of new merchandise during the year.

Anecdotal reports from dealers who are still using income forecasting indicate that converting to three-year MACRS will not materially change amounts taken for depreciation. Rental dealers subject to the alternate minimum tax may save even more since the alternate minimum life for rental-purchase property has been moved from nine years to four years.

Rental dealers will need to examine carefully the eight-part definition of a "rent-to-own contract" to determine that their method of doing business is covered. The definition covers typical rental-purchase transactions in the marketplace today and limits coverage to transactions lasting less than 36 months and with a total rental-purchase price of less than \$10,000 per item.

A rental dealer's keep rate could be an issue since the new law only applies "if a substantial portion of the rent-to-own contracts terminate and the property is returned..." In order to qualify under the new law, the property must be "of a type generally used within the home for personal use." While most merchandise offered by rental dealers fits this definition, cellular telephones, for example, are normally intended to be used outside the home.

The new law is effective for all property placed in service after August 5, 1997.

A number of issues remain concerning the new law and a number of new issues will doubtless arise before next March when 1997 taxes for most rental dealers are due. The Association intends to work with industry tax professionals and the IRS as well to resolve as many of these issues as possible. ■

Ed Winn III is APRO's legal counsel.

The new law should help a rental dealer's cash flow, especially if the company previously had been using five-year MACRS. The joint tax committee estimated a revenue loss to the government of \$97 million over five years.



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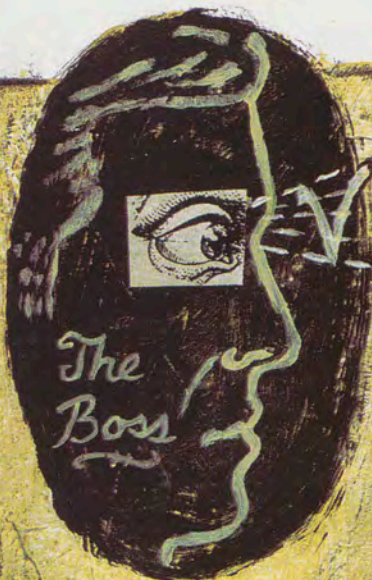
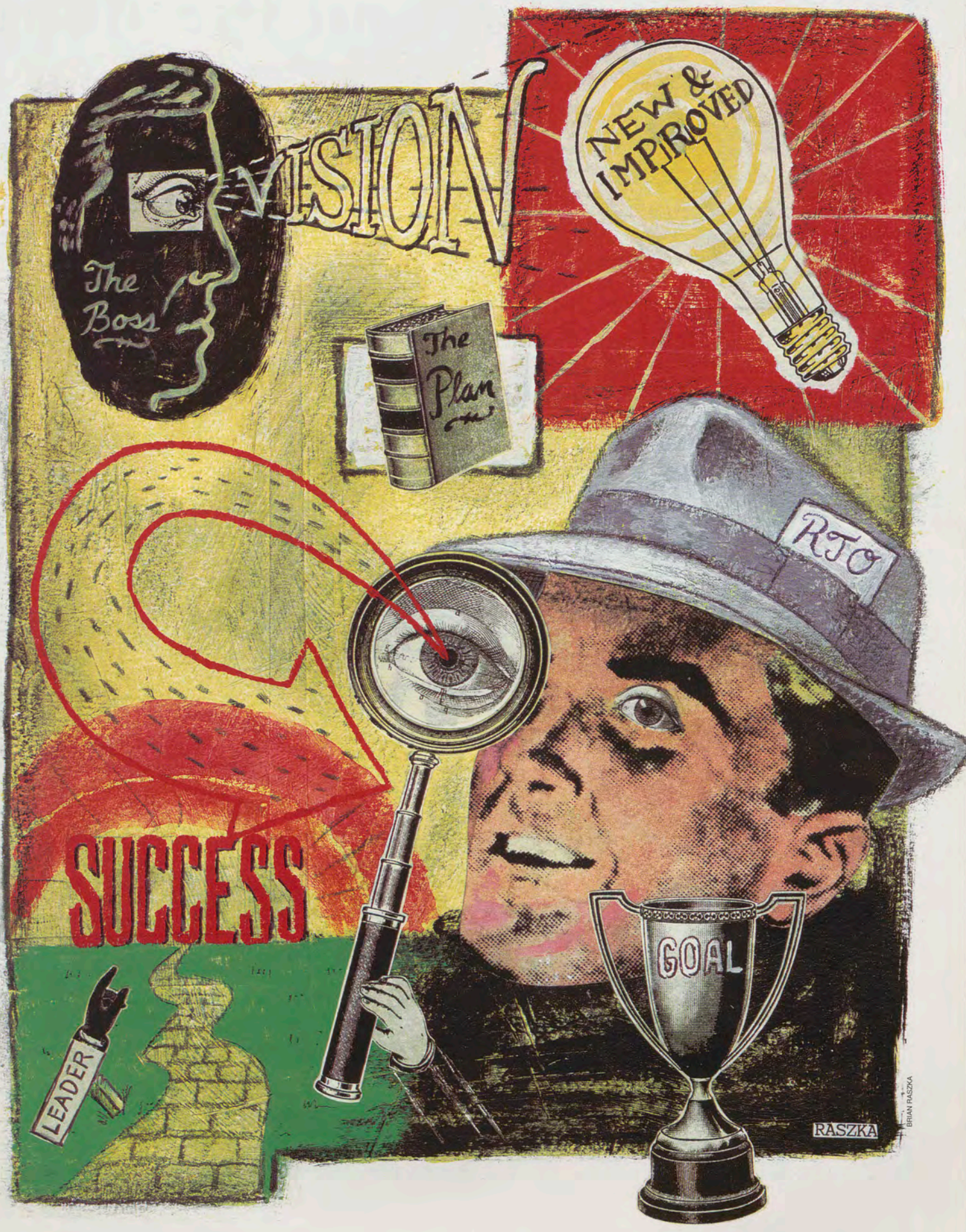
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CAN RTO REALLY GO UPTOWN?

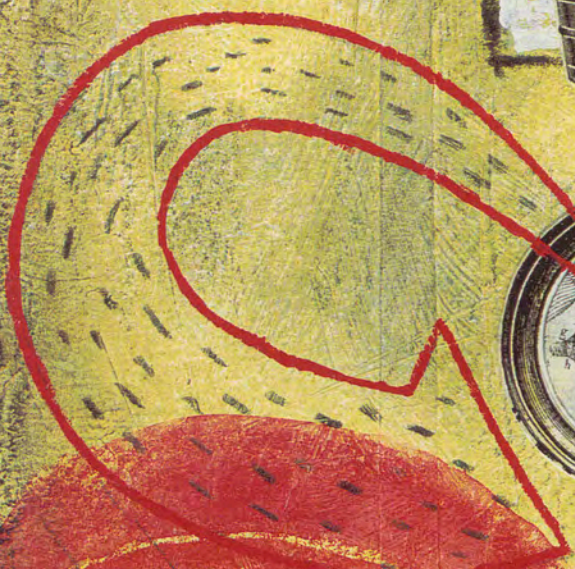


**BUD HOLLADAY PONDERES
THE DIFFICULTIES THAT
COME WITH IMPROVING
THE INDUSTRY'S IMAGE.
ARE WE REALLY CHANGING
FOR THE BETTER~OR ARE
WE SIMPLY BOTTLING
THE SAME OL' SAUCE IN A
BRAND-NEW BOTTLE?**

What amazes me about the fast-food business is the investment and planning that must be required to get just one McDonald's or Burger King up and running. Calculate the cost of all the construction, management and marketing required before a frozen patty ever hits the grill and the tab can easily run to more than a million dollars. And the planning never stops. It is an opening week tradition for most fast-food outfits that for at least a few days, a dozen or so corporate suits come in and don paper hats, flip burgers and listen to the "Heartbeat of America," if not the heartburn. Then they fly back to headquarters and append for the next few weeks, designing new Happy Meals, fry baskets and color schemes for the next hundred units going up in Thailand or Dayton or the Dry Tortugas.



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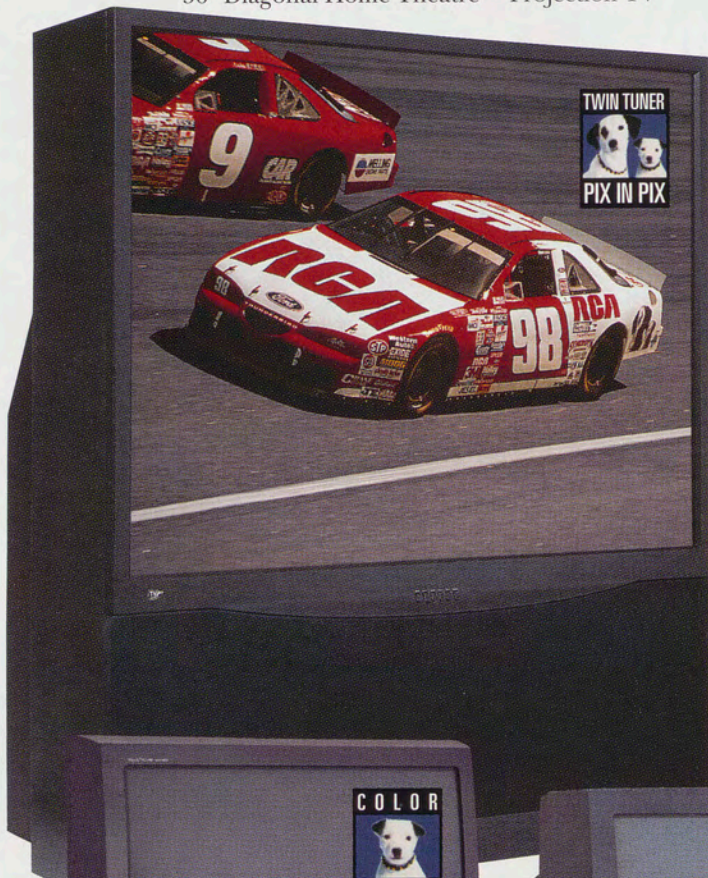


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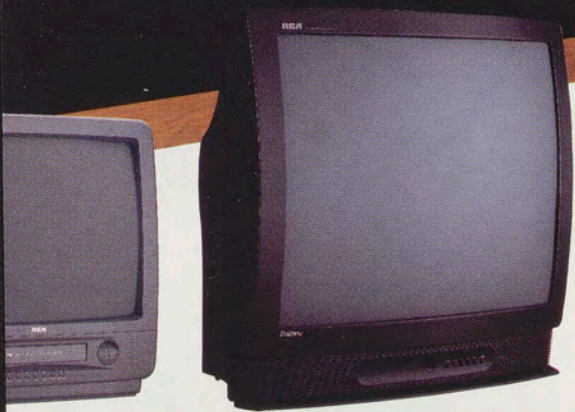


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bout once every two years, the same guys introduce one or two new menu items amid the kind of hoopla formerly seen only in Detroit at new car time. Of course, the product really doesn't change; they just dress it up in a new bun or slather on a new sauce or come up with a bigger nugget.

The same kind of taste-testing is now going on in our own industry. Some very knowledgeable experts have determined that the advertising dollars we spend so freely actually do little more than confuse the casual viewer and irritate the very people we are trying to attract.

And some of us are wrestling with the notion that maybe we ought to take this rental-purchase deal uptown; dress it up, broaden our market appeal and just possibly improve our margins along the way. If we come out of it cleaner, brighter and smelling fresher, so much the better. No more nasty newspaper exposés, no more stinging accusations, no more consumer complaints. No more problems.

My fear is that all this will lead to nothing more than new sauce, new buns or new chicken. None of which is the same as new ideas or new direction. If we really wanted anything more substantial, we would have developed it by now. We know what sells; we know what we like.

SOMEBODY PULL THE TRIGGER

Rental dealers who believe a slicker message delivered in a prettier package will somehow transform their businesses stand to be sorely disappointed. Most of the ills that befall rental companies cannot be prevented or even addressed by a change in advertising or pricing or contractual language. Somebody has to pull the trigger.

Somebody at or near the top of the organization has to have the guts, foresight and sheer dominant will to decide what the company will look like two, five, ten years from now. That same person—or maybe a group of them—has to swear a blood oath that the company will conduct its business according to plan. That plan will reward only those activities or behavior that help advance the company in the pursuit of its goals while severely restricting any that do not.

Somebody in authority has to ensure that

the company will be relentless in pursuit of its goals but will—at all times, at every location—act honorably and tolerate nothing less than honorable behavior from its employees. If some of its customers engage in dishonorable behavior, the company can either terminate their accounts or simply behave honorably toward dishonorable people. In this business, imitation is not the sincerest or even the nicest form of flattery.

Finally, every memo, letter and directive sent to field personnel must contain the message. It can't be diluted when collections slip and it can't be rewritten when deliveries drop off. It cannot be set aside if some key person happens to leave the company. Anything less than all this is not a commitment, but a concern. Concerns turn into commitments when organization, concentration, resources and effort are focused on them to achieve a specific outcome. How far down into the organization does this commitment go? Walk into any rental store that's been struggling lately and you will know the answer.

UNFOCUSED MANAGEMENT

Ownership wants to create big margins in order to buy cheaper goods and price them higher while profit-conscious middle managers fail to invest in the service and upkeep required to keep such goods rentable. Meanwhile, the marketing and advertising people are trying to sell the public on this unpalatable deal with a 2 percent budget while the big boys down the street spend 4 percent, 6 percent or 8 percent. Nobody ever figures out that's why they are the big boys.

Home-office types who last saw a real rental customer when Ronald Reagan was in the White House continue to believe only they know what kind of merchandise will move and if the folks who are paid to move it, collect it and fix it don't like it, they can lump it. New products never make the showroom floor until the other guys (the big boys down the street) have swamped the market with them. Making margins on leftovers is tough.

Store managers don't get paid to increase the store's business, but get pounded when they don't fill out the paperwork right, so they quickly get on the right track and leave the selling to somebody else. Consequently, home-office processes lots of paperwork, which in turn allows them to predict with some degree of certainty the month in which the company will go out of business. They are rarely wrong, but nobody asks, so it doesn't matter.

When the whole mess shows signs of implosion, ownership brings in somebody who once knew somebody who used to work for a big company and they emulate what those folks did back in 1987. Each store is properly stocked with motivational tapes, training books and empowerment manuals and a consultant goes around to see who wants to be a tree and what kind of tree that might be (after about a week he deduces that everybody wants to be a giant redwood, still standing around after 200 years).

Sooner or later, the company gets sued either by a disgruntled former employee or a disgruntled customer, sometimes by both. Then all the policies go out the window and a new book of rules is written. Because nobody wants to be sued again, the new set includes a preventative action for every problem that might ever arise. This guarantees that nothing much will get done in collections and no bad workers will ever be cut.

When the machine is thudding along nicely and generating meager cash flows with enough profit to forestall serious inquiries from

the bank, ownership decides it's a good time to expand. Take the concept nationwide or at least into the next county. The other stores operating at 85 percent capacity now are reduced to 75 percent as their best workers and most of the good materials go to the new store where the company will lose money and generate negative cash flow for roughly six months. After six months, the new store is up to 85 percent capacity and attention is turned back to those now doing 75 percent in the original group. The company vows to slow down expansion plans until the economy improves.

If all this sounds like the story of a company you know, look around. Others can tell the same tale. It is the result of wavering commitment, unfocused efforts and misdirected resources. Unless ownership lays out the path to success, it cannot demand total adherence to procedures. Procedures become whatever works on a particular day. There can be no allegiance to the plan because the plan changes weekly. And then somebody wakes one morning thinking we've got it all wrong. This business has to change because it just isn't working anymore. It isn't what it used to be. *What is?*

I distrust decisions that are arrived at after much soul-searching and self-flagellation. The process is so painful and takes so much effort that the payoff has to be big. "Keep on keeping on" doesn't cut it.



SOMEBODY AT OR NEAR THE TOP OF THE ORGANIZATION HAS TO HAVE THE GUTS, FORESIGHT AND SHEER DOMINANT WILL TO DECIDE WHAT THE COMPANY WILL LOOK LIKE TWO, FIVE, TEN YEARS FROM NOW.

It doesn't matter whether 10 or 110 companies decide to switch to a 12-month rental program. It wouldn't make any difference if 50 independent rental dealers in one part of the country decided to eliminate price advertising, stop all giveaway promotions and rent only 18th-century antique reproductions. There is plenty of room in the industry for variations on the theme so long as there are customers to go along with it. What is vital to the debate is whether these dealers can stay in business and compete far into the future without changing much more than the things already discussed here.

STAMPING OUT GROWTH

Since 1980, rental dealers have spent an enormous amount of money lobbying state and federal officials to take actions that would encourage growth in the rental-purchase industry. Meanwhile, our own marketing, operations and management teams have gone around stamping out growth at every turn when it threatened empires, encroached on comfort zones or caused more work and worry than some thought it was worth. Most of us were loathe to invest anything at all in changing that.

The rental industry very well may morph into something more widely accepted than it is now (when less than 5 percent of American homes use our service). But I am not convinced that we are doing justice to the current program. If most of our problems are of our own making, as many reasonable people have observed, how can we be qualified to effect change and take our business to Main Street and into more households?

TAKE A NEW LOOK

The first step in reinventing the rental business is figuring out what's wrong with it in its present form. If we have caused the problem, not the market or the manufacturer or the regulator, then it can be a stretch to suggest that any cure can safely be left up to us as well. If the coyote is killing the chickens, you don't change the chickens, you change the coyote.

The most obvious answer to virtually every problem suffered by our industry has yet to be seriously discussed: Just drop the ownership talk altogether and go to a straight rental program. No questions about what business you are in then or who your target customer is. Of course, then the real problem is the cost of convincing millions of consumers that ownership of certain commodities doesn't make sense anymore if the maintenance fee is affordable and can be justified by the benefits.

The car industry has managed to change an entire generation's focus from buying-owning a new car to leasing-driving a new car. And although more than a few leasing companies have come under attack for misleading practices, the ones planning to stick around have fixed their problems. Nobody advertises car prices anymore, but lease payments are everywhere. Can leasing a car be that far removed emotionally from leasing a washing machine, home theaters or a computer system? I think not. The car guys are just doing a better job of selling their deal.

If everybody leased and nobody did "rental-purchase," it could lead to a resurgence in the kind of "credit houses" rental stores largely put out of business over the past 15 years. It could lead to any number of new problems, but I can't imagine any of those being much worse than some we have already faced and still do. One thing for sure, the 50 percent of inventory purchases currently allocated to replacing goods gone to term every year would create substantial revenue growth in a straight rental company. I can't find much wrong with that. ■

Bud Holladay is COO of Alrenco and a frequent contributor to Progressive Rentals.

RENTAL-
PURCHASE

Jewelry



MANY RTO DEALERS
ARE REDISCOVERING
THAT WHEN IT COMES TO
JEWELS AND PROFITS,
THE SKY'S THE LIMIT!

BY JESSICA SCHNEIDER

In the rental-purchase market, jewelry seems to be making a comeback—a full-fledged, flash-for-cash, trend-setting revival—proving time and again that it can increase profits for a low cost. It's had its ups and downs, flourishing in the '80s and hitting a bust in the early '90s, but recently there has been a steady resurgence. While jewelry vendors rattle off benefits, rental dealers are realizing their customers have come to expect jewelry cases in their stores.”





obby Tyson of the Jerry Bogo Co. says his jewelry company has noticed a significant rise in sales every year since being introduced to the RTO industry 10 years ago. "I not only think RTO dealers are becoming more willing to carry jewelry, but they have also found it a very profitable item and

realize if they don't carry jewelry their customers will go somewhere else," Tyson says.

Many jewelry companies say RTO sales make up over a third of their business and some reported even higher percentages. Tyson says this is due to the large market RTO offers the jewelry industry. Tom Murphy of Continental Jewelry Express says another reason jewelry companies like RTO is because of the loyalty factor. RTO dealers are slow to make a change, he says, and if a vendor can make good on his promises, dealers will stick with them.

Ron Rockvam, owner of Curtis Mathes in Ft. Collins, CO, explored the jewelry option two years ago because he was looking for another product category for customers. Since then, jewelry has made up almost 10 percent of his company's BOR. Rockvam's company is the only rent-to-own store in his area that carries jewelry. Rockvam likes the statement that makes to potential customers.

"Someone coming into our store sees that we have a commitment to take care of a variety of different needs for our customers," Rockvam says. "We are not just going after the mainstream product that everyone else has. We're offering customers items that other dealers don't want to hassle with," he says.

WHY RTO LOVES JEWELRY

"Even though furniture is the core of our business, jewelry is a nice addition to our product mix," says Brenda Buck, assistant to the vice president at Wilson Enterprises of Maine Inc. "If customers are having problems buying furniture and appliances and electronics in the retail market, they're probably running into the same thing for fine jewelry. We offer another avenue for customers to get the quality products they're looking for," says Buck.

While dealers know that jewelry won't send their profits through the roof, they realize that carrying jewelry is a good way to emphasize variety. Buck says her company could survive without its jewelry line, but having it offers another opportunity for

growth. If a company is serious about growth, Buck says, it should explore every option.

And as an option, jewelry comes with few strings attached. It carries no service expense, either from the manufacturer or from the RTO dealer. Malfunctions are rare and most jewelry companies offer lifetime warranties on their products. Also, jewelry is easy to advertise, since most dealers have found that jewelry goes through boom cycles.

Carolyn Pastore, in charge of purchasing at Johnson & Stanley Corp. dba Colortyme, says jewelry appeals to female clientele. Rockvam found that jewelry gets popular around major holidays and in May and June. "Jewelry is far and away the most cyclical product category we have," he says. "We advertise the jewelry knowing the times of year people will be interested in it. We've found that we can advertise jewelry all we want in July and August and it won't do much for our business. Customers just aren't interested in jewelry during that time of year."

Jewelry also has a very high keep rate. Rockvam says for his store, the jewelry keep rate is second only to appliances. When and if the jewelry is returned, it can easily be cleaned and re-rented for the same price. For this reason, it is said to appreciate in value, making it an excellent investment.

WHAT VENDORS CAN OFFER

Rich Anderson, vice president of the rent-to-own division at Fashion Craft Corp., knows dealers are concerned with the overhead involved in jewelry rentals. In response, his company came up with a complete sample program. "We sell dealers sample jewelry, sterling silver with gold plating and cubic zirconias, so they can set up their display for maybe a tenth of what it would cost to put in the real thing," Anderson says. "When customers pick out the pieces they want, we ship them the real rings. Instead of having \$30,000 worth of rental jewelry, which is a tremendous overhead, they only have a couple thousand dollars' worth of samples."

The RTO industry is headed toward sample programs because not only is it expensive to keep real jewelry in the store, but it also leads to other problems, such as theft, according to Anderson.

Anderson says that there are only two or three jewelry companies that are serious about doing sample programs because it's quite an investment to get the sample pieces manufactured. But since Fashion Craft and other companies introduced the sample option, Anderson says there has been a resurgence of jewelry in RTO. "Since the sample program has come out, it's unusual to find a rental store without jewelry," he says. "And the majority of those stores use a sample program. It's the only way it really makes sense."

Other vendors, however, say a live display is more profitable.

Selection is key, says Tom Murphy of Continental Jewelry Express, and his company promises sales will double with an all-live display. Murphy says a live-deliverable display is able to pull in so much money because of the impulse factor associated with RTO. "The rental industry is based on two things," Murphy says. "Impulse and the law of averages and percentages. Impulse is a customer who wants a ring and wants it now. That's why a live showcase with a live product should double the sales of the cubic zirconia program."

Southern Rings owner Bill Johnson also offers live and sample programs. Before doing business, Johnson tries to find out the rental dealer's goal. "My approach is to find out the volume the dealer is trying to achieve by renting jewelry," Johnson says. "Is he looking for a new product to develop into a department, or is he into it because a competitor is renting jewelry? If that's the case, then a sample program is what he needs. But a sample program will not get the same results as a gold program." Those who go with sample programs know less about the product than those with live programs, Johnson says. And sample programs have one more major downfall. In Johnson's experience, dealers with sample programs are less willing to change their lines and incorporate new styles. The inability to offer the latest designs hurts sales.

THE MYTHS AND OBSTACLES

Dealers who decide to incorporate jewelry into their showroom are faced with bigger decisions than simply which kind of display to carry. Jewelry is still a fairly new item for the RTO industry, and there are many myths that come with renting jewelry. Dealers who have decided to take the plunge have found that the myths are just that—what's real are the obstacles.

"I still think there's a climate out there about the rental industry, period," says Brenda Buck of Wilson Enterprises of Maine Inc. "Jewelry is just another way for people to voice their opinion that it's a little uncouth to go this way to get quality products," she says. Wilson Enterprises has found that education is critical. "A big part of what we do every day is educate every type of customer," Buck says. "We're working real hard to show people that RTO is a viable option."

Southern Rings' Johnson says dealers are scared of jewelry and

think it's difficult to get to know the product. Many dealers, says Johnson, stock some of the lowest quality goods available. "Instead of insisting on the best products, they're just taking what they're getting," Johnson says. "Quality is not a concern for most dealers and that's caused by a fear of the product." Once dealers learn about the product, however, Johnson notices a change. "We find rental dealers will do better when they allow us to come in and educate their salespeople," he says.



"I NOT ONLY THINK RTO DEALERS ARE BECOMING MORE WILLING TO CARRY JEWELRY, BUT THEY HAVE ALSO FOUND IT A VERY PROFITABLE ITEM AND REALIZE IF THEY DON'T CARRY JEWELRY, THEIR CUSTOMERS WILL GO SOMEWHERE ELSE."



Anderson agrees that a big problem is training. Most salespeople don't have a problem giving a VCR demo or explaining the ins and outs of a recliner, but when it comes to jewelry, they get a little timid. Teaching salespeople how to sell jewelry is a challenge vendors and rental dealers face, says Anderson.

Another obstacle is securing the product. Jewelry requires tightened security, especially if dealers elect to incorporate live jewelry in their displays. And one of the oldest myths about jewelry is its potential for a high skip rate.

"Dealers don't want to carry it because it is small and perceived to be very expensive," says Tyson of Jerry Bogo Co. "But there are TVs and VCRs that cost as much as a piece of jewelry and they go out on rent everyday. I think over time this myth has slowly faded and jewelry is now very acceptable," he says.

Lisa Moore, an RTO coordinator with T&S Import Co. Inc., deals with the myth about the quality of jewelry in RTO stores. Many customers are worried that the gold will turn or that the stones aren't the highest quality. Moore says that myth is perpetuated by jewelers who claim rent-

to-own jewelry isn't as good as vendors say it is. To allay doubt, her jewelry company offers certificates of authenticity and appraisals for each piece of jewelry and will stand behind every product.

With the revival on its way, more and more dealers are faced with the question of what to do. The options are overwhelming and the vendors are ready to make a deal. Watches or rings, live or sample—these questions are merely details. If the question is should you have them, the answer seems to be you can't afford not to. ■

Jessica Schneider is a free-lance writer living in Aspen, Colorado.

Read to learn rent-to-own

ABOUT

Progressive Rentals is the leading trade publication for the rental-purchase industry in the nation. Published six times a year by the Association of Progressive Rental Organizations, *Progressive Rentals* features late-breaking news, feature stories, legislative victories, business profiles and new product information as it relates to this fast-growing industry—the rental-purchase industry.

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Who's Who in

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 404/636-6143; fax 404/320-1490

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 CONTACT: David DiMaria
 P.O. Box 6400
 Rapid City, SD 57709-3752
 800/874-9926; fax 605/394-3752

JERRY BOGO CO. +^
 CONTACT: Robby Tyson
 P.O. Box 23227
 Chattanooga, TN 37422-3227
 423/894-4480; fax 423/894-5122

CONTINENTAL JEWELRY EXPRESS *+^
 CONTACT: Tom Murphy
 4427 W. Kennedy Blvd., Ste. 300
 Tampa, FL 33609
 800/282-5182; fax 800/228-8014

DG JEWELRY OF CANADA ^
 CONTACT: Drew Bricker
 1001 Petrolia Rd.
 North York, Ontario,
 Canada M3J 2X7
 800/345-9579, 416/665-8844;
 fax 416/665-4986

DMC INC. ^
 CONTACT: David Burdick
 1600 Promenade Center
 Tower, #830
 Richardson, TX 75080-5450
 972/231-5996; fax 972/231-9469

FASHION CRAFT JEWELRY *+^
 CONTACT: Rich Anderson
 1824 Johns Dr.
 Glenview, IL 60025-1657
 800/877-7907; fax 847/998-0283

ORO INTERNATIONAL INC. ^
 CONTACT: Matthew Straus
 5 N. Wabash Ave., Ste. 1503
 Chicago, IL 60602-4711
 312/641-0091; fax 312/641-5480

SOUTHERN RINGS *+^
 CONTACT: William T. Johnson
 3828 Veterans Blvd., Ste. 201
 Metairie, LA 70002
 800/826-8812; fax 504/455-6550

T&S IMPORT CO. INC. ^
 CONTACT: Lisa Moore
 1302 Huntsville Hwy.
 P.O. Box 1079
 Fayetteville, TN 37334-3604
 800/523-5224; fax 800/804-7303

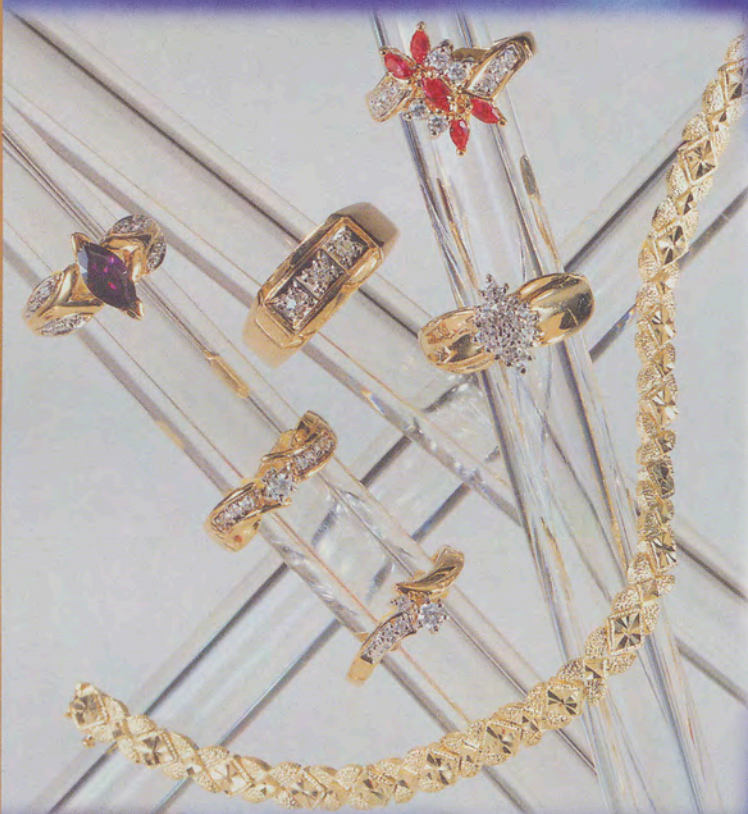
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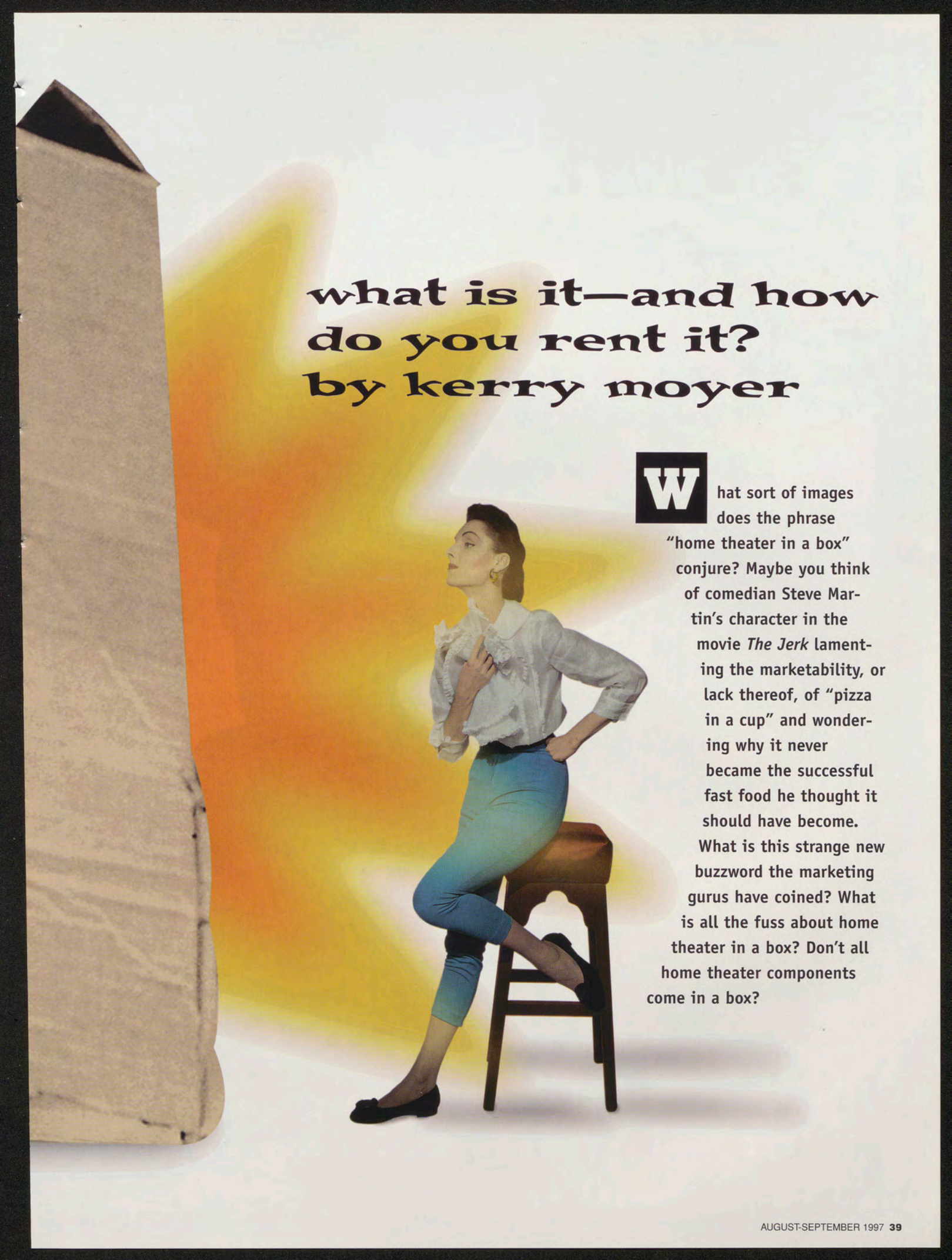
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**HOME
THEATER
IN
A
BOX**



**what is it—and how
do you rent it?
by kerry moyer**

W

hat sort of images does the phrase “home theater in a box” conjure? Maybe you think of comedian Steve Martin’s character in the movie *The Jerk* lamenting the marketability, or lack thereof, of “pizza in a cup” and wondering why it never became the successful fast food he thought it should have become. What is this strange new buzzword the marketing gurus have coined? What is all the fuss about home theater in a box? Don’t all home theater components come in a box?



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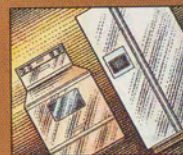


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the risk of turning this into a Seinfeld comedy routine, home theater in a box (HTIB) is defined as a single product packaged as a system that includes either a receiver or an amplifier with Dolby Surround, Dolby Pro Logic or similar surround-sound processing and a minimum of three speakers, according to Consumer Electronics Manufacturers Association market research.

HTIB is not intended to be a complete audio system, but rather a "skeleton" system upon which a complete audio or home theater system can be built. If such a system includes other components, such as a tape deck or CD player, it is considered to be a compact system or rack system with surround sound.

Some in the industry would prefer to broaden the category to include a wider combination of components. The Sony MXT systems, for example, are marketed as HTIB, but they include a television and hi-fi VCR, while Zenith's systems delete Dolby Pro Logic, relying instead on a full-featured television for surround sound. Other manufacturers are adding audio components such as CD players or even complete audio systems.

WHY HOME THEATER IN A BOX?

Home theater components and speakers continue to drive traditional audio and video product sales and rentals. CEMA estimates 13 million U.S. households had taken the home theater plunge in some combination by the end of 1996. This means only about 13 percent of U.S. household have home theater systems, with some estimates claiming the majority of these owners are from upper income groups. Yet, nearly 98 per-

cent of U.S. homes have televisions.

This statistical gulf represents a tremendous opportunity for the consumer electronics industry to market HTIB to the masses. Why just watch television when you can experience home theater? According to results from a series of nationwide consumer surveys conducted by CEMA, home theater supports home-based family entertainment and, as a result of home theater, families are spending more time together.

a quick demo with plenty of "sizzle," creating an exciting experience for the customer, should result in an almost impulse lease.

These surveys also showed that consumers are very satisfied with their home theaters and believe that watching a movie on home theater is more fun than going out to the movies.

Magnavox took advantage of this huge untapped potential in the consumer market and started the HTIB concept in 1995, becoming the first consumer electronics manufacturer to market HTIB.

CEMA defines home theater as a television with screen size of 25 inches or larger, a hi-fi/stereo VCR, laser disc or DVD player, five speakers and an audio/video surround sound receiver.

HTIB minimizes the number of pieces—keeping not only the purchase price low, but also the level of consumer sophistication needed to add surround sound to televisions. HTIB systems are inexpensive and offer the consumer ease-of-use and convenience. Some systems even include a cabinet for storage or a stand. Easy-to-follow instructions and diagrams continue to make system installation more user-friendly—simply plug in and play!

In some systems, color-coded wiring eliminates the jungle of wires confronting the consumer or

rental dealer, while other systems eliminate speaker wiring completely through the use of wireless speakers. HTIBs are simple to use and simple to choose. They provide the average consumer with access to the home theater experience without the confusion of choosing among various components. In short, in the genre of home entertainment, HTIB is nothing more than the 1990s version of the compacts and consoles of the 1960s and 1970s and the

rack systems of the 1980s.

For consumers, more features, such as universal remote controls, higher power ratings and improved speakers, justify a higher price tag. Other buyers demand better sound quality. Here the challenge for consumer electronics manufacturers is to balance upscale performance and price with wide market appeal.

HOW TO MERCHANDISE AND LEASE HTIB

Higher-priced HTIB packages may require a customer to weigh his or her choice against the cost of separate components. However, this is not how HTIB should be presented. In many cases, a quick demo with plenty of "sizzle," creating an exciting experience for the customer should result in an almost impulse lease.

The challenge for the dealer is merchandising the system to make this quick, easy lease possible. Home theater might be the most demonstrable of all products in any rental store. As such, home theater components, especially HTIB packages, must be demonstrated to the consumer to experi-

ence the excitement home theater can create.

An additional benefit in leasing HTIB is that to display the product a dealer doesn't need to take up a lot of floor space like a traditional home theater setup in a special sound room. It can be freestanding and self-contained like a kiosk-type display.

To display HTIB, pick an area in the store with high visibility. Display the HTIB package with an average television or audio system—nothing too fancy. Use a good demo tape that includes sporting events and action movies

mixed with Disney movie clips for families.

A dealer must decide if the display will play continuously or by simply pushing one button. Will it require a salesperson or be self-serving? The only thing it must do is work and it must work every time. This will communicate simple, problem-free operation to the customer. You can almost see self-service—no salesperson neces-

sary. Just stack up the boxes and move 'em out!

Why not make choosing a home theater system easy and fun? Properly merchandised and set up to play an exciting video clip, HTIB is something you can show to everybody coming into your store! ■

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HOW TO LEASE HTIB

BY HERMAN SPERLING, HARMAN CONSUMER GROUP

think outside the box

Focus on the benefits:

- ▶ "Here's everything you need."
- ▶ "All of the components are perfectly matched by the factory to maximize the performance of each component."
- ▶ "If this is what you're looking to spend, you can't make a mistake."
- ▶ Present the product to the consumer in user-friendly, rather than inventory-control, terms.

use the media to make the message

Soap operas may be entertaining programming, but we're asking the customer to buy into improved sound. Why should the consumer invest in multiple speakers, subwoofers and signal processing when the software only demonstrates the center channel speaker? Be sure to use demonstration material that's encoded for multi-channel sound and has good bass content.

offer selection

"Less expensive," "smaller," "easier to install" are all relative terms that are irrele-

vant without comparison. Present the best products to establish a performance benchmark and then, if HTIB offers the customer what he or she is looking for, present it as a solution rather than a compromise.

don't be presumptuous

Most consumers don't know what home theater is—let alone the benefits it offers. When we're addressing the mass market, we're often asking the customer to spend more for audio than the television itself. Present it; don't clerk it as a commodity! Make the product a hero. Create a need for it.

offer solutions, don't introduce problems

Terms like THX, Dolby Digital, subwoofers, surrounds, 5,000 watts and the like can get in the way. Keep it simple. First establish the problem, then provide a solution: "Here's what your TV sounds like now (demo television sound). But, it could sound like this (demo home theater in a box)." Comparison demonstrations of the product are essential for closing the sale.

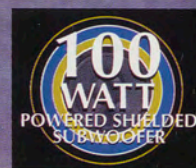
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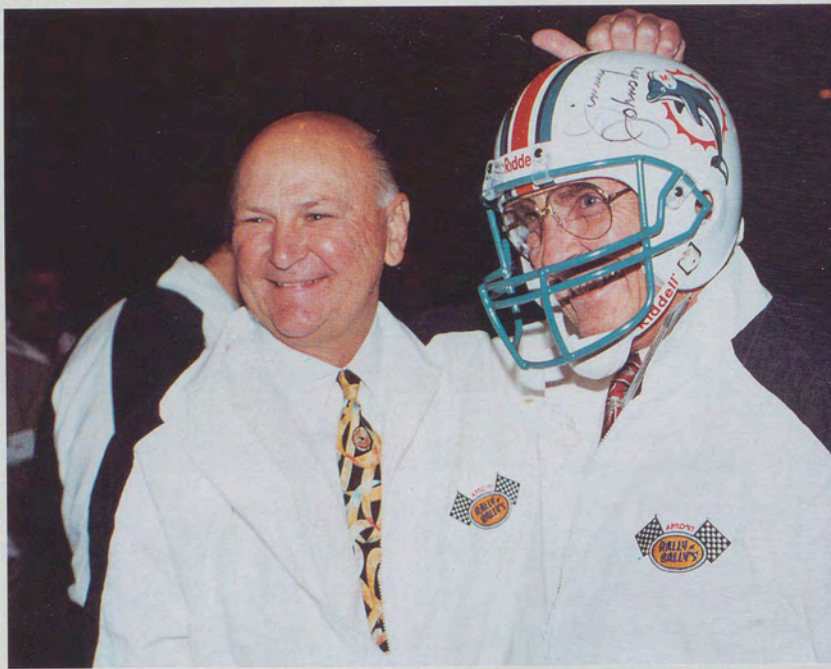
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HOME THEATER

Rally at Bally's crosses the FINISH LINE

BY JULIE SHERRIER



Above: Yes, the Macarena was included in the festivities, lead here by "Arnold Schwarzenegger" and one of the Golden Girls. Right, Keynote speaker H. Wayne Huizenga presented APRO President Bill White with a Miami Dolphins football helmet [signed by Dolphins coach and former Dallas Cowboys coach Jimmy Johnson]. White was a trooper, even though he hails from Cowboy country-Dallas.





Record crowds of rental dealers from across the United States gathered under the Bally's Hotel roof to attend the 1997 APRO convention and trade show, August 13-15 in Las Vegas. What distinguished this show from all previous shows were several notable events:

▶ Florida entrepreneur H. Wayne Huizenga, chairman and co-CEO of Republic Industries and an investor in RTO Inc. (formerly Action Rent-to-Own), ushered in a new era for RTO with an outstanding keynote address to a record number of attendees.

▶ APRO Public Relations Committee Chairman Ernie Lewallen introduced three new, professionally produced industry commercials—two television ads and one radio spot—to the APRO membership. The overall reaction to the commercials fueled discussion and was extremely positive as several hundred dealers signed up to receive free copies of these commercials for their own stores.

▶ The quantity and quality of products and services in the exhibit hall was very impressive. More than 153 companies exhibited in 289 booths.

▶ The seminar speakers were a cut above and focused not only on RTO issues, but on issues facing all businesses and individuals, ranging from human resource problems and opportunities to honing the entrepreneurial spirit.

▶ The APRO round table session had attendees not only sharing their winning strategies, but also debating ways to draw customers, improve the image of the industry and find and keep good employees.



Top: The official start of any decent convention involves a ribbon cutting. With "Rally at Bally's" as this year's theme, APRO decided instead to cut the racing flags to signal the opening of the trade show. Pictured are Ron Waters, Ernie Lewallen, Bill Keese, Bill White, Larry Sutton and Darrell Tissot. Above: Attendees enter the exhibit hall. Left: 1996-97 President Bill White passes the gavel to APRO's new President, Darrell Tissot.

The level of participation and excitement at this year's show was palpable. With the increased focus on improving the image of the rental-purchase industry permeating all aspects of the show, measuring the benefits is becoming more evident. "In Focus" is the theme for the 1998 APRO convention and trade show, scheduled for August 13-16 at the Walt Disney World Contemporary Resort in Lake Buena Vista, Florida.

Huizenga inspires the entrepreneurial spirit

Preaching "being at the right place at the right time," H. Wayne Huizenga spoke to the rental-pur-



chase dealers' and industry's entrepreneurial spirit. Huizenga chronicled his rise to success—and his pitfalls—in the various industries he has built and/or acquired. He spoke of relying on your friends and family during the hard times and not forgetting them in the good times.

While only briefly touching on the rental-purchase industry, Huizenga did begin his keynote address by relat-

"It is important to know your industry and your position in it. We continually assess our position, not just in context of where we are today, but in the context of where we plan to be tomorrow."—HUIZENGA

ing that the American public

rents practically everything—from mortgage interest to cars to stadium seats for a sports event—and that there is money to be made in this business. He spoke of image, particularly cleaning up the image of the video-rental industry with his purchase of Blockbuster Video. Blockbuster grew "only because the company was almost fanatical in its pursuit of the very best in customer service and customer-ori-

ented policies," said Huizenga.

"It is important to know your industry and your position in it. We continually assess our position, not just in context of where we are today, but in the context of where we plan to be tomorrow," he said.

APRO recognizes industry leaders

"No person was ever honored for what he received. Honor has been the reward for what he

RECOGNITION

APRO Executive Director Bill Keese [also pictured presenting awards below] and "Arnold Schwarzenegger" offer commendation to Ted Wilson for serving as chairman of the APRO Golf Tournament.



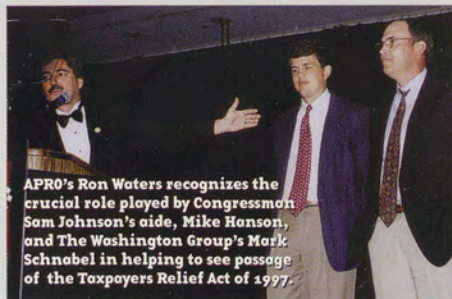
Outgoing APRO Board members were commended during the awards dinner for their service to the Association. They are Dorrell Tissot, Ernie Lewallen, Wayne Sutton, James Strong, Gary Romine, J. Kieffer, Dick Eichlin and David David [with his daughter, Anno].



Tracey Morgan
President's Award of Excellence



Don Weiss
APRO Dealer of the Year



APRO's Ron Waters recognizes the crucial role played by Congressman Som Johnson's aide, Mike Henson, and The Washington Group's Mark Schnabel in helping to see passage of the Taxpayers Relief Act of 1997.



Joe Savovic
Norm Smith Vendor of the Year



gave." Calvin Coolidge knew that the meaning behind the award means more than the award itself. APRO also recognizes that and every year the Association honors those members who have gone above and beyond their duty to make RTO the best industry it can be.

▶ The President's Award of Excellence is the Association's highest regular commendation. This year the President's Award went to Tracey Morgan of Odyssey Leasing dba Rent America. This award is presented to an individual who exemplifies the best of the industry through operations and support of industry goals. Tracy has been a steady force in the industry representing small business on Capitol Hill, in the state legislature and through APRO's government relations committee.

▶ The APRO Dealer of the Year award was bestowed upon Dan Weiss of America Rents in Worthington, Ohio, for giving unselfishly of his time and dedication to promoting

the RTO concept in a positive and recognizable manner through store management and support of legislative efforts.

▶ The State Association of the Year was awarded to the Ohio Rental Dealers Association and the New Jersey Rental Dealers Association for their commitment to promoting the industry and its interests at all levels.

▶ The Norm Smith Vendor of the Year award went to Joe Savovic of Progressive Furniture for his outstanding support of the Association and its activities.

APRO extends its congratulations again to these outstanding individuals.

Spirited round table discussions

In accordance with the industry's willingness to upgrade its image to the American public, the round table topics of discussion centered around ways to increase the current customer base, attracting and keeping good employees, how to

FUN!



Above: "Camp APRO" was the opening reception and featured campfire sing-alongs, knot tying and Boy Scout training in the art of fishing. Left: The second evening included a "Rally at Bally's" party, complete with a miniature race track, a real race car and an appearance by former Indy 500 winner Tom Sneva.



The last evening of APRO's convention in Las Vegas featured a "Mission: Impossible"-themed dinner party and dance. The Golden Girls [think James Bond, not 1980s sitcom!] kept the evening intriguing, while the swinging sounds kept the evening musical.



1997 RAE AWARD WINNERS

PRINT MATERIALS—Brochure or free-standing insert, one page, front and back

- SILVER: Bill Ogle, Champion Rent To Own; ad agency: Advision, Brenda Sidoti
Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton
BRONZE: Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton
Dick Garrison, Rent Mart; ad agency: in-house, Robin Ahearn

PRINT MATERIALS—Catalog/brochure, four pages or more

- GOLD: Mike Walts, Alrenco Inc.; ad agency: Smalley David Maguire & Assoc., Chris Maguire/Ed David
SILVER: Bill Morgenstern, Rent-Way Inc.; ad agency: In-House, Michelle Brooks
Mike Walts, Alrenco Inc.; ad agency: Smalley David Maguire & Assoc., Chris Maguire/Ed David
BRONZE: Dick Garrison, Rent Mart; ad agency: in-house, Robin Ahearn

PRINT MATERIALS—In-store point-of-rent [POR] signs, posters, banners

- GOLD: Bill White, Action Rent To Own Inc.
SILVER: Bill White, Action Rent To Own Inc. [two awards]
BRONZE: Bill White, Action Rent To Own Inc.

PRINT MATERIALS—Other: Door hangers, coupons, contests, etc.

- GOLD: Mike Walts, Alrenco Inc.; ad agency: Smalley David Maguire & Assoc., Chris Maguire/Ed David
SILVER: Dick Garrison, Rent Mart; ad agency: in-house, Robin Ahearn
BRONZE: Bill White, Action Rent To Own Inc. [two awards]

ORDER SOLICITATION—Direct-mail pieces

- GOLD: Bill White, Action Rent To Own Inc.
SILVER: Derek Stamper, Central Rents Inc.; ad agency: Central File Inc., Daniel Chavdoir
Mike Walts, Alrenco Inc.; ad agency: Smalley David Maguire & Assoc., Chris Maguire/Ed David [two awards]
BRONZE: Gary Ferriman, Showplace Inc.; ad agency: Badertscher Communications, Brian McElroy [two awards]

NEWSPAPER—Black-and-white, half page or more

- BRONZE: Ernie Talley, Renters Choice Inc.; ad agency: Bagwell Agency, Ann LaCour
Ricky Brooks, Pay-less Rental Super Store; ad agency: Ad Express, Pat Baynham

NEWSPAPER—Color, half page or more

- SILVER: Dick Garrison, Rent Mart; ad agency: in-house, Robin Ahearn
BRONZE: Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton
Darrell Tissot, Countryside Rentals Inc.

RADIO—30 seconds

- BRONZE: Loren Lebakken, Lebakken's Rent To Own

RADIO—60 seconds

- SILVER: Derek Stamper, Central Rents Inc.; ad agency: Richards Group, Jim McGhee
BRONZE: Darrell Tissot, Countryside Rentals Inc.
Derek Stamper, Central Rents Inc.; ad agency: Richards Group, Jim McGhee

TELEVISION—Less than \$1,000

- SILVER: Joe McFarland, Showcase Rent To Own
BRONZE: David Manthei, Canyon Rental; ad agency: A Personal Vision Creative Comm., Art Lynch
Robert Fishman, Rentown; ad agency: Advice, George Clark

TELEVISION—More than \$1,000

- GOLD: Derek Stamper, Central Rents Inc.; ad agency: Richards Group, Jim McGhee [two awards]
SILVER: Kevin Quinn, Quality Rentals; ad agency: Sunrise Media, Linda Wilson
BRONZE: Derek Stamper, Central Rents Inc.; ad agency: Richards Group, Jim McGhee

SPECIALTY ITEM

- SILVER: Wayland Russell, Rainbow Rentals; ad agency: Rainbow Advertising, Terry Dolonsky
BRONZE: Gord Reykdal, RTO Enterprises

BILLBOARD/OUTDOOR

- GOLD: Ferriman, Showplace Inc.; ad agency: Badertscher Communications, Brian McElroy

CREATIVE CAMPAIGN DESIGN

- SILVER: Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton

COMMUNITY-RELATIONS PROGRAM

- SILVER: Mike Walts, Alrenco Inc.; ad agency: Smalley David Maguire & Assoc., Chris Maguire/Ed David

STORE DISPLAY/LAYOUT

- GOLD: Joe McFarland, Showcase Rent To Own
SILVER: Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton
BRONZE: Larry Carrico, SKC-Rent One; ad agency: Imagery, Rick Linton

combat a negative image, providing good employee and manager training and providing effective leadership. Moderator Carter Schelling kept the discussions lively and entertaining.

Here are some of the attendee's ideas that circulated during the round table discussions:

▶ "We need to increase our credibility as retail furniture advertising is competing with RTO."

▶ "Be who you want to attract as it applies to both customers and potential employees."

▶ "Check employee references!"

▶ "Use personality tests when hiring."

▶ "Pay the delivery guys, hire them full time and pay benefits."

▶ "Set up a mentoring program for new hires."

▶ "Remove obstacles to hiring senior citizens."

▶ "Make sure you are not tempting employees to steal through your own practices."

▶ "Make a good first impression with new hires."

New image advertising spots unveiled

The culmination of a year's worth of industry research resulted in the exciting unveiling of three new industry commercials—two television ads and one radio spot—for APRO members to use in their advertising rotations.

These commercials specifically address the concerns uncovered by the focus groups held



nationwide and a massive telephone survey of potential RTO customers fitting the current RTO profile. For example, many non-customers were offended by current RTO television advertising that emphasizes pricing rather than benefits of the RTO transaction. Very few



Moderator Carter Schelling kept the round table discussions lively.

respondents knew anything about how our transaction works or that we rented recognizable brand-name products. Nobody understood the unconditional parts and labor service provided or that loaners were available. And they had no idea that they weren't "stuck" in this transaction if they changed their minds or couldn't afford the product any longer.

To combat these ambiguities, the two television spots, "Couple" and "Image," highlight the convenience

of the RTO transaction and the quality of the products available in rental-purchase stores, respectively. These professionally produced, high-quality advertisements are available to members free of charge. At the end of each ad there is room for a dealer tag line.

The radio spot is currently being fine-tuned and will be made available to members soon. For more information on getting your hands on these new ads, contact Richard May at APRO at 512/794-0095. ■



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Perhaps the question should be can you afford not to? Your competitors are probably offering jewelry right now. They know that jewelry stays out and turns dollars. Furthermore, the heavy costs of inventory and security have been eliminated with Fashion Craft's "Good As Gold" program.

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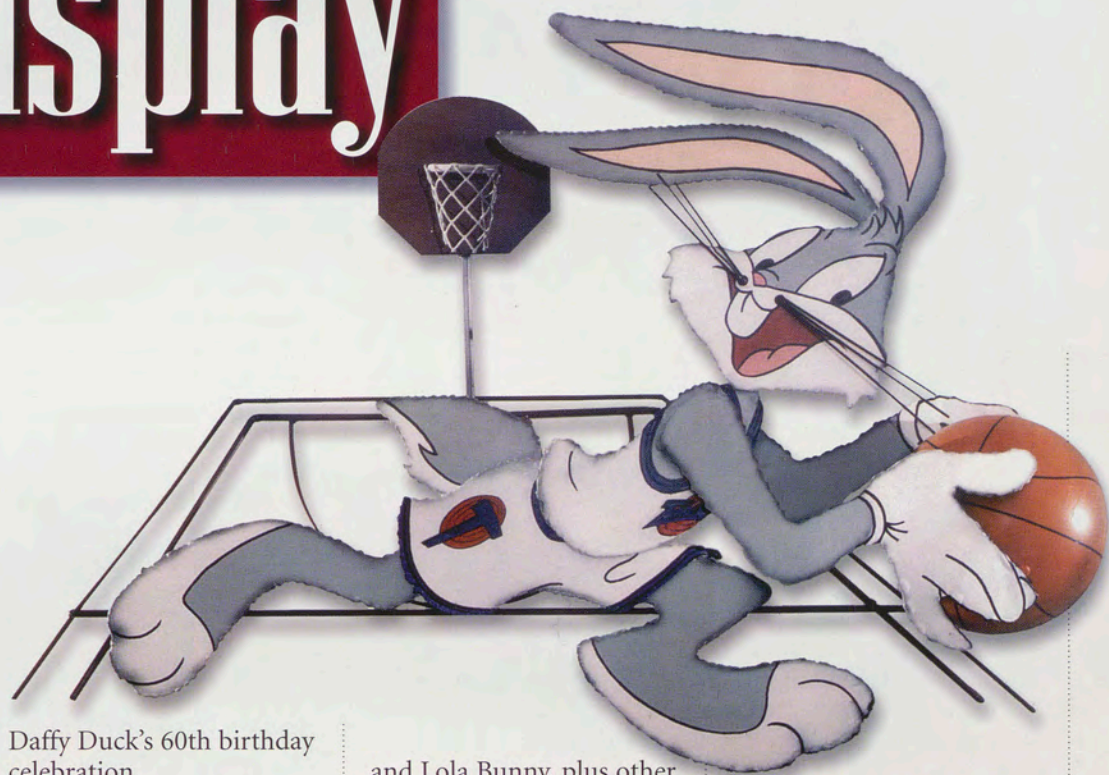
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~RTO~

on display

Artisan House releases new wall sculptures

Artisan House Inc. creates, fabricates and internationally markets decorative metal sculptures for the home furnishings market. The company has released three new styles to fit any home's decor. First, Artisan House Inc. and Warner Bros. have teamed up to bring cartoon characters to rent-to-own. Artisan House Inc. announced a new licensing agreement with Warner Bros. to offer several new hand-crafted, hand-painted metal wall sculptures featuring characters from the hit movie *Space Jam*. The venture is in conjunction with



Daffy Duck's 60th birthday celebration.

The company will introduce *Space Jam*'s Daffy Duck, Bugs Bunny

and Lola Bunny, plus other Looney Tunes characters. The five new pieces will add to Artisan's current collection of Warner Bros. characters, including

Yosemite Sam and Wile E. Coyote. The company's collection now totals 10 sculptures.

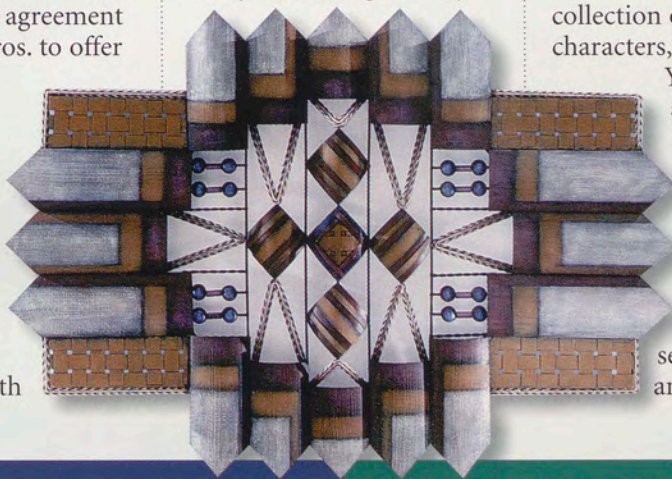
Also available is a new series of floral and horticultural-

ly oriented wall-hung sculptures, including "Intertwine," a hand-crafted, painted presentation of variegated cottage ivy.

Finally, Artisan House has designed two new Southwestern-themed wall sculptures. Both incorporate metal weaving patterns reminiscent of American Indian rugs and blankets and use natural desert hues of purple, mauve and blue. The new pieces, "Desert Shadow" and "Western Trail," will be added to the existing Southwestern line.

Dimensions of all wall pieces are approximately 30- to 50-inches wide, 5- to 10-inches deep and 16- to 30-inches high. Individual pieces will vary.

For more information, contact Dan Boyle at Artisan House Inc., 1755 Glendale Blvd., P.O. Box 26566, Los Angeles, CA, 90026, 213/664-1111 or fax 213/664-5679.



Increase customer base with direct mail

Total Package Marketing Inc. offers rent-to-own dealers a way to contact current and future customers personally through direct mail. Each 6-inch x 9-inch color postcard has your customized message on the back for as little as \$.10 each. For an additional cost, TPM will handle the entire dealer postcard mailing. This includes a target mailing list and affixing labels and postage.

Through this direct mass mailing, you

can reach customers in your area or in a specific region for one small cost. TPM also offers window signs, in-store signs, door hangers, newspaper ads and color inserts—all designed specifically for RTO dealers.

For more information, contact Janie Ramirez, TPM Communications, 101 Executive Drive, Unit 7, Moorestown, NJ 08057, 800/394-1TPM, ext. 14.



New jewelry line from Fashion Craft

The Fashion Craft Corporation has unveiled its newest ring collection for the RTO market. This selection of 14K designer ladies rings was selected from the company's department store line. Each ring features 1 carat to 2 carat diamond-size cubic zirconia stones, either in a marquise- or round-cut and heavy, solid 14K gold mountings.

A special display is available showing all seven styles mounted in gold-plated sterling silver settings. The collection is specially priced at \$100.

For more information, contact The Fashion Craft Corp., 1824 Johns Dr., Glenview, Il, 60025, 800/877-7907.

Metamorphous has got it covered

Meet the newest solution for rental dealers—Metamorphous. This new brand of upholstery product reinvents itself every time it is rented, abused or returned prior to term end.

After seven years of development and testing, Metamorphous drew upon the frame and fabrication technology developed and patented by Ruben Blansett at the InSteel Company.

The construction is accurate to five-thousandths of an inch, providing a durable foundation which guarantees the fit of

replacement parts. The patented fabric-to-frame application assures each fabric section is replaceable in the home and will fit properly.

The Metamorphous program makes in-store changes from sofa to sleeper possible without having to double-stock a frame. Changes to stationary pieces can be made in-store or at home. Arms are detachable to fit in any doorway and Metamorphous is designed to allow your delivery person to replace, recover or re-fill any part in just minutes.

This RTO solution means a better bottom line, more satisfied cus-

tomers, less returns and easy delivery. Metamorphous features replaceable covers without the need for upholsterers. The product also features a coil suspension system, long-lasting cushioning, a controlled tailoring system, fire-retardant filling and a fire-proof frame.

For more information, contact Metamorphous Furniture, 540 Frontage Rd., Suite 3165, Northfield, IL, 60093, 847/441-8100, fax 847/441-8128 or e-mail at apbdesigns@sprint-mail.com.

Boost sales with Creative Selling

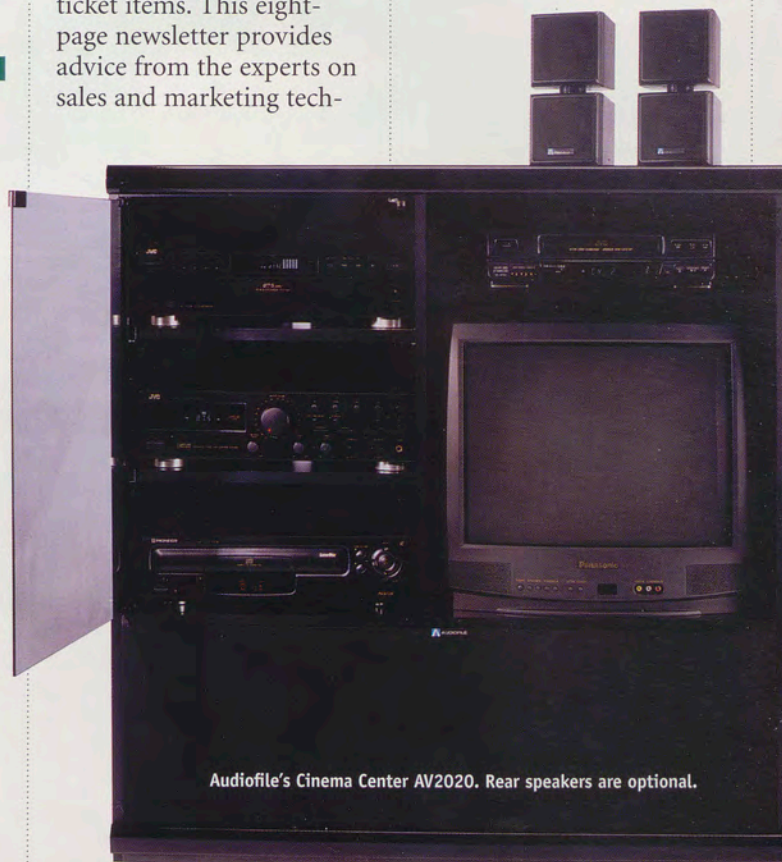
Creative Selling is a monthly resource specifically designed for retailers who rent high-ticket items. This eight-page newsletter provides advice from the experts on sales and marketing tech-

niques that will help you rent more home electronics, appliances and furniture. Each issue features sales boosters on topics like outselling the competition, staying motivated and overcoming objections. Every issue provides useful tips you can use right away to increase your profits. Call for a free sample issue today.

For more information, contact Bentley-Hall Publications, 120 Walton St., Suite 201, Syracuse, NY 13202, 800/724-9700 or fax 800/724-3881.

Scaled-down size, scaled-up sound

Even with the emphasis on big screen televisions, many viewers still have smaller sets. With this



Audiofile's Cinema Center AV2020. Rear speakers are optional.

in mind, Audiofile has introduced the Cinema Center AV2020 to accommodate 20-inch sets and smaller. The center comes with a full complement of audio and video equipment.

The compact home theater is perfectly scaled for apartments and smaller homes, but can still deliver big sound through an acoustically designed upgraded stereo system. Each left- and right-side speaker array features a 100-watt, 6.5-inch woofer and 1-inch hard dome tweeter. A 100-watt, 10-inch poly laminate sub-woofer completes the package. All speakers carry a five-year limited warranty.

Cinema Center AV2020 eliminates component and cable clutter in rooms where space is limited. The

system moves easily on its four casters to simplify connection, cleaning and redecorating. The cabinet is made of an easy-care Black Hills walnut finish accented by black high gloss moldings. Also featured is high quality tempered glass and plastic edge protectors around the television area.

Audiofile Home Theater offers a complete selection of Cinema Centers for RTO businesses in addition to this new downsized model. All are available with a full complement of point-of-purchase materials that emphasize product benefits and simplify selection.

For more information, contact Cabot Benavidez, sales manager, 1000 E. Valencia Dr., Fullerton, CA, 92831, 800/833-6252 or fax 714/992-9552.



First aid to go

Maytag parts suppliers now offer a Maytag First Aid Kit designed with the service technician in mind. The heavy-duty case comes fully stocked with individually packaged items and can be mounted in service trucks. When the kit needs refilling, local Maytag parts suppliers can provide more of each particular item. Check with your local parts supplier for the Maytag First Aid Kit, part No. 20001058.

For more information, contact Bill Wyre, Maytag Customer Service, 403 West Fourth St. North, Newton, IA 50208, 515/791-8368.

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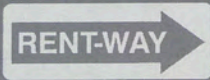
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Do you feel comfortable representing your industry before the media?

Chris Kale

CPL GROUP INC. DBA RENT KING
LAKE WALES, FLORIDA

I don't have the perfect response committed to memory, but I feel comfortable talking to the media. I'm familiar with the procedures and the things that need to be said. In general, the major point we try to make is that we have an extremely popular program that our customers are thrilled to death about. Whether I'm talking to the media or friends or anybody else who doesn't understand the industry, I try to draw some comparisons to other leasing deals.

I've had two or three previous situations where a news crew and consumer reporter asked to speak to us, which we did. They tend to ask a lot of information and shoot a lot of video, but what you see on the news is not necessarily the whole picture. The PIRG attack is the worst I've seen in a while. The local station aired it two nights in a row and not one favorable thing was said.

Steve Kaplan

YES RENT-TO-OWN
WEST MEMPHIS, ARKANSAS



No, because I'm too much of a novice. I think once I get more experience and learn more about the industry and could articulate my position I would be comfortable. The main

thrust of the bad publicity seems to be the misplaced theory on the part of certain groups that the rental industry is ripping off consumers. I'd probably need to know a little better how the industry impacted consumers.

What the rental industry does is serve a group of consumers just as the hotel industry serves a group of consumers. If the rental industry is using deceptive practices, that's another issue, but I haven't seen that. I think people who walk into a rental agreement understand it, just as a person who rents a \$200 a night hotel room understands what he's getting for that \$200.

Sheldon Morlan

DURANGO SALES & RENTAL
DURANGO, COLORADO



If a business is up front with the customer right off the bat, it's up to the customer to make his own decisions.

It's the integrity of the business; if employees do not explain the terms to the customer, then that business has the right to be chewed on a little bit. The media don't have anyone to gather concrete evidence. They go around and talk to businesses and look at rental agreements, but don't ask about all the options the customer has. The media are really misinformed. They go by two or three examples that were given to them

instead of doing some real research.

I think the industry can educate the media more on how the business is run and let them know the customer does have a choice of how to pay it off.

Tom Thompson

MID-AMERICA RTO INC.
CAPE GIRARDEAU, MISSOURI

I really have had no confrontation with the media, nor have I had any phone calls. The closest thing I had was a customer asking me about the PIRG study who had read about it in the St. Louis newspaper. I don't like it, if you want to ask me that. I feel you have a lot of people talking about things they know nothing about.

Edward Spuzello

FURNITURE RENTAL INC.
DES MOINES, IOWA



I feel comfortable, but the problem is that by the time the local media get to us, they've already read the PIRG attack

and have a negative opinion, so it doesn't matter what we say. I think the media is one-sided when it comes to rent-to-own because they arm themselves with information from groups like PIRG and view that information as independent of the industry. So when they come talk to us, the members of rent-to-own, they think *we're* biased.

What prompts the media to do an article on this industry? It has to be something negative, like a PIRG study or a complaint from a local citizen. Right from the get-go, the media have the idea that rental-purchase is a bad business. The national legislation that APRO is backing and trying to pass is a good step in the direction of changing the media's view of

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rental-purchase, but there's always going to be a PIRG out there. And the media will believe them — not us. I don't know how you're going to change that.

Randall Scott

EASY RENT
MILLEN, GEORGIA

I haven't had any media come in and talk to me, but I don't see anything wrong with the business. The people attacking the industry don't seem to understand that we don't charge interest. We rent things — there's no interest involved. That would be my comment.

Pauline Holcombe

RENT CITY INC.
CLINTON, MISSISSIPPI



I know people have a bad image of the industry and think we rip off our customers, but I feel comfortable with it

because I stand behind my product. I hear people come into the store and say we charge too much, but they don't understand that we're taking a risk nobody else will take. This is the only way some people will ever get anything — by me helping them manage their money for a TV or sofa set or whatever it may be.

I'm not just renting them a TV, but I'm also offering them a service to help manage their money. I definitely feel I am doing them a favor, not an injustice. It may cost more, but people don't mind paying. The ones who mistreat their customers are the ones who make a bad name for the rest of us, because the media focuses on the negative instead of the positive. ■

Jessica Schneider is a free-lance writer living in Aspen, CO.

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*By a leading consumer magazine-July 1996: Model WJSR2080T.

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