

REVISITING THE RTO STATUS QUO ◊ 1999 LEGISLATIVE UPDATE  
RTO FROM THE OUTSIDE LOOKING IN

PROGRESSIVE

# Rentals

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JULY-AUGUST 1999

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commerce



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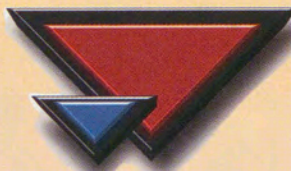
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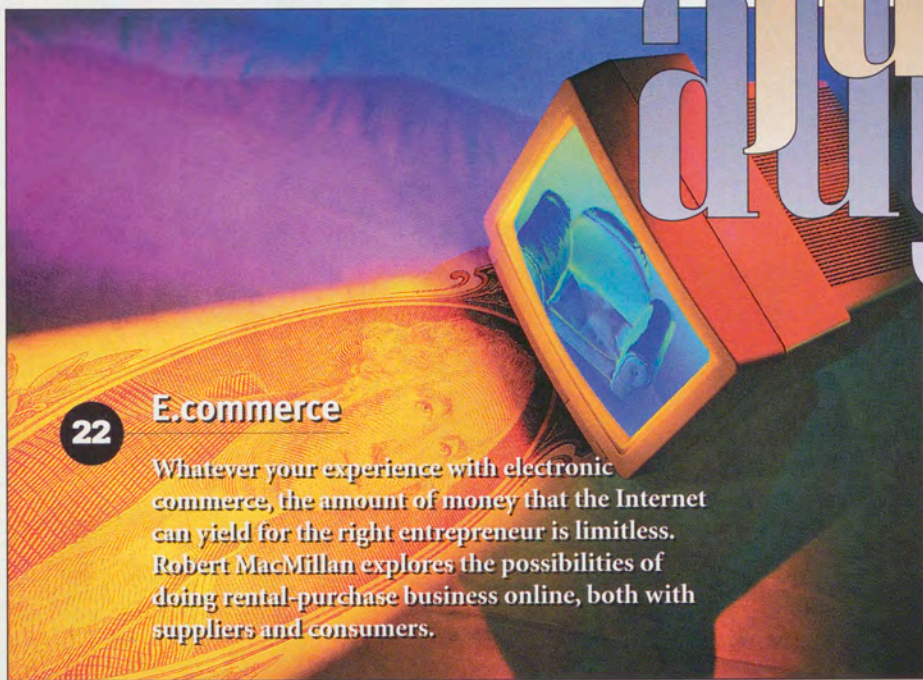


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IN THIS ISSUE

# july august



22

## E.commerce

Whatever your experience with electronic commerce, the amount of money that the Internet can yield for the right entrepreneur is limitless. Robert MacMillan explores the possibilities of doing rental-purchase business online, both with suppliers and consumers.

30

## Life on the outside

RTO veteran Bud Holladay took a 12-month respite from rental-purchase only to return to an industry that had seen its fair share of changes during that time frame. Holladay reflects on what he sees are both positive and negative changes that have occurred during his hiatus.



36

## Perception vs. reality: Revisiting the status quo in RTO

Ohio rental dealer Dan Weiss of weissbrothers Home Furnishings Plus exhorts fellow rental dealers to recognize that in order to address properly the image problems of the industry, everyone should take a closer look at pricing issues and the phrase "rent to own."

41

## 1999 rental-purchase legislative update

The rental-purchase industry continues its successful state legislative initiative by adding Alaska to the list of states with balanced and reasonable legislation, leaving only four states that have not regulated rental-purchase transactions with a law on the books. Ed Winn III provides a state-by-state summary of RTO laws and regulations.



DEPARTMENTS

5 | NEWS BREAK

Compaq breaks RTO ground; Rent One outing nets \$5,000 for Habitat for Humanity; Federal bill gains more co-sponsors; RentWay acquires 21-store chain; and more.

16 | PRESIDENT'S VIEW

1998-99 APRO President Ernie Lewallen has high hopes for the new millennium.

18 | RTO PERSPECTIVE

APRO Executive Director Bill Keese encourages convention-goers to bring their checkbooks to the 1999 trade show.

20 | THINKING RTO

Academics ponder the results of a study that says RTO helps people manage their money, reports APRO General Counsel Ed Winn III.

51 | WHO'S WHO IN JEWELRY

An annual listing of companies that supply jewelry to the RTO industry.

52 | VIEWPOINT

Do you foresee doing business online?

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**Rentals**

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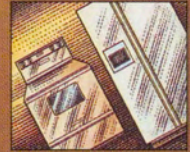


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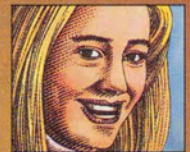
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# news

## B R E A K

COMPILED BY  
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**LINDA HSIEH AND**  
**RICHARD MAY**

## Annual Rent One outing nets big for Habitat for Humanity

**G**enerosity is becoming “par for the course” for vendors, community members and employees attending the annual Rent One Golf Scramble. Originally created to show appreciation to invitees, the annual scramble has become a major fund-raiser for local Southern Illinois Habitat for Humanity chapters.

“When APRO chose Habitat as its national charity, we were in the process of

planning last year’s outing,” says Rent One President Larry Carrico. “We saw an opportunity to turn an already successful event into a profitable fund-raiser for a very good cause.”

This year, the Fifth Annual Rent One Scramble raised more than \$5,000 for Habitat

for Humanity.

More than 90 people attended the outing, held June 22 in Mt. Vernon, IL. In the spirit of fundraising, the winning team is awarded only \$20 each for their efforts, but all participants were treated to a steak dinner later that evening. “Everyone leaves with something,” says Carrico, “even if it’s just the satisfaction of knowing they’ve done their part for a good cause.”



Far left: Rent One's Larry Carrico talks it up with fellow golfers. Below left: Carrico, with microphone, announces the winning team. Above: Rent One's Golf Scramble, held in Mt. Vernon, IL, raised more than \$5,000 for Habitat for Humanity.



## APRO announces two new member services

**T**wo new exciting member services have been added to the roster of APRO member benefits that offer phenomenal savings and the ability to generate additional revenue.

Rental-purchase dealers can now offer Internet service and Web access to their customers on rental computers through Integrated Solutions Group's Internet service provider. The program offers a pre-paid Internet card which provides 30 hours of Web access, one personal e-mail account per card, customized CD with software for easy loading and 24-hour technical phone support. Rental dealers will be able to receive a service fee with the sale of each access card. The ISG program will be available in mid-August.

Qwest Communications, one of the fastest growing multimedia communications companies in America, will be offering long-distance telephone rates that are guaranteed to save APRO members thousands of dollars. Qwest's long-distance rates are extremely competitive, with some programs as low as 5.9 cents a minute. A variety

of calling plans will be introduced, along with advanced telecommunications services that Qwest has available to

rental dealers nationwide. APRO's long-distance program will be launched during the 1999 APRO convention in August.

Watch for full details on these programs in upcoming issues of *Progressive Rentals* and *View*. Both Qwest and Integrated Solutions Group will be attending the 1999 APRO convention and trade show, August 9-12, in Reno, NV.



## Compaq breaks RTO ground

Recognizing the significant growth and opportunity in the rent-to-own channel, Compaq Computer Corp. is making the ultimate Internet experience available to RTO customers. Compaq's Presario Internet personal computers, the No. 1 selling PC line at retail, Compaq monitors and printers and the Compaq Easy Access Internet keyboard are available to the more than 7,500 rental locations throughout the United States.

"This is an opportunity for customers who don't shop at traditional retail outlets to have access to quality computer products from Compaq," says Bob Pechon, regional sales director of Compaq Computer Corp. "Compaq's rent-to-own program offers a selection of products that have been developed with the rental consumer in mind, with features such as easy Internet access and an extended warranty. And for the rent-to-own dealer, we provide toll-free telephone support."

More than 3,500 rent-to-own locations in the country currently offer Compaq Presario Internet PCs, including Aaron's, Colortyme, RentWay, Rainbow Rentals and Rent-A-Center.

"We look forward to

# 1999 2000

## AUGUST

9-12  
APRO's Annual Convention  
and Trade Show, Reno, NV,  
800/204-2776

13-17  
NARDA Summer Institute,  
Leesburg, VA, 800/621-0298

19-22  
Tupelo Furniture Market  
601/844-1473

## SEPTEMBER

21-22  
Ohio Rental Dealers Association  
meeting, 419/782-1188

TBA  
APRO Fall Board Meeting,  
800/204-2776

## OCTOBER

14-22  
High Point Furniture Market,  
High Point, NC, 910/888-3700

## JANUARY

5-14  
Atlanta Furniture Market,  
404/220-3000



helping Compaq build strong relationships with its rental partners," says Steve Lee, vice president of John Lee Co. in Nashville, TN, a national marketing firm contracted to serve and support the RTO channel exclusively. "In time, we believe this partnership will be as significant to the rent-to-own industry as is the furniture category today."

## Growing Hispanic population deserves attention

If your marketing plans are ignoring the fast-paced growth of the American Hispanic population, it's time to revisit the drawing board. By 2050, minorities will constitute about 47 percent of the U.S. population. Projections for the Hispanic population show the number will be 52.7 million by 2020, according to U.S. Census Bureau statistics. The buying power of this group will reach an enormous \$387 billion.

So what can the rental-purchase industry

do to tap this burgeoning market? According to the Consumer Electronics Manufacturing Association and a study done on the Hispanic market clout, effective marketing strategies could include advertising more on radio, employing more bilingual salespeople and advertising in local papers and attending popular regional events. Another CEMA suggestion included advertising

through pagers as 41 percent of Hispanics own pagers.

With the average income of Hispanic households nearing \$23,000 a year and the group's overwhelmingly young population, it would benefit the nation's rental-purchase dealers to take a second look at how to better serve this fast-growing demographic group.

## Auction off excess inventory on the Web

**I**n response to every company's need to manage excess inventory efficiently and profitably, TradeOut.com has created the world's first independent, business-to-business Internet marketplace to facilitate transactions between buyers and sellers of extra inventory, idle

assets and outdated products. The Web site promises significant strategic advantages and cost savings over traditional methods of managing excess inventory and acquiring products.

TradeOut.com's business model is similar to e-Bay, the highly successful consumer Inter-





## Lights...camera...RTO!

**"I** just don't want the pressure of debt," says Mary Meyer, an 18-year rental-purchase customer in southern Illinois. This statement captures the essence of the rent-to-own transaction and a documentary-style video currently being produced by APRO.

Entitled "Rent It," the video will premiere at APRO's convention in Reno, NV, and then will be distributed to APRO members after the show. The video represents an evolution of the industry and a concerted public relations effort aimed at our two most valuable commodities: the employee and the customer.

"We have a grassroots army of more than 50,000 employees and 3 million customers," says Gary Romine, APRO public relations committee chairman. "If we can tap into that energy, then our message can have an enormous impact."

The video is part of Romine's public relations vision to focus time and energy on our employees.

"APRO's public relations efforts have spent a great deal of effort on media relations and image-building," says Romine. "While these are two very important areas, it is now time to spend some energy in-house."

The tape should give a big-picture look at the industry so that new and current employees understand that they have entered an industry that is not just another retail outlet on the corner. Industry leaders are hoping to curb employee turnover as well as build the reputation of the industry with the release of this video.

"APRO has reached a point where it can create an identity, a reputation and a history that owners, employees and customers can be proud of," says

Bill Keese, APRO's executive director. "A documentary-style video is an ideal vehicle

to capture the industry in a candid, reflective state rather than a promotional or reactionary state. APRO and the industry have evolved beyond defending ourselves."

A universal question producers of the video ask is, "What's the future of rent-to-own?" and, so far, the universal answer is a bright one for rent-to-own.

"It's the future we want to sell to our employees because our employees represent our future," says Maryland-based dealer Tracey Morgan. "Rent-to-own has changed its image and it's time to tell our story."



net auction site. On TradeOut.com, store managers can buy and sell items in more than 50 product categories in an auction-based, sealed-bid or fixed-price format. A diverse range of merchandise from virtually every industry sector is represented, including electronics, computers and household appliances.

## RentWay acquires 21-store chain

America's Rent-To-Own Center Inc., a privately-owned 21-store rental-purchase chain with annual revenues of approximately \$8 million

was acquired by RentWay Inc. on June 30. America's Rent-To-Own Center Inc. operates stores under the America's Sale and Leasing name and has store in Arkansas, Kansas, Missouri and Oklahoma.

"We are excited that the integration of Home Choice has sufficiently progressed to the point where we can actively pursue other acquisitions. Our team is excited about America's upside potential," says William E. Morgenstern, president and chief executive officer of RentWay.

RentWay now operates 844 stores in 35 states under the brand names RentWay and HomeChoice Rentals.

## RTO federal bill gains more co-sponsors

**A**PRO's recent Legislative Conference continues to reap rewards for the APRO federal legislative agenda. There are now approximately 30 cosponsors signed onto HR 1634. The complete list, available upon request, includes several important House Banking Committee Republicans and is beginning to pick up some Democratic co-sponsors despite the party's official opposition to cosigning any Republican-authored bill.



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## ON THE MOVE



**S**tandard Furniture's **Billy Curtwright** will be taking over sales management of International Furniture Marketing, an import specialist based in El Segundo, CA, that Standard acquired last year. Taking over Curtwright's sales manager position is Todd Evans, formerly with Lehigh and Futorian. In addition, Standard hired George Noonan as customer service director and Brad McDaniel as distribution and transportation manager.

**R**TTO Enterprises announced three new board of director candidates during its annual shareholder's meeting on June 29. **John Slaymaker**, **Walter "Bud" Gates** and **Donald K. Johnson** agreed to stand for election at the meeting in Toronto.

Gates is former chairman and CEO of Thorn Americas Inc., where he was responsible for the company's rental operations in North America, Central/South America and the Asia-Pacific region. Slaymaker formerly served as executive vice president and CFO of both Thorn Americas Inc. and Pizza Hut Inc. and as a partner in a public accounting firm. Johnson, a significant shareholder of RTO Enterprises, is also serving as a vice chairman of Nesbitt Burns Inc.

"I am extremely excited about the addition of Mr. Gates, Mr. Slaymaker and Mr. Johnson to our board," says Gordon J. Reykdal, RTO Enterprises' president and CEO. "I am confident that their knowledge and experience will add significant value to the RTO organization and its shareholders."

**G**E has appointed **Joe Daily** the national manager for the rental purchase appliance division. Daily previously served as zone manager in northern California, region manager in southern California and various marketing positions in Louisville. "We plan to grow sales by developing strong relationships, offering exceptional service and providing innovative merchandising programs to our customers," Daily says.



## High Touch completes Rent-A-Center conversion

High Touch, a leading provider of point-of-sale and accounting software for the rent-to-own industry, has completed the data systems conversion of the former Rent-A-Center stores to its PRO/Systems data management software. The conversion of 1,450 stores and 200 regional offices began last October and was completed in just seven weeks. Conversion of the former corporate office was completed the first of the new year.

## TateAustin hires new reps for APRO account

Mark Nathan is the new account representative at TateAustin, APRO's public relations agency on contract. Nathan replaces Phil Hudson. Nathan joined TateAustin from BSMG in New York City. He has worked with a broad array of corporate clients in high tech, health care, manufacturing, transportation and professional services sectors. His areas of expertise include crisis and change management, research and message development, grassroots campaigns, federal/state government relations and community relations.

Assisting Nathan on the APRO account will be Katy Yeager, as TateAustin's newest account coordinator. Yeager most recently worked in Washington, D.C. as a staff assistant to Rep. Lloyd Doggett (D-Texas).

## RS Tech Resources now ROC Software

RS Tech Resources Inc., dba Rentek, a technical support and development company based in Austin, TX, is now ROC Software LP. ROC Software LP's new address is: 13581 Pond Springs Rd., Suite 400, Austin, TX 78729, 512/249-9294.

## Kansas City likes RTO

The RTO industry's maligned image is quickly withering away in Kansas City, KS, as the city's rental-purchase stores continue to win consumers over with their no-obligation leases and friendly in-store service. The *Kansas City Kansan* ran an article in May stating that RTO is emerging as a lifestyle choice for many customers rather than just a "last resort."

The article profiled several customers of Rental City and Rent-A-Center stores in Kansas City, illustrating the reasons these consumers have opted to rent rather

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**NEWS BREAK**

than purchase: no hassling questions about their credit, manageable terms, convenience and no long-term obligations. The article also stated that rental-purchase stores in the city always prominently display their prices and make sure that customers know what they're paying.

The only problem presented in the article is the possibility of questionable collection practices. One customer was cited as saying that Rent-A-Center called her both at home and at work on the

same day and even called her references when she was only one day late. Rent-A-Center responded that this was not company policy, but it does like to keep delinquency rates at a minimum by contacting customers as soon as possible.

**APRO has a grandma!**

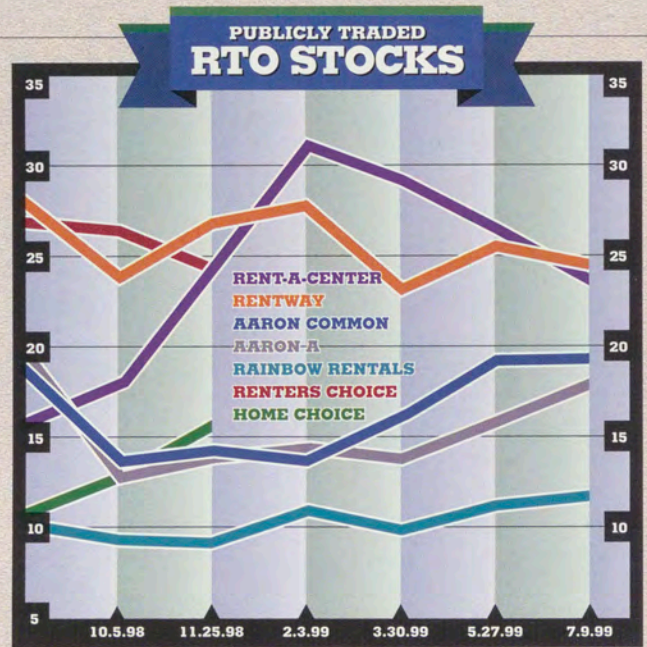
Congratulations are in order for APRO's Education Director Shelley Martinek, who became a grandmother on June 29 with



the birth of William John Masters to Martinek's daughter, Jennifer, in Austin, TX.

After dreading the anticipation of the empty-nest syndrome with the recent

high school graduation of her youngest daughter, Pepper, Martinek's daughter Jennifer came to the rescue with the announcement of her pregnancy late last year. Cigars all around, please!



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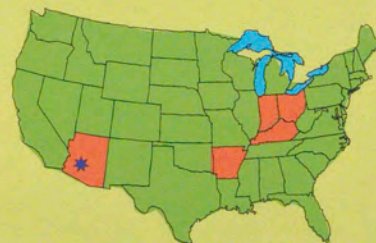


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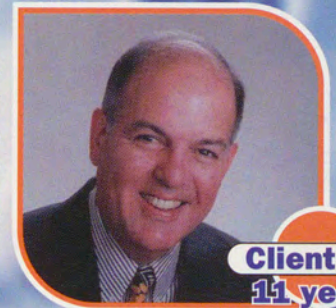


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**I**n another few months, we will be entering a new century where great things are expected to happen, not just for our industry, but for life as we know and live it. Actually, I began thinking about this topic when I was in the third grade. It wasn't long after my teacher and principal delivered the most incredible news I had heard to date—that our president was dead. In those innocent times, I tried to calculate what my life would be like at 44 in the year 2000; it seemed almost impossible to comprehend.

Historically, the turn of many recent centuries has brought forth great technical, medical and

management philosophies were in your own company or another RTO company where you once worked. Give consideration to that snail-like pace of development that took place as we worked hard to-

gether to build our state associations and pass into law fair-minded legislation. Reflect on how we have grown in our thought processes, especially with regard to charitable activities such as the industry's involvement with Habitat for Humanity.

Never forget how we worked out our issues with the IRS to gain enough ground to pull the industry back from

the brink of extinction.

Maybe coincidence will make the timing perfect and on New Years Day, 2000, we will see all the changes in perception, legislation and technology as they relate to our industry unfold in a way that we see only in our dreams. While it may seem unlikely, it could happen. Something about a new century could inspire that. Something about a new designation for the year and the century we live in may have some magical effect on our ability to progress as an industry. In any case, the prospects are exciting. The thought of a new age of change is exciting. Wouldn't it be great to be able to look forward in order to tell you how things will turn out, but then, something would have certainly been lost in translation. Good luck to you all. Let's keep our industry efforts continuous and organized. ■

*Ernie Lewallen is president of UHR Rents in Cincinnati, OH.*

.....  
 "Something about a new designation for the year and the century we live in may have some magical effect on our ability to progress as an industry."

## APRO and the millennium

social innovations. It could happen again. Our group of rental dealers certainly represents a small fraction of the universe of people who will be experiencing the new millennium. New products and new technology have the chance to completely change the face of this industry.

Look around and you can see the birth of change. Computers, if they are not in your stores now, most certainly will be before long. I predict that computers soon will represent the next wave of business that VCRs created in the 1980s. HDTV, while it isn't practical today to think of renting such an expensive product, most surely will cause a surge in television buying in the very near future. DVDs, the smaller, better and more practical way to listen to or watch your favorite

CD or movie, are just now making their way into rent-to-own. Rewriteable CD burners are now in many homes. The electronic revolution that has been brewing for the past 10 to 15 years is unbelievable.

Change occurs at two speeds. One is the snail-like pace of development. The second is almost instantaneous and seems to take place when embraced by the masses. That is when we can't ignore it.

Look at your trade association and think about change. Just give thought to where we were as an industry just a decade ago. Think about the leadership at the Association level. Consider what



By **ERNIE LEWALLEN**  
 APRO's President

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**A**ttending the APRO convention is a multi-faceted experience—at least it can be. After all, the old adage holds true: “you only get out as much as you put in.” Each year we design the show to appeal to as many people as we can. Consequently, there is much to do, much to see and much to learn, even for the lifelong RTO professional.

First, there is the trade show. The APRO staff and board of directors have spent this past year touring the country looking for things new and different to bring to you. Of course, we also have

titude at its convention that all work and no play makes for a dull show. Therefore, you will find yourself enjoying some of the most entertaining parties you’ll attend this year. There’s the party at the National Automobile Museum where we’re hosting a street dance. You can also relive the bygone days of the 1950s’ most popular television show, “Bonanza,” at a party at the Ponderosa Ranch where the show was filmed.

Many people believe that networking is among the most important reasons for attending APRO’s annual bash. It is certainly an understatement to say that things are changing in RTO. Whether you’re in the exhibit hall, the seminars, the golf course, the parties, or simply in one of the bars at the hotel, you’ll be around fellow RTO dealers who know something you don’t about the business. Talk it up. This has never been an industry of shy, introverted business people.

The men and the women who have built this industry have also built a trade association you can be proud of. As a whole, this industry has taken on more giants than David and won. We have accomplished more impossible feats than Hannibal. We have built an industry that provides a valuable service to millions of under-served Americans each year.

And most of us have made a pretty good living in doing so. Each of us has an obligation to push ahead, to be a part of this Association and make sure that both the Association and the industry changes as the world around us changes.

That’s called leaving a legacy. There are few more noble endeavors for mankind. ■

*Bill Keese’s e-mail address is [bkeese@apro-rto.com](mailto:bkeese@apro-rto.com).*

“Vendors spend a lot of time and money showing dealers a good time as well as a plethora of quality merchandise at APRO’s trade show. When dealers don’t buy, suppliers don’t show. Without their participation, we wouldn’t have a convention.”

# The convention spirit

the solid, tried-and-true suppliers who are and have been the backbone of this industry.

Our trade show has developed the reputation of not being a buying show. If you are a dealer and don’t bring your checkbook to the trade show to buy, shame on you. You are risking the quality of future APRO conventions by not placing big orders with these vendors showing at APRO. They spend a lot of time and money showing dealers a good time as well as a plethora of quality merchandise. When dealers don’t buy, suppliers don’t show. Without their participation, we wouldn’t have a convention. There is absolutely no reason the exhibiting companies can’t walk away from this APRO show with a briefcase full of orders. If they do, you will benefit.



**By BILL KEESE**  
APRO’s Executive Director

The annual APRO convention is a time when everyone in the industry can come together and either learn something new about that which provides you with your livelihood or remind you of the basics of the RTO industry. Either way, you will benefit, provided you attend the seminars instead of playing golf or gambling your money in the casino during the education sessions

held during the convention. We have classes on the basics of RTO as well as advanced theories of management. Again, you will get out what you put in.

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**A**cademics occasionally turn their attention to rental-purchase customers and rent-to-own transactions in an effort to understand them better. Academics begin with the premise that the rental-purchase transaction appears illogical to them because it is so expensive. It is not something they would do. From that premise, they seek to explain why so many people are drawn to the transaction, when they, the pillars of wisdom, are not. A recent example of such

to the authors. Nor was the feature of lower payments over a long time crucial to the rental-purchase decision. However, customers were found to use the transaction as a self-imposed means of managing money. Also, customers who are risk averse and who like the flexibility in the transaction are more likely to use rental-purchase

A recent scholarly study of the rental-purchase customer seeks to explain the popularity of the RTO transaction. While the reading is dry, the substance may enlighten.

than those customers who are more prone to taking risks and for whom terminability/flexibility is relatively less important.

Make no mistake, this article is a difficult read. The style is dry and the charts labyrinthian. However, the study may have some usefulness for dealers desiring to fine-tune marketing programs.

The authors admitted that the study results surprised them somewhat. Rental dealers who take the time and make the efforts to digest this latest information about rental customers may be in for similar, albeit modest, surprises themselves. ■

*Ed Winn's e-mail address is [edwinn@ibm.net](mailto:edwinn@ibm.net).*

# Ask the professors: Why do customers rent?

an inquiry is an article entitled, "Demand for Rent-to-Own Contracts: A Behavioral Economic Explanation" (*Journal of Economic Behavior and Organization*, volume 38, page 199).

The authors questioned 153 rental-purchase customers "drawn from several low-income neighborhoods in Pittsburgh, PA." The authors tested four hypotheses for why customers choose rental-purchase: because of 1] "externally imposed liquidity constraints;" 2] "high intertemporal discounting;" 3] "self-management of myopic time preferences;" and 4] "risk-aversion and escapability."



**By ED WINN III**  
APRO's General Counsel

Interestingly, the study found that most rental-purchase customers understood how the transaction works and how much it costs. It is good news for the industry that "customer confusion or lack of knowledge is unlikely the main reason why low-income consumers use these types of contracts."

In the study, hypotheses No. 1 and No. 2 did not pan out. Hypotheses No. 3 and No. 4 proved more reliable as predictors of rental-purchase usage. Not having money is not predictive of rental-purchase demand according to this study which finding was counter-intuitive



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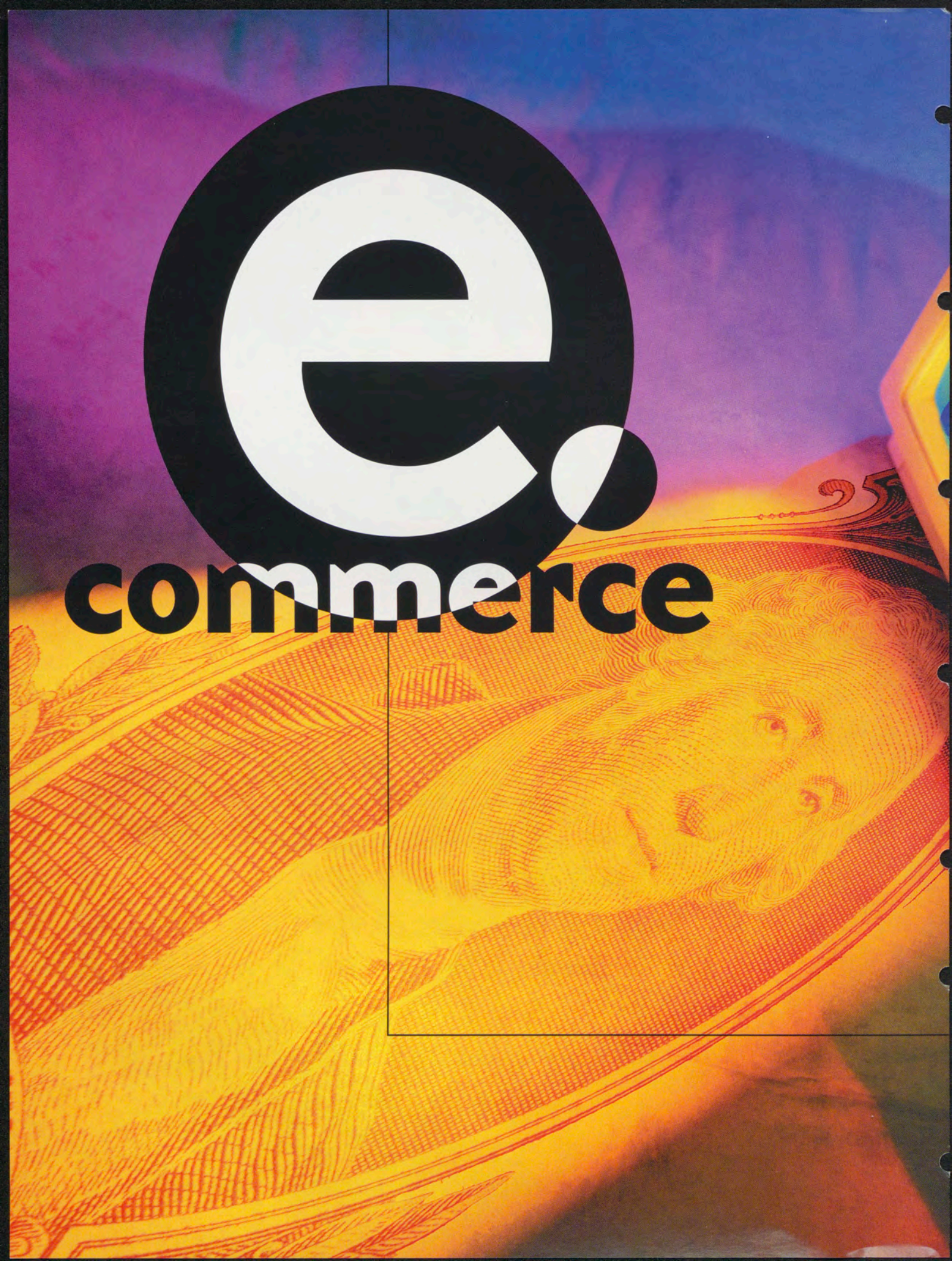
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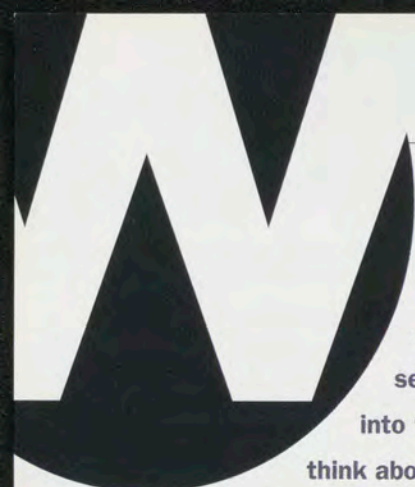
**IN THE RETAIL WORLD,  
ELECTRONIC COMMERCE IS ALL  
THE RAGE. BUT IS RTO READY  
TO LOG ON TO A WHOLE NEW  
WAY OF DOING BUSINESS?**

**BY ROBERT MacMILLAN**

**NO MATTER WHAT YOU SELL** and in what part of the country you live, anyone who has used the Internet even once probably has heard or read the term “electronic commerce.” The term is self-explanatory; the numbers that usually accompany reports and news stories about the phenomenon show that it is a trend that is unstoppable.

Whatever your experience with electronic commerce, there is probably one thing that anyone considering the Internet as a business venue should know: whether the analyses you read are filled with conservative or liberal estimates, the amount of money that the Internet can yield for the right entrepreneur is limitless.

But when the question of electronic commerce is applied to the rental-purchase industry, the question becomes not so much “how much money can we make?” rather “how are we going to do this?”



While suppliers and dealers may be able to nurture a healthy business environment on the Internet when it comes to selling and buying between themselves, the trickier issue is how to apply electronic commerce to rent-to-own customers. And it's not that the customers themselves wouldn't dig the idea. By the looks of the ever-burgeoning number of Americans climbing into their online lives, there's no shortage of potential customers. The problem comes when you think about how you're supposed to conduct business with them on the Internet as a dealer.

### **E-COMMERCE EXPLOSION**

The numbers vary from report to report, with different news organizations and industry associations finding different results depending on the surveys. The Consumer Electronics Manufacturers Association, for one, predicted that sales of traditional consumer technologies on the Internet will reach \$14 billion by 2002, which would represent 13 percent of total sales. CEMA also predicts that interest in shopping online will grow 135 percent by 2001.

It's not just CEMA and industry groups hoping to promote their products who are saying that electronic commerce is the "biggest thing" to hit private industry in years.

The U.S. Department of Commerce, which is responsible for tracking sales data and the Consumer Price Index, recently announced its own plans to begin following sales on the Internet as well. Commerce Secretary William Daley convened a conference in Washington, D.C., that brought together government officials, the academic community and online business experts to devise methodologies for how to track this burgeoning medium.

Daley says that while online business is becoming more lucrative with time, it still represents a relatively small portion of the nation's economy. This, he says, likely will not last as the Internet becomes an indispensable business medium.

"Last year, even though retail sales on the Internet tripled, they still accounted for much less than 1 percent of all retail trade," Daley says. "Business-to-business transactions are larger — four to five times larger, with equally large rates of growth. But even they are less than a percent of our \$9 trillion economy."

The Clinton Administration also is promoting electronic commerce. The Small Business Administration in May testified at a House Small Business Committee that it is gearing up to present several initiatives especially aimed at getting small- and medium-sized enterprises to get more into Internet transactions.

Rep. Nydia Velazquez, D-N.Y., the ranking

Democrat member of the Small Business Committee, says that electronic commerce truly is a booming business medium, with a total of \$1.3 billion accounted for in U.S. retail sales online in 1997. She says this number could rise to as much as \$25 billion by the end of 2000.

### **THE OUTLOOK FOR SMALL BUSINESSES**

The Web tracking firm eMarketer has shown that less than 2 percent of the 7 million U.S. small businesses with less than 100 employees are currently engaged in online business right now. Small Business Committee Chairman Jim Talent, R-Mo., says these numbers show that more small businesses need to get into the business of electronic commerce in order to remain viable.

Daniel Hill of the SBA says, however, that the number of small businesses with Internet access has doubled from 22 percent in 1996 to 41 percent in 1998.

"But there remain significant obstacles to small business involvement in this new medium," Hill says. "The SBA is working to help small businesses overcome these obstacles and take advantage of the many opportunities afforded by electronic commerce."

Capitol Hill also has its fair share of members who aren't slouches in the online commerce department either. In fact, a nasty battle broke out over the Internet Tax Freedom Act, a bill — now law — that prohibits the imposition of new taxes on Internet transactions for the next three years, while a blue ribbon panel, the Advisory Commission on Electronic Commerce, explores jurisdictional issues on how to apply state and local sales tax laws to multi-jurisdictional online transactions.

This law has angered some state and local lobbying groups concerned that the blooming popularity of electronic commerce will cannibalize real-world retail locations — as well as the tax base for states and localities that those stores provide.

Since eight of the 16 members on the panel represent state and local interests, however, some of those groups, such as the U.S. Conference of Mayors and the National Association of Counties, have relaxed their opposition to the law.

### **CAN RTO TAKE A PIECE OF THE E-COMMERCE PIE?**

Before you rush off to register your domain name and hire a team of designers to get your Web page online, consider some advice and cautions. Ernie Lewallen, president of APRO and the head of UHR Rents Inc., a rent-to-own dealership based in Cincinnati, OH, says the question of how to apply electronic commerce to the rental-purchase has a simple answer, which is, no answer at all.

"We don't know how to do it," he says. "Obviously you need to have a Web designer create a page, then you need to figure out some way to

take that information once customers put orders in for the service...you need to schedule deliveries...and make it happen."

Although many businesses that operate on the Internet and its graphics-and-text-based subset, the World Wide Web, are small—sometimes run by maybe only one person—not all rental-purchase businesses have the resources to devote to building a Web site.

"I'm not sure that my company is up to that level," Lewallen says. "I'm not even sure that it really is applicable in today's market."

John Foster of Alliance Computing Technologies thinks that electronic commerce is a good possibility for dealers and suppliers to interact, but for many dealers who are interested in online transactions, it is critical to work with "reputable organizations who have made sizable investments to this new way of conducting commerce"

"It is not, however, inexpensive, and because of that, I think change will come first from the most stable and forward-thinking suppliers to the dealer network, followed by the dealers themselves," Foster says.

When it comes to business-to-business transactions, Gary McDougal of American Rentals based in Hixson, TN, says he expects to see more dealer-supplier online commerce within the next three years or so, but that the "tried-and-true fax machine" remains his dealing method of choice.

"I send probably 50 percent of my orders by fax," says McDougal. "A lot of companies aren't even set up for online commerce..."

Lewallen says the Internet is much better-suited to the straight buy and sell of the retail market. For example, he says that on the Internet he can visit the online bookstore Amazon.com, "order book xyz," offer his credit card and pay up. Amazon.com drops the book in the mail and it then arrives.

For rent-to-own transactions, he says, the whole shopping experience of rent-to-own in the traditional market would have to change, as would some of the characteristics of the main demographic that make rent-to-own purchases.

"In a rent-to-own store, I'm going to have maybe a CD player, maybe a multidisc CD player; maybe it's a Sony, a JVC—it's going to vary. I'm going to have laundry machines, I'm going to have furniture...it will be so much a week, so much a month and it will differ from location to location," Lewallen says. "If you ever sat down and tried to shop competitively [for rent-to-own products], it's a tough job to do. You can't call up the five stores in your phone book be-

**"IT IS NOT  
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DEALER NETWORK,  
FOLLOWED BY THE  
DEALERS THEMSELVES."**

cause you might find one dealer who has [a particular product], then find another who doesn't. It's the kind of a business where you need to come in and see what's there."

Lewallen also notes that many rent-to-own customers pay for their products with checks or cash, not necessarily credit cards, which is the standard form of Internet-based payments.

McDougal also says that the general demographics of his consumer base leads him to believe that electronic commerce is not an option for customers exploring the rent-to-own experience. A recent survey of his customers inquiring about their interest in using online commerce to make Internet-based purchases showed a lack of interest.

Concurring with other dealers on the credit card issue, McDougal says that while his stores don't even take credit cards, "some of my competitors do." He says that many rent-to-own dealers will make an exception for long-term rentals for companies that "want to use the corporate American Express or something. But for normal day-to-day stuff, I don't ever do it."

But it's not necessarily a case of the average rent-to-own consumer being out of touch with the technology.

"People who couldn't have spelled Internet two years ago, [and] who had no idea what a Web address was, are now talking the jargon," Lewallen says. "I firmly believe that, to this industry, the computer will represent what the VCR represented in the '80s."

Alliance Computing's Foster delivers what he feels is the drop-dead verdict: "The nature of the rental transaction at the retail level and the relationship developed between the customer and

## e-sites

**Small Business Administration Web sites with information regarding electronic commerce:**

**SBA homepage:** [www.sba.gov](http://www.sba.gov)

**HUBZone Empowerment Contracting:** [www.sba.gov/hubzone](http://www.sba.gov/hubzone)

**Small Business Classroom** <http://classroom.sba.gov>

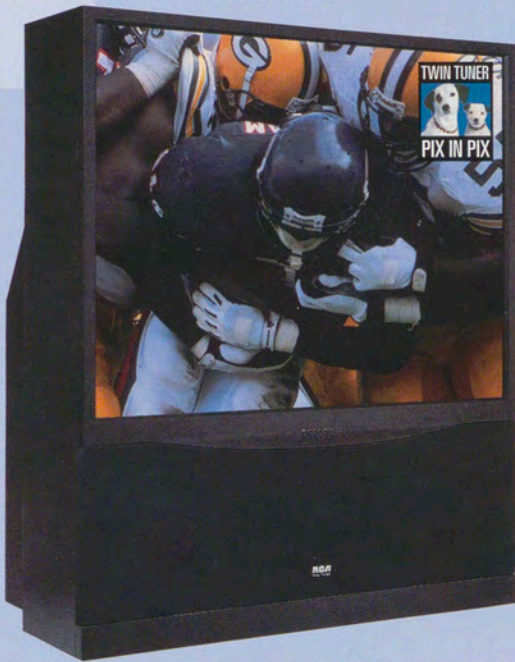
**Women's Online Business Center:** [www.onlinewbc.org](http://www.onlinewbc.org)

**Department of Commerce:** [www.doc.gov](http://www.doc.gov)

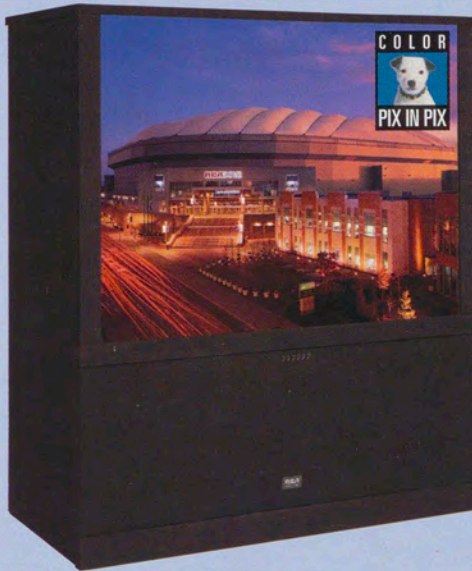
**The Advisory Commission on Electronic Commerce: Rep. Chris Cox, R-Calif., and Sen. Ron Wyden, D-Ore., were the original sponsors of the Internet Tax Freedom Act. The advisory commission, which was specified on the bill, is outlined in detail on Cox's homepage at [www.house.gov/chriscox/nettax/commission/main.htm](http://www.house.gov/chriscox/nettax/commission/main.htm)**

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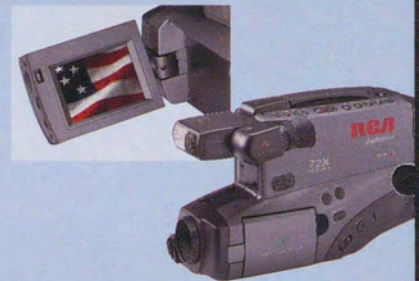
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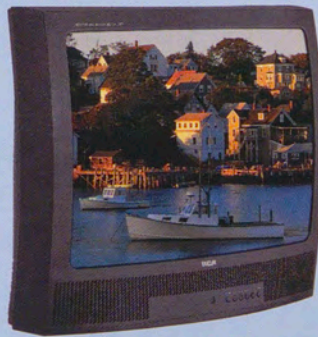
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the dealer obviate the benefits inherently sought in e-commerce," he says. "I do not foresee development of e-commerce at that level."

#### **DON'T IGNORE THE POSSIBILITIES**

Even if Lewallen, McDougal and Foster are right and the Internet does not become a fertile dollar-breeding ground for actual dealer electronic commerce, it is wise to remember that potential rent-to-own consumers may still turn to the Internet as a research tool before they ever walk into the shop.

"Whether consumers make the purchase online or not, the industry will see a tremendous increase in the use of the Internet as a research tool," says Todd Thibodeaux, vice president of market research and senior economist for CEMA. "On average, more than 75 percent of consumers who likely will make a consumer technology buy in the next two years will use the Internet to research their purchase."

The Internet, as Foster mentioned, also may prove to be a valuable medium for business-to-business transactions between suppliers and dealers.

Foster says that his company has developed a system for the supply purchasing process that allows them to place orders to the manufacturers for their products while also directing the shipment to the dealer.

"This is the first step in being able to receive orders from our customers through our Web site," Foster says. "The two barriers to this being the norm are a company's willingness to make the investment in technology and a predominantly un-wired dealer network. I have found this industry to be very interested in taking advantage of the efficiencies afforded by technology and to that end they are hungry for information."

Foster also says that he can envision APRO holding a symposium that would include breakout sessions to begin tackling the issues of online commerce for both the supply and dealer sides. Questions that could be included, he says, would be the very basics — elementary but essential — like: "Where and how does one begin?" "What should I budget?" and "What are reasonable expectations?"

While he says that suppliers do not rely that heavily on online commerce now as a means to conduct business, there is an unmistakable upward trend in that direction.

"As competition increases and familiarity with the advantages accelerates, more and more converts will avail themselves of e-commerce, not as an alternative but as a complement to doing business," Foster says. ■

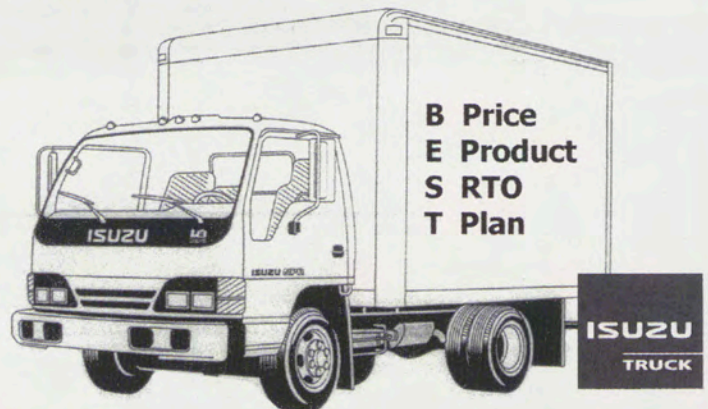
*Robert MacMillan is a congressional high-tech policy reporter based in Alexandria, VA.*

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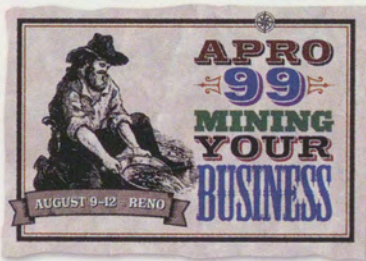
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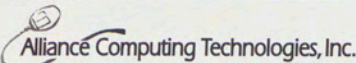

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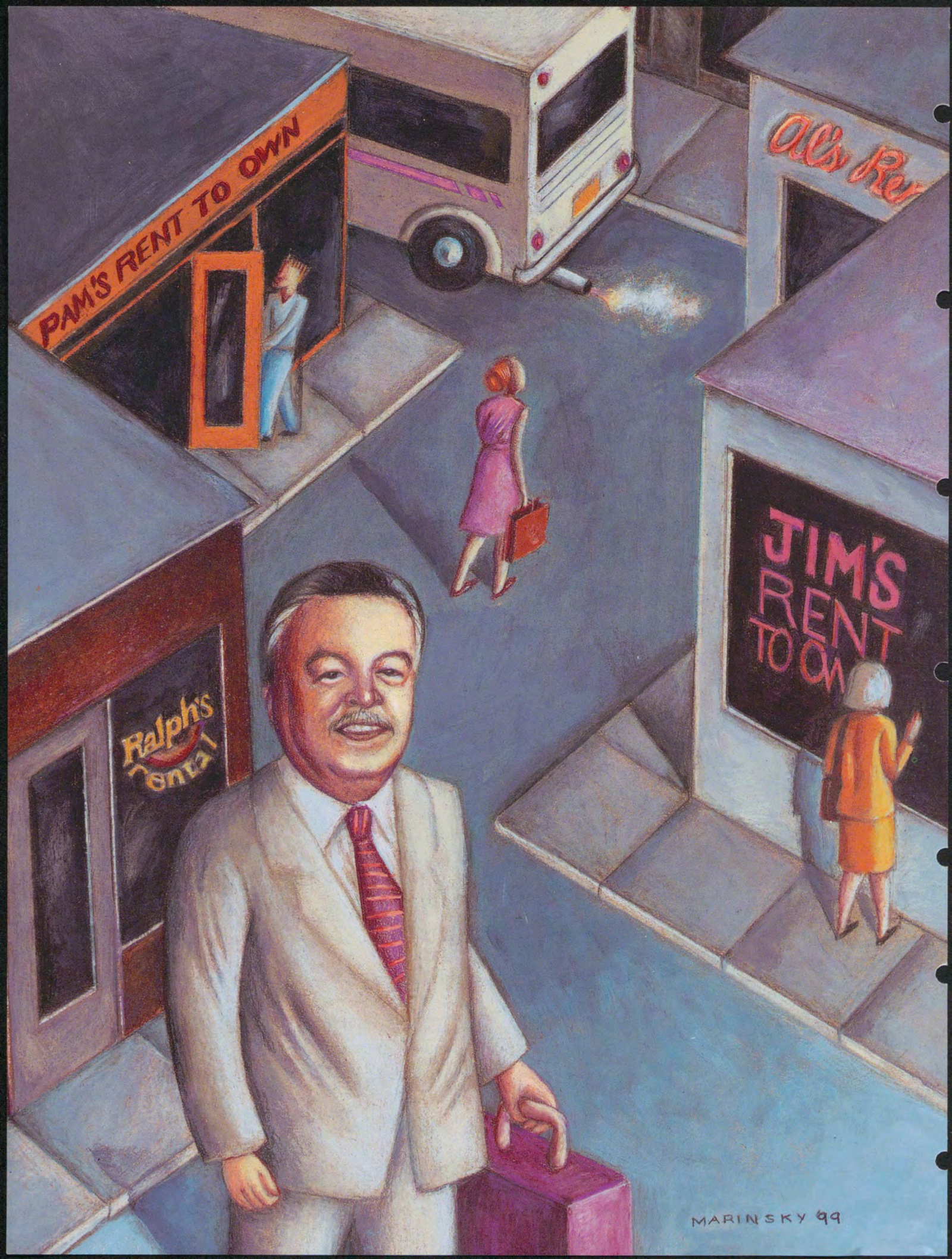


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# LIFE ON THE OUTSIDE

**RETURNING FROM A SHORT RETIREMENT,  
RTO VETERAN **BUD HOLLADAY** REFLECTS ON RECENT  
CHANGES IN THE INDUSTRY**



It wasn't a sabbatical. It was a 12-month search for an honest man. Or just an honest set of books. That's the best way to describe the year that my wife Cathy and I spent searching for a business to buy. A change sounded good after our combined 45 years in the rental business, so we started our quest by looking at almost any kind of enterprise that didn't contain the words "rent" or "own." We had just a few simple criteria, chief among those being uncooked books, taxes that weren't owing and employees whose social security accounts contained the right number of digits. That quickly eliminated about 90 percent of everything advertised for sale.

**P**

erhaps we shouldn't have been amazed to discover that most rental dealers keep significantly cleaner books than the average small businessman. Rental dealers have learned the hard way. After all, when's the last time a congressional committee or even the local news channel shined a bright light on Joe's Bar-B-Q or Maybelle's Dress Shop? Maybe somebody should. It might be fair to say that we could retire most of the national debt if just some of the thriving businesses along Main Street anted up their fair share.

We found it curious that most of the same folks who routinely ring up only every third sale and brag about employees working off the books also make the most noise about welfare fraud and employee theft. This crowd appears for the most part to be made up of Ross Perot zealots and others who believe in getting government off your back, but not before you've picked its pocket and gotten somewhat of a free ride yourself.

The better news is that rental dealers may not know how good they have it in terms of exit strategy. Every day in the "real world," small- to medium-size companies are bought and sold on a formula ranging from two to four times the annual discretionary cash flow (defined by most business brokers and accountants as pre-tax profits plus owner's income and benefits, plus interest expenses). And then a business broker, who usually is nothing more than an ex-condo salesman with a cell phone and a fistful of listings, takes about 12 percent off the top of that. To see whether it really is worth your time to stay in this business and put up with all the nonsense we've managed to bring down on ourselves over the years, simply project the value of your own operation using that formula. You can quickly see that profit really is the reward for not just risk, but also migraines, ulcers, high blood pressure and maybe even male pattern baldness.

The observations that follow come from a guy who didn't walk into a rental store, pick up a report or read a trade magazine or newsletter for a year. If you are very new to this business, you might not realize just how hard that could be for others who have been immersed in RTO since Nixon's first term. Imagine driving down a city street, totally oblivious to the pickup truck full of overstuffed furniture and stereo equipment tooling along in the next lane. No searching cabinet backs for telltale markings, no guessing which store won't

clear those accounts this week. Ever see a dairy farmer pass a cow and not warm up his fingers? Impossible not to. But we did it. And it was fun — for a while at least.

### **DOES BIGGER MEAN BETTER?**

Upon our return to the fold, we see that not much has changed except the signs on about 1,000 stores and some of those are still plastic banners months after the fact (if you really want to grow rich, nail down the franchise that provides new signs to banks and rental companies). But one noticeable difference is the deterioration in the curb appeal and plant upkeep of rental stores in general. While nobody seems to be hesitant to rent goods, with furniture in the forefront, old trucks parked in front of tired and rundown rental stores that once were premier operations in their market can be a symptom of many ills. Some owners might be reluctant to make new capital investment owing to the fact that takeovers produce a bigger payday than makeovers. Since IPOs have broken out all over and everybody is buying each other, looks are less important than hanging on. If we are soon to become "one-of-the-big-boys," why spend anything now?

It's always been a question whether a bright, shiny store was a vehicle to attract customers or just a shield that we hoped would deflect the slings and arrows of consumerism and bad press — and maybe even our own guilt and angst at making too good a living at something so transparently easy. Dealers used to wear buttons saying they were proud of this business. Now that the heat is off, relatively speaking, we seem to have lost the buttons and lost the initiative, too.

The lack of investment in people is really amazing given that (a) competing with the behemoths is even harder without better people, and (b) if you are a behemoth, the consolidation process ought to produce some efficiencies in staffing that don't always mean lower-quality workers. Lower-quality workers earning even more money is a greater sin, although one perpetrated by fewer among us.

Certainly the U.S. economy is still sailing along and most service industries are begging for help. So it only figures that rental stores will have even more trouble filling slots. That, and the likelihood of your closest competition today being a mega-power instead of a mom-and-pop, should motivate most dealers to improve their hiring, training and compensation. I don't see that, at least between Mississippi and the Atlantic coast. Nor do I hear it being talked up in conversations with other dealers or with key vendors. This could be that once far-away day when the piper gets paid. When we can least afford it, many dealers are stuck with folks who may not be up to the task of staying competitive in a consolidating industry.

Perhaps too many owners have come to believe that planning means nothing more than sitting around home office, waiting for their lottery number to be drawn in Dallas or Erie or some other center of the rental universe.



When you're counting on 15 times revenue and a "Get Out of Jail Free" card, it's hard to be motivated by much else. Meanwhile, the other little guy down the street who's taking positive steps to grow and improve his own operation is surely and swiftly eroding the layabout's market share.

Or maybe it's just that, suddenly, all the competition looks alike and you know the head guy can't possibly cover all the bases when he has thousands. So it becomes O.K. to cut a corner here and slow down there. You used to know who your toughest competitor was. You shared lunches, golf games and war stories—and more than a few customers and account reps—and you always kept each other sharp and competitive. But he left town with a truckload of money and stock certificates last year. Better the enemy we can't see than the enemy we can.

The game certainly is a different one now. Time was, small companies dreamed big and laid out grand plans, then worked feverishly to make those come true. Other outfits struggled and started and finally broke away from the pack after developing a hot new marketing angle or stumbling across the latest product. From all appearances, the entire management and marketing strategies of those companies today can be summed up as, "We ain't the big guy." In too many cases, we also ain't the guy we used to be, either.

What hasn't changed over the past year or so is that the small guy is still worried about the big guys. And some of the big guys are worried about becoming small guys again. Overlooked in most marketing analyses and suicide pacts among the little guys is the fact that most of the big guys charge the same rates as everybody else—or more—and usually fill openings with the same guy who couldn't make deliveries for somebody else last month. The talents and resources that allow one company to buy hundreds of existing stores are not necessarily the same ones that allow it to create new customers and keep old ones. Giving up early is the real sellout for today's independent rental dealer.

And by the way, is there a danger that—public relations tripe notwithstanding—no company can be truly homogeneous beyond the first couple of hundred acquisitions? Beyond that point, isn't it just a patchwork quilt of other people's ideas, programs and theories? If the new owners can't get new signs up, how can they get new ideas

and new loyalties into the heads of the people who report to work under those signs? All this may not bode well for the managers of tomorrow.

#### ACQUISITION AFTERGLOW

In big picture terms, the latest releases from APRO show that most independent operators can still afford to buy inventory and attend a convention. Releases from the publicly traded rental companies show that, while everything is O.K. right now and nobody has lately strangled on a big acquisition, it becomes increasingly hard to grow stores beyond a certain point. That point comes after the half-empty showrooms have been filled and the no-shows and go-slows have been replaced with people who can actually rent and collect.

But when the rosy afterglow of new goods and new management and new advertising wears off, and store BOR and revenue have only rebounded to where they should have been a year ago, how do you get the new customers that your growth projections require? The trick will be to avoid upsetting the delicate balance between traditional rental methods and returns while adding a bunch of first-time renters who are bound to bring new demands and challenges that we haven't figured out how to manage—although it appears that Mr. Loudermilk's group in Atlanta [Aaron's Rental Purchase] is taking a strong stab at it. Even if they don't succeed, you have to give them credit for having the guts to step out front. When everybody looks alike, but wants to be different, all it takes is one bad quarter or a few VPs with more authority than experience, and the company's fortunes can tumble faster

than a cheap dryer on bad wiring.

Of course, most customers could care less who owns what company so long as the sofa outlasts the payments required to own it and the manager still treats you like a human. Or at least like a human who can make the new outfit a few bucks. Meanwhile, the smaller companies and the start-ups have the opportunity to vacuum up a lot of business from the big boys whose chain-store mentalities rub some folks the wrong way. Whether that offsets the additional 5 percent to 10 percent the little guy is paying for his goods or the 15 percent less he pays his people remains to be seen.



*One noticeable difference is the **DETERIORATION IN THE CURB APPEAL** and plant upkeep of rental stores in general. While nobody seems to be hesitant to rent goods, with furniture in the forefront, old trucks parked in front of tired and **RUNDOWN RENTAL STORES** that once were premier operations in their market can be a symptom of **MANY ILLS**. Some owners might be reluctant to make new capital investment owing to the fact that **TAKEOVERS** produce a bigger payday than **MAKEOVERS**.*



A former pizza salesman and pretty good rental operator named Bud Gates once told an APRO gathering that the real winner in this industry won't be the vendor who ships goods the fastest or provides the cheapest services. It will be the company that can tell rental dealers what questions they should be asking and help them determine what information they need. If you've been around for more than a week, you have to agree that such insight is surely more valuable than any marketing pyrotechnics or innovations in human resources. Of course, the challenge to the big companies is to overcome the inertia created by their size and be able to act without creating even more chaos.

For the small operator, it's more troublesome with greater proportional risk. He first has to start thinking like a big dealer to ever become one. That means he'll have to divert some cash to pay for better information about things that are really important while identifying and then ignoring most of that which isn't. Since information is a resource that can't be rented, counted, sold or warehoused, he will be hesitant to take the plunge. And that is why too many small dealers will stay small. Months after MegaRenter has made its next acquisition, those operators will still be small, struggling and working on slim margins with ineffective policies. So the value of

their companies will be nil to any except the future retirees on their payroll.

Meanwhile, the guerrilla operator with a strong heart and eyes—and pocketbook—wide open will conquer the day, and most of the market. Whether he has 2,000 stores or only 20, that will happen. If you don't think it's possible, just remember that not a single operator started with 1,000 stores. None started with 500 stores. On one morning in some town, one key turned in one lock. But the right guy turned it. And the rest is history.

About that pocketbook thing. Your people don't have to be paid the most, nor do they have to be the smartest or even the most experienced. They just have to believe they can become all of those; they will get that from you and how you run your business every day. Or they will see right through you and know that it is impossible. It's your choice. ■

*Bud Holladay founded APRO in 1980 and served multiple terms as its president. As vice president and CEO of Alreco Inc., he was instrumental in that company's development and subsequent IPO. After sitting out a year following Alreco's merger with Action Rent to Own, Holladay now lives with his family in Virginia Beach, VA, where he directs the expansion of the 17-store Bestway chain.*

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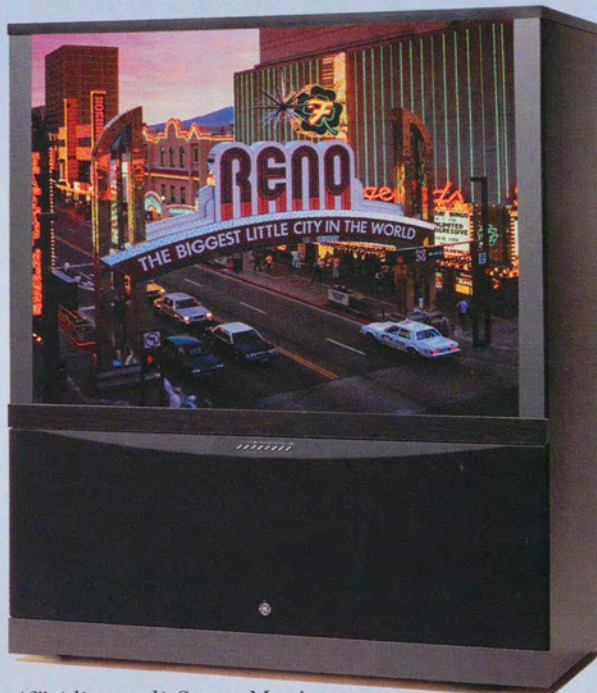
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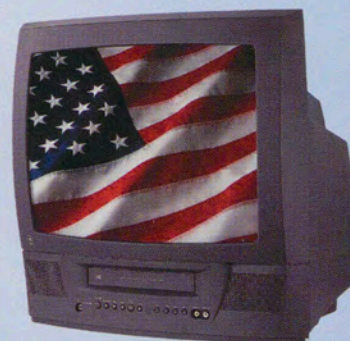
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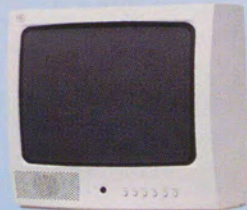
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# PERCEPTION VS REALITY

Whether we choose to admit it or not, we have an image problem that we helped to create. To the concern of some rental dealers, our trade association has devoted significant effort and resources to this problem in recent years. Some dealers, seemingly tired of hearing about what bad business citizens they are, have taken to various defense mechanisms to salve their wounds.

A commonly heard refrain is, "We're great guys, we really are! I swear!" That's not the point. Perception is reality; the perception is that we sell televisions to poor people for high prices. As long as that perception exists, potential customers will stay away in droves.

Some dealers argue that our so-called "image problem" is illusory, a figment

## REVISITING THE STATUS QUO IN RTO

of our imaginations that we should stop talking about lest we begin to believe the hype. We may be perceived as wonderful in our own hometowns, but rent-to-own still raises eyebrows. If everyone perceives you as a great civic leader and humanitarian, they still can't help but question the propriety of the business that you're in. It's not their fault. For years, the public has been bombarded with a parade of negative publicity about our industry. That's assuming that their impressions weren't formed first-hand by seeing a low-class advertisement or a shoddy rent-to-own store. Perhaps they may not exist any longer, but they once did, not so long ago — and perhaps as recently as last week.



**A**nother common rationalization is that we charge a market rate for our service to willing customers, much like an expensive resort hotel charges a premium to its customers. We can rationalize our industry's value all we want, however, the reason we are scrutinized so heavily is our target customer. If we sold televisions to wealthy people for high prices, no one would care. But the perception is that we market our products and services to the underclass.

Most of us would acknowledge the dramatic demographic shifts that have occurred in our industry in the past 20 years. Yet, the perception of our target market still exists and is perhaps even perpetuated by many dealers.

The point of all of this image acknowledgment is to recognize the

- 2] Establish reasonable cash prices for our products;
- 3] Discard the tired phrase, "rent-to-own."

### CASH PRICE MULTIPLE

Several state laws limit the full-term price of a rental transaction to no more than two times the product's cash price. This figure is a maximum; yet, most dealers use it as a benchmark of computation. Perhaps the rationale is that "the customer doesn't care about the term, only the payment." Whether or not this is true, if 75 percent of our agreements are terminated by the customer prior to gaining ownership, why do we need to create the illusory contract balance that makes us look so bad? Could we perhaps improve the average consumer's perception of our transaction by reducing the perceived premium that we charge for renting?

Contrary to popular belief, I have found that our customers are very intelligent about how they spend their

Do we need to create a "contract balance" that is two times the cash price when we rarely get it? Do we lose more potential profits with negative perception than the profits we gain from loyal customers who pay the full rental term?

Would profitability be positively or negatively influenced by a full-term balance of 1.5 times the cash price? What about 1.6, 1.7 or 1.8? Certainly, there must be a better number than twice the cash price.

### REASONABLE CASH PRICES

It has been my experience that most rental dealers arrive at a product's cash price by backing into it from the payment and term. The common formula is  $payment \times term \div 2 = cash\ price$ . Dealers with even a small measure of social conscience round up to a retail-sounding number like \$9.95.

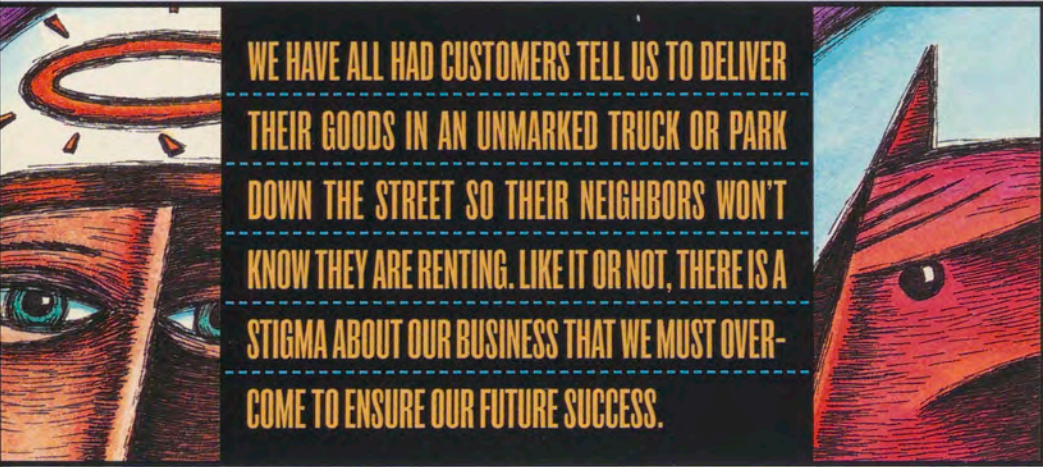
I believe that natural competitive pressures are incentive enough for us to put reasonable cash prices on our products. We simply look bad when we display a VCR for \$399 that is available at a retail store for \$149.

Some dealers have discovered that they can use a reasonable cash price with the same payment and retain their profit margins. For example, a VCR might be \$9.99 a week for 39 weeks and, using a 1.7 multiple, a cash price of \$229. Under this method, by starting with the payment and the cash price, you back into the term. For example, let's say you want a payment of \$9.99 a week and a cash price of \$229 seems reasonable. Multiply the cash price by the multiple (e.g., 1.7) and you get the full-term amount, in this case \$389.30. Divide by the payment of \$9.99 a week to get the rental term, in this case 39 weeks (38.97 weeks rounded off).

Do the calculations on various product categories and see if you're comfortable with them. Could you improve your image by displaying a more reasonable cash price on your products?

### "RENT-TO-OWN"

Surveys have told us the truth, but we can't accept it. The phrase "rent-to-own," and to some extent "rental," is a turnoff to everyone but our most loyal



**WE HAVE ALL HAD CUSTOMERS TELL US TO DELIVER THEIR GOODS IN AN UNMARKED TRUCK OR PARK DOWN THE STREET SO THEIR NEIGHBORS WON'T KNOW THEY ARE RENTING. LIKE IT OR NOT, THERE IS A STIGMA ABOUT OUR BUSINESS THAT WE MUST OVERCOME TO ENSURE OUR FUTURE SUCCESS.**

problem so that it may be addressed. I believe that we can operate our businesses just as profitably while addressing and correcting some of the poor perceptions that others hold about what we do.

While we cannot ever hope to convert all of our critics, we could significantly change the general public's impressions of our industry by taking three steps:

- 1] Eliminate the "two-times-cash-price" multiple that is found in virtually every rental transaction;

money. They are not fooled by the price differential that is inherent in the average rental transaction. Rather, they perceive the transaction as the lesser of competing evils, one of which may be "doing without." So they rent, often with some underlying resentment about the premium they are being "charged" for renting, whether or not they will actually pay it. Perception is reality and the perception is that we charge too much. Can we change that perception without reducing our profits? Is it worth trying?

customers. If we assume that we've adequately saturated our target market, maybe we can live with this. However, APRO's market survey indicated that we currently do business with only a small percentage of our potential demographic. I know that not everyone believes this.

The "rent-to-own elitists" say, "I'm rent-to-own and I'm proud of it!" Indeed, we should be proud of what we do; that is, provide a valuable and necessary service in the marketplace. However, the fact remains that the phrase "rent-to-own" has been deeply ingrained upon the American psyche—and not in a good way. The phrase has taken on a life of its own, having nothing to do with where our industry is today. I am firmly convinced that many people who could benefit from our service will never get within 100 yards of one of our stores because of the negative, often outdated, misperceptions that they hold.

While I find "lease" to be a word that is much better accepted by the public, the most common objection to this phrase is that it doesn't speak to our customers. In time, it could if it were used in conjunction with other catch phrases that customers understand such as "no credit needed" and "no long-term obligation."

Am I advocating that we change our image by simply renaming ourselves? Absolutely not. We must make other progressive, substantive changes that are consistent with enlightening the public about our transaction, such as presenting clean, well-merchandised stores with well-trained personnel.

A rent-to-own elitist is dismayed by the prospect of reeducating the public to "leasing," arguing that our customers already know what we are. Why confuse them? While this argument is sensible on its face, ultimately, it does not effectively address our image problem. As long as we call ourselves "rent-to-own," we will be fighting an uphill battle.

#### ↑AKING ↑HE ↑HIGHER ROAD

We have all had customers tell us to deliver their goods in an unmarked truck or park down the street so their neighbors won't know they are renting.

Like it or not, there is a stigma about our business that we must overcome to ensure our future success.

Image advertising may, in some small measure, be effective in improving public sentiment about our industry. However, we must constantly be looking for substantive ways to demonstrate more value to consumers. Real changes,

with real consumer benefits, will be the most effective way for us to transcend our current public persona; that is, somewhere between used car salesmen and lawyers. We can do better. ■

*Dan Weiss is head of weissbrothers Home Furnishings Plus, based in Worthington, OH, and an APRO board member.*

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A COMPREHENSIVE LOOK AT RTO LAWS AND REGULATIONS STATE BY STATE

# 1000 RENTAL-PURCHASE LEGISLATIVE UPDATE



BY ED WINN III



he rental-purchase industry continues its successful state legislative initiative by adding Alaska to the list of states with balanced and reasonable rental-purchase legislation. There now remain only four states—Montana, Wisconsin, New Jersey and North Carolina—that have not regulated rental-purchase transactions with a law on the books. There is, of course, also Minnesota, which has overregulated the transaction by deeming it to be both a rental-purchase transaction and a credit sale under that state's laws.

There were anti-rental-purchase initiatives in a handful of states during the past year, in New York and Indiana, for example. These were efforts to undo the rental-purchase legislative scheme already on the books and to re-characterize the transaction as a credit sale. These efforts went nowhere because they attempted to cut so viciously against the grain of statutes that have been on the books for a decade now and have been working well during that time.

As has been the case during the past several years, with the number of unregulated states dwindling, anti-rental-purchase forces have focused their efforts in these few states. The industry has been stalemated so far in Wisconsin, New Jersey and Minnesota, but as political winds shift and change, the industry remains optimistic that it will ultimately prevail in these few problematic states.

What the industry knows to be true is that once balanced rental-purchase legislation is enacted, benefits accrue to rental dealers and consumers alike. Rental dealers get a safe environment in which to carry on business. Such an environment attracts capital and brings more stores to the area. Consumers get disclosures to ensure that they are fully informed about the economics of the transaction and how it works and also get more stores to choose from, which generally means lower prices.

State legislatures have revisited rental-purchase statutes from time to time to fine-tune details of how the transaction works and exactly what disclosures are made to consumers and exactly how they are made. For example, states have tweaked the amounts of late charges permitted, the timing of grace periods and damage waiver fees and provisions in rental-purchase transactions. Importantly, however, no state has ever determined that enacting rental-purchase legislation was a mistake and repealed it or overruled it with a credit sale law. Only the Minnesota Supreme Court has taken such an action in a mistaken, anti-business decision that has hurt the industry considerably, but which has also cost the state millions

of dollars in lost jobs, lost trade and lost tax revenues.

Minnesota and these few other states notwithstanding, the industry's legislative program has proven to be a successful one. The public financial markets have embraced the industry—thanks in large measure to the general perception that the transaction is not in legal peril and has, by now, stood the tests of time and con-

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**THE INDUSTRY HAS BEEN ABLE TO DIVERT SOME OF ITS RESOURCES ORIGINALLY AIMED AT LEGAL AND LEGISLATIVE MATTERS TO THE PUBLIC RELATIONS ARENA. THE ULTIMATE GOAL HERE, AS WITH THE LEGISLATIVE GOAL, IS TO GAIN WIDESPREAD ACCEPTANCE FOR THE INDUSTRY AND ITS WAY OF DOING BUSINESS.**

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sumer scrutiny. If the transaction truly did not make good economic sense for millions of Americans, the business would finally shrivel and die. Instead, the industry has demonstrated sustained, uninterrupted growth over the past 20 years at remarkable levels. That can only come from offering good value to consumers and that is what the industry has done and continues to do.

While the industry's state legislative business has not been completely finished, the industry has been able to divert some of its resources originally aimed at legal and legislative matters to the public relations arena. The ultimate goal here, as with the legislative goal, is to gain widespread acceptance for the industry and its way of doing business. Dealers who have entered the business for the long haul want to expand the consumer base and increase the public's awareness and acceptance of rental-purchase. Building on the strong and solid base of 15 years' worth of state legislative successes, the industry is poised to launch itself into the mainstream of American commerce. With one billion-dollar plus public company and several others not far behind, some would fairly argue that it has already done so.

# IN-STORE PRICE TAG DISCLOSURES

	Cash price	Amount of periodic paymt.	No. of paymtns. for ownership	Total R-P price	R-P charge	EAPR	Rental period	Retail value	New or used?	ID transaction as R-P agreement
ARIZONA	▲	▲	▲	▲						
CALIFORNIA	S E E D E T A I L E D I N F O R M A T I O N B E L O W									
CONNECTICUT	▲	▲		▲						
DELAWARE	▲	▲		▲						
ILLINOIS	▲	▲	▲	▲					▲	
MAINE			▲	▲						
MARYLAND		▲	▲	▲						
MICHIGAN	▲	▲	▲							
MINNESOTA	▲	▲		▲						
NEW HAMPSHIRE	▲	▲	▲	▲						
NEW MEXICO	▲	▲	▲	▲						
NEW YORK	▲	▲	▲	▲						
OHIO	▲	▲	▲	▲						
OREGON	▲	▲	▲							
PENNSYLVANIA	▲	▲	▲	▲						
VERMONT	▲	▲	▲	▲		▲			▲	▲
WEST VIRGINIA		▲	▲	▲	▲		▲	▲	▲	
WYOMING	▲	▲	▲							

## CALIFORNIA

### TOTAL OF PAYMENTS

\$ \_\_\_\_\_

You must pay this amount to own the property if you make all the regular payments.

You can buy property for less under the early purchase option.

### COST OF RENTAL

\$ \_\_\_\_\_

Amount over cash price you will pay if you make all regular payments

### AMOUNT OF EACH PAYMENT

\$ \_\_\_\_\_ per

(Insert period)

### CASH PRICE

\$ \_\_\_\_\_

Property available at this price for cash from retailers in this area.

### NUMBER OF RENTAL PERIODS PAYMENTS

\_\_\_\_\_

## CALIFORNIA NOTICE:

- ▶ You are renting the property. You will not own it until you make all of the regularly scheduled payments or you use the early purchase option.
- ▶ You do not have the right to keep the property if you do not make required payments or do not use the early purchase option. If you miss a payment, the lessor can repossess the property, but, you may have the right to the return of the same or similar property.
- ▶ See the contract for an explanation of your rights.

# NOTICES TO CONSUMERS

## COLORADO

- ▶ Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- ▶ Do not sign this if it contains any blank spaces.
- ▶ You are entitled to an exact copy of any agreement you sign.
- ▶ You have the right to exercise early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- ▶ If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

## DELAWARE

- ▶ Do not sign this lease-purchase agreement before you read it or if it contains any blank space.
- ▶ You are entitled to a completely filled in copy of this agreement.
- ▶ Under the law, you have the right to exercise an early purchase option which will result in a lower cost to acquire ownership

## FLORIDA

- ▶ Do not sign this rental-purchase agreement before you read it or if it contains any blank spaces.
- ▶ You are entitled to an exact copy of the rental-purchase agreement you sign. Keep it to protect your legal rights.

## HAWAII

- ▶ Do not sign this before you read the entire agreement, including any writing on the reverse side, even if told you do not need to.
- ▶ Do not sign this if it contains any blank spaces.
- ▶ You are entitled to an exact copy of any agreement you sign.

## IOWA

- ▶ Do not sign this before you read the entire agreement including any writing on the reverse side, even if otherwise advised.
- ▶ Do not sign this if it contains any blank spaces.
- ▶ You are entitled to an exact copy of any agreement you sign.
- ▶ You have the right to exercise any early buy-out option as provided in this agreement. Exercise of this option may result in a reduction of your total cost to acquire ownership under this agreement.
- ▶ If you elect to make weekly rather than monthly payments and exercise your purchase option, you may pay more for the leased property.

## MAINE

- ▶ Do not sign this agreement before you read it.
- ▶ You are entitled to a copy of this agreement

## MICHIGAN

- ▶ Notice: This agreement is regulated by state law and may be enforced by the attorney general or by private legal action.

## NEBRASKA

- ▶ Do not sign this before you read the entire agreement, including any writing on the reverse side, even if otherwise advised.
- ▶ Do not sign this if it contains any blank spaces.
- ▶ You are entitled to an exact copy of any agreement you sign.

## NEW MEXICO

- ▶ Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign.

## NORTH DAKOTA

- ▶ Do not sign this before you read the entire agreement, including any writing on the reverse side, even if told you do not need to.
- ▶ Do not sign this if it contains any blank spaces.
- ▶ You are entitled to an exact copy of any agreement you sign.

## OHIO

- ▶ Notice: This lease-purchase agreement is regulated by state law and may be enforced by the attorney general or by private legal action.

## PENNSYLVANIA

- ▶ Notice: You are renting this property. You will not own it until you make all of the regularly scheduled payments or you use the early-purchase option. You do not have the right to keep the property if you do not make required payments or do not use the early-purchase option. Subject to your grace periods and reinstatement rights, the lessor may repossess the property if you fail to make rental payments as scheduled. Your rights and responsibilities are fully explained in this rental-purchase agreement.

## VERMONT

- ▶ Important information about rent-to-own: Do not sign this agreement before you read it or if it contains blank spaces.

## WYOMING

- ▶ Do not sign this agreement before you read it or if it contains blank spaces. You are entitled to a copy of the agreement you sign.

# RENTAL-PURCHASE AGREEMENT DISCLOSURES

Charts for comparison only. For details of any state's rental-purchase requirements, refer to statutes.

	MODEL	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS
1. Total cost of rental-purchase ownership	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
2. Statement that the total cost does not include other charges	▲		▲	▲		▲		▲				▲	▲	
3. Amount and timing of payments	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
4. "No equity" statement [no ownership until total of payments made]	▲	▲	▲	▲	▲	▲	▲	▲	▲			▲	▲	▲
5. Explanation of risk or loss during term of agreement	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
6. Statutory limit on consumer's risk of loss [fair market value, cash price, purchase option price or other limit]	▲		▲	▲		▲	▲	▲				▲	▲	
7. Description of the leased property	▲		▲	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲
8. Whether property is new or used	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
9. Description of any damages to property	▲		▲									▲		
10. Cash price of property [or fair market value]	▲		▲	▲		▲	▲	▲	▲	▲	▲	▲		▲
11. Total initial payment due before delivery or consummation	▲		▲	▲			▲	▲	▲	▲	▲	▲	▲	
12. Disclosure of any early buy-out options or formulas	▲		▲	▲		▲	▲	▲	▲	▲	▲	▲	▲	
13. Early buy-out option required by statute	▲		▲	▲		▲	▲	▲	▲	▲	▲	▲		
14. Early buy-out formula set by statute						▲	▲	▲				▲		
15. Explanation of maintenance and service responsibilities during agreement	▲			▲		▲	▲	▲	▲	▲	▲	▲	▲	
16. Disclosure of any manufacturer's warranty coverage after ownership	▲			▲		▲	▲	▲	▲	▲	▲	▲	▲	
17. Requirement to transfer any unexpired manufacturer's warranty after ownership	▲			▲		▲	▲	▲	▲	▲	▲	▲	▲	
18. Identities of the parties and date of the transaction	▲		▲	▲		▲				▲		▲	▲	
19. Statement that consumer may terminate at any time without penalty	▲		▲	▲				▲	▲			▲		
20. Explanation or notice of reinstatement rights of consumer	▲		▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲
21. Disclosure of amounts of "other charges"		▲		▲	▲	▲		▲		▲	▲		▲	▲
22. Explanation of purpose of "other charges"		▲		▲	▲	▲	▲						▲	▲
23. Limit on "other charges"—must be "reasonably related to the cost"						▲							▲	
24. Statement concerning how agreement can be terminated								▲		▲				
25. Cost of lease service				▲		▲		▲			▲			
26. Statement that the transaction is regulated under state law														
27. Statement of any fees or taxes payable by lessee						▲								
28. Statement of amount of any lessee liability at end of lease term [compare with termination penalty in long-term lease]														
29. Description of any insurance required of lessee														
30. Description of any security interest retained by lessor	▲					▲								
31. Statement that consumer is not required to buy insurance from merchant		▲								▲				
32. Any in-home collection charge must be disclosed and separately agreed to										▲				
33. Description of any insurance paid for by lessor	▲													
34. Statement that consumer not required to purchase damage waiver fee														
35. Statement re: default notice														
36. Statement re: consumer warranties														
37. Statement re: rights if rental agreement sold as negotiable instrument									▲					
38. Statement re: liability damage waiver									▲					
39. Statement regarding written receipt														
40. Statement: If you want to purchase this or similar property now, you should consider cash or credit terms that might be available to you														
41. EAPR [effective annual percentage rate]														

California: Model year of rental property must be on agreement.



# SPECIFICATIONS ON FEES AND PAYMENTS

MODEL	Late charges/ reinstatement fees/ delinquency charges permitted	Statutory amount [per missed payment]:	Grace period on late fees, etc.		Separate reinstatement fee permitted. Statutory fee limits:	In-home collection fees permitted. Statutory fee limits:		Processing fees permitted. Statutory fee limits:	Delivery charges per Statutory fee lim
			Monthly	Weekly		Monthly	Weekly		
ALABAMA	Yes				Yes		Yes	Yes	Yes
ALASKA	Yes	\$5	5 days	2 days	No				
ARIZONA	\$5 max.		7 days	2 days	No		Yes	Yes	Yes
ARKANSAS	Yes				Yes		Yes	Yes	Yes
CALIFORNIA	\$2-\$5		7 days	3 days	No		Yes	Yes	Yes
COLORADO	Yes	\$5 monthly; \$3 weekly	5 days	3 days	\$5 max.	\$10 [3x/6 mo.]	\$10 [3x/6 mo.]	\$10	\$15-5 items or l \$45-over 5 iter
CONNECTICUT	Yes	Lesser of 5% or \$5	5 days	3 days	\$5 max.	\$5 [3x/6 mo.]	\$5 [3x/6 mo.]	\$10/agreement	Yes
DELAWARE	Yes	Gtr. of 10% or \$3	2 bus. days	2 bus. days	\$5 max.		Yes	Yes	Yes
FLORIDA	Yes	\$5 max.			\$5 max.		Yes	Yes	Yes
GEORGIA	Yes	\$5 max.			Yes			Yes	Yes
HAWAII	Yes	\$5 monthly; \$3 weekly	5 days	3 days	\$5 max.	\$10 [3x/6 mo.]	\$10 [6x/6 mo.]	\$10	\$15
IDAHO	Yes							Yes	Yes
ILLINOIS	Yes	\$5 max.	3 days	3 days			Yes	Yes	Yes
INDIANA	Yes	\$5 monthly; \$1-\$3 weekly	5 days	3 days	\$5 max.	\$10	\$10	\$10	Yes
IOWA	Yes	\$5 monthly; \$3 weekly	5 bus. days	3 bus days	\$5 max.	\$7/trip lmt.	\$7/trip lmt.	\$10/agreement	\$10 [\$25-over 5 ite
KANSAS	Yes				Yes			Yes	Yes
KENTUCKY	Yes							Yes	Yes
LOUISIANA	Yes							Yes	Yes
MAINE	Yes	Greater of 5% or \$2	5 days	3 days		\$5	\$5	\$15/customer	\$20-\$40
MARYLAND	Yes	\$5 max.						No	Yes
MASSACHUSETTS	Yes				Yes		Yes	Yes	Yes
MICHIGAN	Yes	Lesser of 5% or \$5	1 month	1 week	No		Yes	No	Yes
MINNESOTA	Yes	Greater of 5% or \$3	3 bus. days	2 bus. days	\$5 max.	\$7 3 times/3 mo.	\$7 3 times/3 mo.	Yes	\$15 [\$30-over 5 ite
MISSISSIPPI	Yes				No		Yes	Yes	Yes
MISSOURI	Yes	\$5 max.			\$5 max.		Yes	Yes	Yes
NEBRASKA	Yes	\$5 monthly; \$3 weekly	5 bus. days	3 bus. days	\$5		No	\$10	\$10 [\$25-over 5 ite
NEVADA	Yes						Yes	Yes	Yes
NEW HAMPSHIRE	Yes	\$5	5 days	2 days	No			Yes	Yes
NEW MEXICO	Yes				No		Yes	Yes	Yes
NEW YORK	Yes	Gtr. of \$3 or 10% wkly. or gtr. of \$5 or 10% mo.	7 days	3 days			Yes	Yes	Yes
NORTH DAKOTA	Yes	Gtr. of \$3 or 5%						Yes	Yes
OHIO	Yes		5 days	2 days	\$5 max.		Yes	No	Yes
OKLAHOMA	Yes	\$5 monthly; \$3 weekly			Yes	\$10 [3x/6 mo.]	\$10 [3x/6 mo.]	\$10	Yes \$15-\$45/agree
OREGON	Yes	\$5 max.	5 days	2 days	No			Yes	Yes
PENNSYLVANIA	Yes	Gtr. of \$5 or 10%	5 days	2 days			Yes		
RHODE ISLAND	Yes				\$5 max.		Yes	Yes	Yes
SOUTH CAROLINA	Yes	\$6.60 monthly; \$3.30 weekly	5 bus. days	3 bus. days		\$7/trip [limit 3/6 mo.]	\$7/trip [limit 3/6 mo.]	\$5	\$15 [\$45-over 5 ite
SOUTH DAKOTA	Yes				Yes		Yes	Yes	Yes
TENNESSEE	Yes				Yes		Yes	Yes	Yes
TEXAS	Yes	\$2-\$5	7 days	7 days			Yes	Yes	Yes
UTAH	Yes				Yes		Yes	Yes	Yes
VIRGINIA	Yes				Yes		Yes	Yes	Yes
WASHINGTON	Yes				Yes		Yes	Yes	Yes
WEST VIRGINIA	Yes	Lesser of 5% or \$15 wkly. or mo.	5 days	3 days	\$5		Yes	No	Yes
WYOMING	Yes		5 days	2 days	Yes		Yes	Yes	Yes

Redelivery fee repossession permitted	Fees or penalties for return of the merchandise or termination of the agreement permitted	Security deposit permitted	Final "balloon payments" permitted	Requiring insurance to be purchased from RTO dealer	Limits on R-P pricing	Optional damage waiver fee permitted by statute. Statutory fee limits:	Optional leased property insurance permitted by statute. Statutory fee limits:
Yes	No	Yes	Yes	No	No		Yes
Yes		Yes	No	No	No		
Yes	No		No	No	No		
Yes	No	Yes	No	No	No		
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No		No	No
	No	Yes	No	No		Greater of 10% or \$2 wkly.; 10% or \$5 mo.	No
Yes	No	No	No		R-P price cannot be greater than 2 times cash price	7.5% of payment	5% of payment
Yes	No	Yes	No	No			
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
	Yes	Yes	No	No			
Yes	No	Yes	Yes	No		Greater of 10% or \$2 wkly.; 10% or \$5 mo.	
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
Yes	Yes	No	Yes	No			
	Yes	Yes	Yes	No			
Yes	No	Yes	Yes	No			
No	No		No	No	R-P price cannot be greater than 2 times cash price	Greater of 5% or \$2 wkly.; 5% or \$5 mo.	No
Yes	Yes	Yes	No				
Yes	No	Yes	No	No	R-P price cannot be greater than 2.2 times cash price		
Yes	No	No	No	No		Required by statute 10% of payment	No
Yes	No	Yes	Yes	No			
Yes	Yes	Yes	No	No			
No	No	Yes	Yes	No			No
No	Yes	Yes	No			Yes	Yes
Yes	No	Yes	No	No		Yes	Yes
No	No	Yes	No	No			
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
Yes	No	Yes	No	No	R-P price cannot be greater than 2 times cash price		
No	No	No	No	No		Greater of \$1 or 5% of payment	Yes
Yes	Yes	Yes	No	No	No		
	No		No	No	R-P price cannot be greater than 2 times cash price	Yes	Yes
Yes	Yes	Yes	Yes	No			
Yes	No	Yes	No	No			
Yes	No	Yes	Yes	No			
Yes	No	Yes	No	No			
Yes	Yes	Yes	No	No			
				No			
Yes	Yes	Yes	Yes	No			
Yes	No						
Yes					R-P price cannot be greater than 2.4 times retail value		Yes
Yes	No						

# ADVERTISING DISCLOSURES

	1. Triggering term[s] If an advertisement contains these items, then the disclosures must also appear in the advertisement:	A. Disclosures. Must make all of the following disclosures:	B	C
MODEL	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
ALABAMA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
ALASKA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
ARIZONA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and amount of payments necessary for ownership	No equity statement
ARKANSAS	Rental-Purchase Agreement	ID transaction as an R-P agreement		
CALIFORNIA	Amount of any payment	ID transaction as an R-P agreement	Total number and amount of payments for ownership	No equity statement
COLORADO	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
CONNECTICUT	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total number and amount of payments for ownership	Ownership options
DELAWARE	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
FLORIDA	Reference to or statement of a rental rate OR Reference to R-P of a specific item			
GEORGIA	Rental rate due at start of lease of a specific item	Amount of initial payment due		Cost of services
HAWAII	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
IDAHO	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
ILLINOIS	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
INDIANA	No advertising requirement in statute			
IOWA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
KANSAS	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
KENTUCKY	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
LOUISIANA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
MAINE	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
MARYLAND	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
MASSACHUSETTS	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
MICHIGAN	Rental rate due at start of lease	Amount of initial payment due	Total of all payments necessary to acquire ownership	Periodic payment
MINNESOTA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
MISSISSIPPI	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
MISSOURI	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
NEBRASKA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
NEVADA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
NEW HAMPSHIRE	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
NEW MEXICO	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
NEW YORK	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total and number of payments necessary to acquire ownership labeled total cost	Availability of early buy-out ownership option
NORTH DAKOTA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
OHIO	Amount of initial payment	Amount of initial payment due	Amount of regular payment	Total number of payments necessary to acquire ownership
OKLAHOMA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	
OREGON	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
PENNSYLVANIA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	Total initial payment due	Rental payment	Total number and total amount of payments
RHODE ISLAND	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total initial payment due	Security deposit if applicable
SOUTH CAROLINA	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
SOUTH DAKOTA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
TENNESSEE	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
TEXAS	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total of payments necessary to acquire ownership	No equity statement
UTAH	No advertising requirements in statute			
VERMONT	Reference to or statement of a rental rate OR Reference to R-P of a specific item	ID transaction as an R-P agreement		No equity statement
VIRGINIA	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
WASHINGTON	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement
WEST VIRGINIA	Price of the item		All seven of the disclosures required in the rental agreement	
WYOMING	Reference to or statement of a rental rate AND Reference to R-P of a specific item	ID transaction as an R-P agreement	Total amount and number of payments necessary to acquire ownership	No equity statement

2. Triggering Term[s], and, if the advertisement also contains the following items, then the disclosures listed must also appear in the advertisement

D	Disclosures [E]	[F]	[G]	
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
Total of all payments necessary to acquire ownership				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
Number, amounts, and timing of payments; possible extra charge at lease end; all other charges payable by lessee	Amount of lease payments and rate necessary to acquire ownership of a particular item	Total of payments necessary to acquire ownership	Early buy-out formula rental purchase agreement	No equity statement
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]	Multiple terms and rate information	New or used	ID transaction as rental-purchase agreement	No equity statement
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
Number amounts and timing of payments	Amount of lease payments and rate necessary to acquire ownership of a particular item	Total of payments necessary to acquire ownership	Early buy-out formula rental-purchase agreement	No equity statement
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				
Total cost				
[Yellow Pages exception]				
[Yellow Pages exception]				
[Yellow Pages exception]				

# REINSTATEMENT RIGHTS

	1. Weekly Payments	2. Monthly Payments	3. Statutory "cure period" after notice before suit can be filed	
			Monthly	Weekly
<b>MODEL</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>ALABAMA</b>	2 days; then 30 more days if property returned	5 days; then 30 more days if property returned		
<b>ALASKA</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>ARIZONA</b>	7 days; if property returned then 60-180 days; depends on payments made	7 days if property returned, then 60-180 days; depends on payments made		
<b>ARKANSAS</b>	2 bus. days, then 30 more days if property returned	5 bus. days; then 30 more days if property returned		
<b>CALIFORNIA</b>	7 days; if property returned then 1 year	10 days; if property returned then 1 year		
<b>COLORADO</b>	60 days; then 120; depends on payments made	60 days; then 120; depends on payments made		
<b>CONNECTICUT</b>	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
<b>DELAWARE</b>	Upon return of property 30 to 180 days; depends on payments made	Upon return of property 30 to 180 days; depends on payments made		
<b>FLORIDA</b>	60 days	60 days		
<b>GEORGIA</b>	21 days	90 days		
<b>HAWAII</b>	30 to 60 days; depends on payments made	30 to 60 days; depends on payments made		
<b>IDAHO</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>ILLINOIS</b>	7 days; then 30 days more; if property returned	16 days; then 30 days more; if property returned		
<b>INDIANA</b>	60 days	60 days		
<b>IOWA</b>	60 days	60 days	5 business days	3 business days
<b>KANSAS</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>KENTUCKY</b>	2 days; then 30 more days if property returned	5 days; then 30 more days if property returned		
<b>LOUISIANA</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>MAINE</b>	Upon return of property 45 days to 180 days; depends on payments made	Upon return of property 45 days to 180 days; depends on payments made	3 bus. days before notice can be sent, then 5 business days	3 business days
<b>MARYLAND</b>	2 days; then 15, then 21, or 45 days more; depends on payments made	5 days; then 15, then 21, or 45 days more; depends on payments made		
<b>MASSACHUSETTS</b>	No statutory reinstatement	No statutory reinstatement		
<b>MICHIGAN</b>	21 days	90 days		
<b>MINNESOTA</b>	7 days; then 60-180 days; depends on payments made	7 days; then 60-180 days; depends on payments made	7 days	7 days
<b>MISSISSIPPI</b>	2 days; then 21 or 45 days more; depends on payments made	5 days; then 21 or 45 days more depends on payments made		
<b>MISSOURI</b>	21 days	90 days		
<b>NEBRASKA</b>	3 bus. days if property returned, then 30, 60, or 180 days; depends on payments made	5 bus. days if property returned, then 30, 60, or 180 days; depends on payments made		
<b>NEVADA</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>NEW HAMPSHIRE</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>NEW MEXICO</b>	2 days if property returned, then 21 or 30 more; depends on payments made	5 days if property returned, then 21 or 30 more; depends on payments made		
<b>NEW YORK</b>	7 days if property returned, then 30, 60, or 180 days; depends on payments made	15 days if property returned, then 30, 60, or 180 days; depends on payments made		
<b>NORTH DAKOTA</b>	2 days; then 21 or 45 days more; depends on payments made	5 days; then 21 or 45 days more; depends on payments made		
<b>OHIO</b>	21 days	90 days		
<b>OKLAHOMA</b>	2 days; then 30 more days if property returned	2 days; then 30 more days if property returned		
<b>OREGON</b>	2 days; then 21-30 days; depends on payments made	5 days; then 21-30 days; depends on payments made		
<b>PENNSYLVANIA</b>	7 days if property returned, then 90-120 days; depends on payments made	7 days if property returned, then 90-120 days; depends on payments made		
<b>RHODE ISLAND</b>	21 days	90 days		
<b>SOUTH CAROLINA</b>	60 days	60 days	5 days	5 days
<b>SOUTH DAKOTA</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>TENNESSEE</b>	2 days if property returned, then 30, 60, or 180 days; depends on payments made	5 days; if property returned, then 30, 60, or 180 days; depends on payments made		
<b>TEXAS</b>	7 days; then 30 more days if property returned	16 days; then 30 more days if property returned		
<b>UTAH</b>	2 days; then 45 days to 90 days more; depends on payments made	5 days; then 45 days to 90 days more; depends on payments made		
<b>VIRGINIA</b>	2 days if property returned, then 21 or 45 days more; depends on payments made	5 days if property returned, then 21 or 45 days more; depends on payments made		
<b>WASHINGTON</b>	5 days if property returned, then 21 or 45 days more; depends on payments made	10 days if property returned, then 21 or 45 days more; depends on payments made		
<b>WEST VIRGINIA</b>	60 days to 90 days; depends on payments made	60 days to 90 days; depends on payments made	7 days	7 days
<b>WYOMING</b>	7 days if property returned, then 21 or 30 days more; depends on payments made	7 days if property returned, then 21 or 30 days more; depends on payments made	5 business days	3 business days

## WHO'S WHO IN

# Jewelry

The following list of jewelry suppliers cater to the rental-purchase industry. All are either APRO Associate Members (\*), advertisers (+) in APRO publications or APRO convention exhibitors (^).

### ABS Artistic Jewelry Inc. \* ^

Contact: Sherron Shepherd  
2936 N. Druid Hills Rd., Ste. B  
Atlanta, GA 30329-3920  
404/636-6143  
fax 404/320-1490

### Jerry Bogo Co. \* ^ +

Contact: Robby Tyson  
3900 Volunteer Dr.  
Chattanooga, TN 37416  
800/251-7640  
fax 423/894-5122

### Continental Jewelry Express \* ^

Contact: Thomas Murphy  
4427 W. Kennedy Blvd.,  
Ste. 300  
Tampa, FL 33609-2060  
800/282-5182  
fax 800/228-8014

### DMC Inc. \* ^

Contact: Dave Burdick  
2615 Avenue E East., Ste. 113  
Arlington, TX 76011  
817/633-3381  
fax 817/633-3376

### Fashion Craft Jewelry \* ^ +

Contact: Rich Anderson  
1824 Johns Dr.  
Glenview, IL 60025-1657  
800/877-7907  
fax 847/998-0283

### Oro International \* ^

Contact: Joe Weber  
5 N. Wabash Ave., Ste. 1503  
Dallas, TX 75204-2137  
972/234-3434  
fax 972/234-3442

### Southern Rings \* ^ +

Contact: William T. Johnson  
3828 Veterans Blvd., Ste. 202  
Metairie, LA 70002  
504/887-5617  
fax 504/455-6550

## ACE TV Rentals,

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- Divisional Managers
- Field Auditors

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**Mike Flanagan, C.O.O.**  
[480] 991-8794

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**1-972-608-5376**

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# Do you foresee doing business online?

## Weldon Chaney

THE CHANEY CORP.  
ODESSA, TX

Since we order our furniture and TVs through each store instead of the home office, then each manager in the store would have to be set up on the Internet. We're just not geared toward that yet. However, I definitely see doing business over the Internet in the next five to 10 years, probably even sooner than that. It'll just be a whole new way of doing things. I won't be doing it in two weeks, but if someone came to me and told me it would be very advantageous, then I'd do it right away. I just don't see anything right now that's pressing me to change the way I do business.

Another concern I have is that the clientele we have are probably not used to doing business online. It's like the government trying to give people their Social Security money through direct deposits, but they want to receive the paper in the mail so they can cash it. I'm just not sure that the kind of people we do business with are necessarily ready for that. I don't think that going online would make a whole lot of difference at this time.

## Bill Esenbock

COLORAMA RENTAL CENTER  
LEXINGTON, KY

We've been looking at our options for the past two to three months and want to put up a Web site so we can both establish an online presence and do trans-

actions with customers. I'm sure we're going to run into some problems, which is probably why we haven't completely gone into it yet. The biggest problem I see is employee training and having the Internet in all of our stores. There are some bad things on the Internet that I don't want available in our stores, but I'm sure we can solve any problem that arises.

## Waldemar Landmesser

NICOLE RENTAL PURCHASE LLC  
DBA PREMIER RENTAL PURCHASE  
HAMDEN, CT

We've had our Web site for about six months and it's generated some inquiries, but I think it'll take some time to really build up a reputation and start giving back to the business. Even though we don't do business on the Web site yet, we hope to start very soon. I think it's going to expand our market. It's a good investment.

## Chris Overton

AFFORDABLE RENT TO OWN INC.  
LAFAYETTE, LA

Usually with other businesses, you would expand online to increase your clientele. But with rent-to-own, I don't think that it would dramatically generate extra sales. I don't see too much potential to do business with our lower-end clientele. Most of our customers just aren't online.



Maybe it's different in other parts of the country, but here, our clientele is middle- to low-end consumers. So few of them even have home computers.

## Kelly Sayre

IONI INC. DBA ALLIANCE RENTAL CENTER  
DENTON, TX

Since we only have four stores, we just don't feel like going online would give us a return on the investment at this point in time. But I'm sure that we will establish a presence on the Web. I'm not sure how soon or how we'll use it in the beginning, but I think most people in the business are going to need to be there [on the Internet] in the very near future.

## Michael Taylor

RENTAL CORP. OF AMERICA  
DBA ZOOM RENT TO OWN  
WICHITA, KS

That's the thing that I would have to be convinced of before I start going online: what advantages are there? You've got to understand that most people that do rent to own are more likely on a lower income, which means they might not be using the Internet at all. Maybe it'll be a different story in five or ten years, but right now, I don't see much of a need for it. ■

*Linda Hsieh is a journalism student at the University of Texas at Austin.*

COMPILED BY  
**LINDA HSIEH**

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