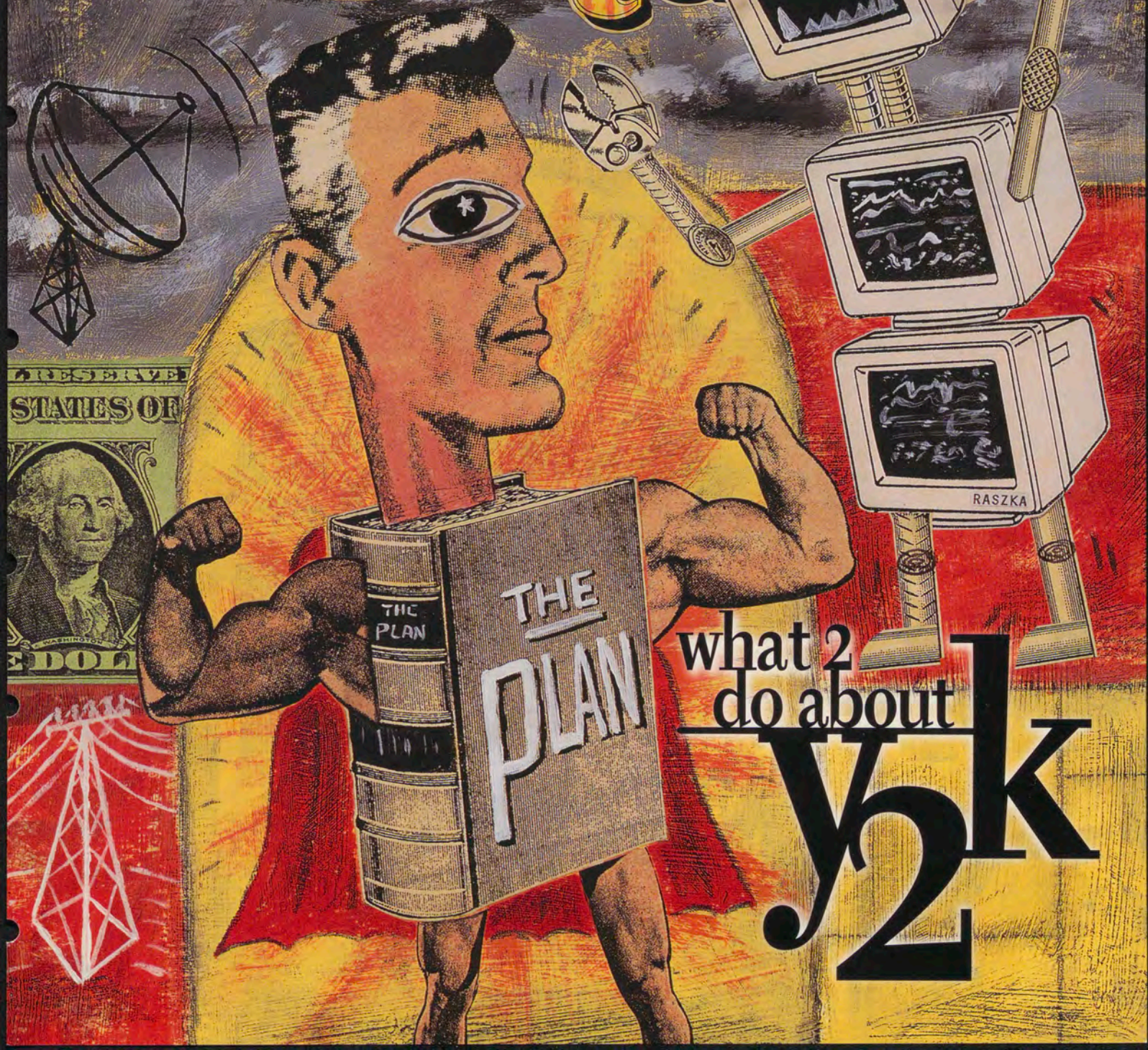


RTO in D.C. › Rating customer service › APROfile: Larry Carrico

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Meet Southern Illinois' rental-purchase king, Larry Carrico, president of the 25-store chain Rent One. Not only has Carrico built a good name for himself and his stores, but also runs his own in-house advertising firm. Writer Markus Beeby interviewed Carrico to find out the secrets to his success.

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PROGRESSIVE Rentals

PUBLISHED BY THE ASSOCIATION OF PROGRESSIVE RENTAL ORGANIZATIONS

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

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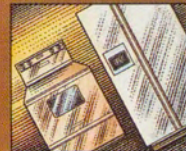


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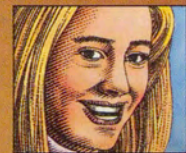
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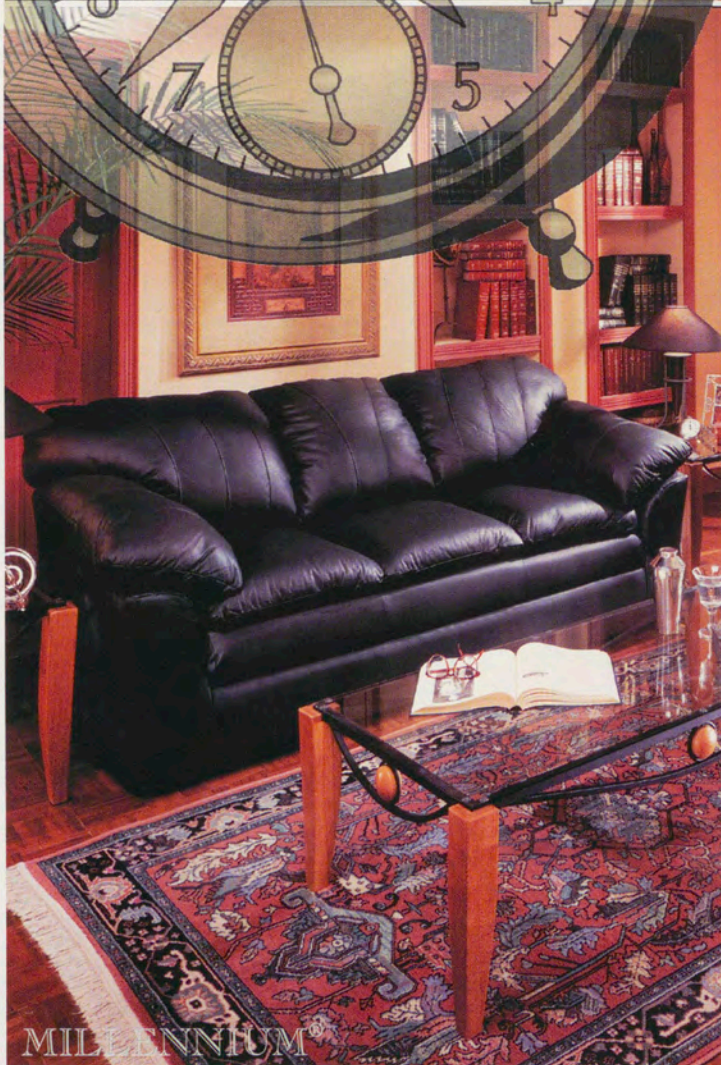
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U.S consumer electronics reach all-time high

Rental dealers take note: The overall home information market has grown 76 percent during the past five years to more than \$36 billion, according to the Consumer Electronics Manufacturers Association.

"Americans continue to want the best, the fastest, the hottest in communications, entertainment, security and mobile electronics products and they're jumping at the new digital products," says CEMA President Gary Shapiro.

For example, Americans want to talk where and when they wish, which is evidenced by the strong growth in both the cordless and wireless phone markets. Also, the paging market has nearly tripled in the past five years.

The computer market should reach almost

\$17.9 billion in 1999, with almost 15 million units expected to be sold. More than 28 million televisions (including direct-view, projection, LCS and TV/VCR combination models) will be sold in 1999, with CEMA forecasting that TV/VCR combination units, in particular, will be hot, along with digital television sets.

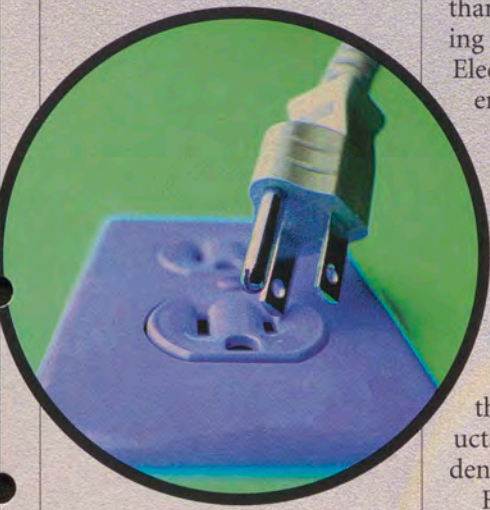
Rental dealers looking to expand their product

mix should also consider adding a digital camera or two, along with digital versatile disc (DVD) players, which are booming in popularity. Mobile electronics, as well as home and portable audio equipment and accessories, also are predicted to do well in 1999.

"Consumer electronics are in everyone's home," says Shapiro. And who says consumers have to buy it all when they can try it first at their local rental-purchase store?

PRS forms alliance with RES Marketing

RES Marketing has expanded the number of rental-purchase stores the company supplies with product accessories with its recent alliance with PRS Products Inc. The move enables RES to further expand its services, product depth and



APRO thanks 1999 Legislative Conference sponsors

APRO would like to acknowledge the following sponsors for participating in the 1999 APRO Legislative Conference, scheduled for May 11-13, in Washington, D.C.:

- ▶ RAC Services Inc.
- ▶ High Touch
- ▶ Nationwide Club Administrators Inc.
- ▶ Standard Furniture



Danny Bozof makes the move to Gentry

Danny Bozof is the new national account manager for the rent-to-own division of Gentry Upholstery. Making the move to Gentry from New Generations, he is excited about Gentry's future in 1999.

"I hope to bring experience to Gentry's program while working to develop its products, quick ship and customer service programs," says Bozof.

Gentry's 160,000-square-foot warehouse capability will help Gentry to reach this year's goal of shipping small quantities of merchandise to customers within five days.

Sears names Cornwell and Zagorniak to new posts

Bob Cornwell and Al Zagorniak were recently appointed as national account managers for rental-purchase as a part of a new Sears commercial national accounts team.



Their new roles are three-fold: to strengthen and build relationships with national and regional rental-purchase customers, to develop and implement programs to accelerate growth in the rental-purchase industry and to research and develop programs to serve commercial customers national and regional in scope.



Both Cornwell and Zagorniak joined Sears more than 30 years ago, each starting in management and moving on to the commercial divisions as managers for Orlando and Kansas City contract sales districts respectively.

"Bob's and Al's strong backgrounds serving the rental-purchase industry will make them great assets to our team," says Steven Dennis, vice president and general manager, Sears Contract Sales.

one-stop-shopping convenience for accessory needs within the RTO industry, says RES Marketing Vice President Michael Gerwe Jr.

While RES Marketing offers an expansive product line-up, including accessory item support for furniture, appliances, electronics, cleaner and chemical needs, the new alliance with PRS Products further expanded RES Marketing's line of accessories.

"RES Marketing has been servicing the rental-purchase industry for the past 15 years. Their depth of product, industry knowledge and service enables PRS to confidently build this alliance," says PRS Products Inc. President Jason Cohen.

Blue Ridge Burke merger

APRO's agency for its association-group insurance program, Blue Ridge Burge, merged in January with BB&T Insurance Services, making the agency/brokerage the sixteenth largest in the country.

"In addition to being able to offer additional services, we will have significantly more negotiating clout with the insurance markets that will result in better programs for APRO members," says Blue Ridge Burke's Craig Sparks.

The company name is

1999

APRIL

15-23
High Point Furniture Market, APRO/Progressive Hospitality Suite, 5-7 p.m., April 16, Progressive Furniture Showroom, 336/889-7469

MAY

11-13
1999 APRO Legislative Conference, Doyle Washington Hotel, Washington, D.C., 800/204-2776

JUNE

9-13
TRIB Group Annual Meeting, Holiday Inn Central, Tucson, AZ, 770/451-4302

26-29
Dallas Furniture Market 800/325-6587

JULY

7-16
Atlanta Gift and Home Furnishings Market, 404/220-3000

13-15
Midwest Rental-Purchase Dealers Association Trade Expo, Indianapolis, IN, 812/333-7496

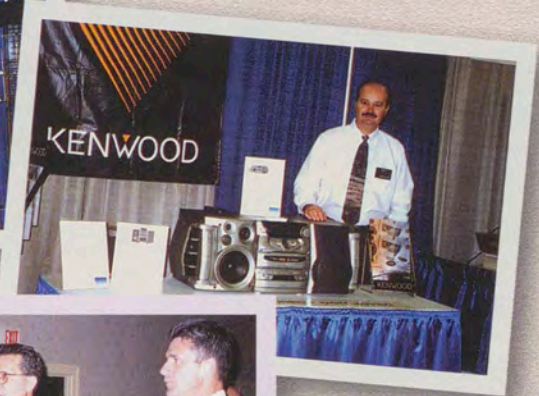
23-27
San Francisco Furniture Market, 415/552-2311

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



The Louisiana Rental Dealers Association held its first trade show in January in Baton Rouge, with 24 vendors participating. Sara Weiskopf of Midwest Tropical (above) exhibited at the LRDA show, along with Kenwood (top right) and Dick Klein of Bell Furniture Industries (pictured at left, bottom photo).

Murray. Three members of the Commerce Committee in Louisiana (Reps. Barton, Powell and Winston) also attended the

now BB&T-Blue Ridge Burke. The personnel working on APRO member accounts will remain the same.

Louisiana rental dealers form legislative committee

Rental dealers in Louisiana will be inviting state representatives in to visit their stores, meet their employees and customers to ensure their elected officials have a thorough understanding of the business, says Louisiana Rental Dealers Association Vice President Thomas A. Neyhart.

"National and local lobbyists educated us on how to create an effective grassroots organization and how to conduct a visit with a congressman" during a January meeting for LRDA members, says Neyhart.

LRDA's annual meet-

ing, held January 24 and 25 in Baton Rouge, focused on a rent-to-own study currently being conducted by the Office of Financial Institutions and House Bill 59, introduced by Rep.

meeting and agreed to support the LRDA position.

LRDA also hosted its first vendor's show during the meeting. Twenty-four vendors participated in the event.

APRO PAC sets 1999 goal of \$100,000

At the 1999 APRO Mid-Year Conference in March, APRO PAC fundraising committee chairman Mamie Harper hosted an appreciation dinner for APRO PAC contributors to announce that more than \$35,000 has been raised in three months. The committee's goal of reaching \$100,000 in APRO PAC contributions may yet be realized. If you have not made your contribution to APRO PAC for 1999, the

four different contribution levels are listed below. Only APRO members can contribute and those funds must be made by personal check.

Contribution levels

PLATINUM LEVEL \$2,500-\$5,000. Platinum Level sponsors will receive:

- ▶ A private dinner at the Legislative Conference
- ▶ Reserved seating for two at the 1999 APRO Convention Awards Banquet

- ▶ A special plaque from APRO PAC
- ▶ A host/hostess gift at APRO PAC receptions
- ▶ A commemorative gift at the 1999 APRO Convention Awards Banquet
- ▶ An 8 x 10 portrait at the 1999 APRO Convention Awards Banquet
- ▶ Special recognition at the Convention General Session
- ▶ Recognition in the 1999 APRO Convention Program
- ▶ An official APRO PAC Club membership certificate
- ▶ A name-badge Legislative Conference sponsor ribbon at the 1999 APRO Convention

GOLD LEVEL \$1,500-\$2,499. Gold Level sponsors will receive:

- ▶ A host/hostess gift at APRO PAC receptions
- ▶ A commemorative gift at the 1999 APRO Convention Awards Banquet
- ▶ An 8 x 10 portrait at the 1999 APRO Convention Awards Banquet
- ▶ Special recognition at the Convention General Session
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SILVER LEVEL \$500-\$1,499. Silver Level sponsors will receive:

- ▶ An 8 x 10 portrait at the 1999 APRO Convention Awards Banquet
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BRONZE LEVEL \$250-\$499. Bronze Level sponsors will receive:

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Please mail your APRO PAC contributions to: APRO PAC, 9015 Mountain Ridge Dr., Ste. 220, Austin, TX 78759. Remit your checks, made out to APRO PAC, no later than October 1999.

Aaron's reaches out to the community

Aaron's Rental Purchase recently introduced Aaron's Community

Outreach Program (ACORP), a charitable program designed to give back to the communities in which Aaron's does business.

ACORP is unique because it allows store owners to give to local charities and causes within their communities that they feel need the most support.

Each month, qualifying Aaron's Rental Purchase stores receive \$500 from the Aaron's Rental Purchase corporate office. Stores elect team captains and host monthly meetings where employees vote to determine which community causes receive the funds.

"We could have picked one or two national charities or made a donation from the corporate office, but an individual store knows a lot more about its respective community's needs and can more effectively identify those programs and services that offer immediate benefits to our customers at a local level. ACORP gives us a chance to say thanks to each town we serve and offers a way for us to show our sense of community pride," says Todd Evans, vice president of franchise development at Aaron's Rental Purchase.

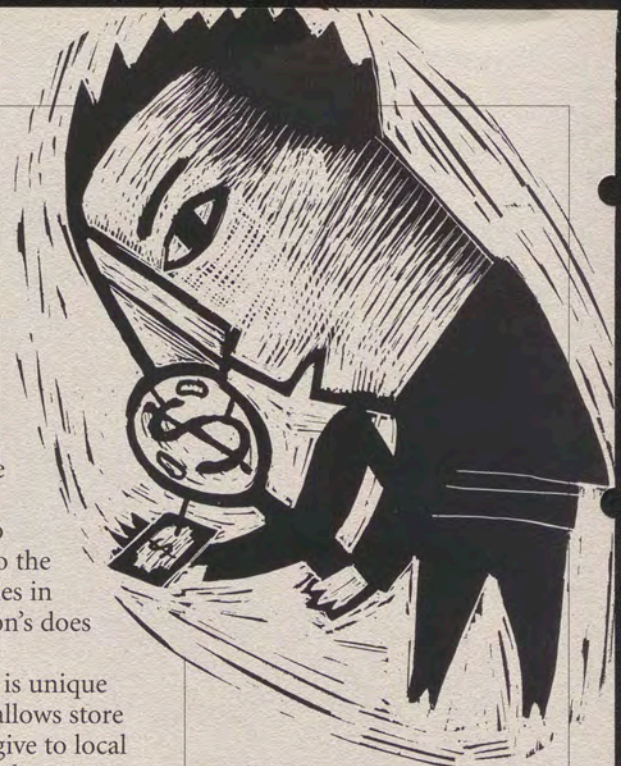
The 323 Aaron's Rental Purchase stores across the country are expected to donate more than \$1.9

million to area food banks, needy families, Little League sports teams and a host of others.

Good press/ bad press

▶ Rent-A-Center settled yet one more class-action suit that carried over from the pre-Renters Choice merger of last year, reported the *Milwaukee Journal Sentinel*. The recent \$16.25 million settlement suit in Milwaukee, WI, follows close on the heels of a \$60 million settlement of three lawsuits in New Jersey.

Milwaukee attorney James Caragher of Foley & Lardner, representing Rent-A-Center, stated that Rent-A-Center did not admit to any legal violations in agreeing to the settlement, but voluntarily consented to reimburse its customers a portion of their past payments because of uncertainty in Wisconsin law. Rent-A-Center now uses new contract forms that "we are confident comply with Wisconsin





Renter adoption services needed

Rental orphans are a group of rental customers who feel neglected or abandoned by their rental company. The term rental orphans, coined by our customers and institutionalized by statistics, reflects one of the many significant results of APRO's 1999 Customer Research Survey. The first study was conducted in 1994. Now, five years later, the industry gets its second official report card.

Executed by Brit Beemer and America's Research Group, the study surveyed recent and current rent-to-own customers to measure customer satisfaction levels and to clearly define just who is renting. The study results were presented by Beemer during APRO's Mid-Year Conference in San Diego on March 11.

The most significant phenomenon of the survey indicated a drop in customer satisfaction. However, even with the drop, satisfaction in this business remains high compared to retail. Compared to rental-purchase industry standards, though, the levels represent a drop from five years ago.

"I believe the consolidations have affected not only the business, but also the customer," says Beemer. "The customers told us repeatedly that the constant change in their rental stores and its employees is eroding the relationship between the rental customer and his or her company. One customer even told us she had been an orphan growing up, then as a single mother and now was once again orphaned by her rental company.

"While this is good news for the small dealer,

the industry cannot afford to jeopardize the very essence of its business — customer relationships. The rent-to-own industry must become the 'no-hassle' store of the future," says Beemer.

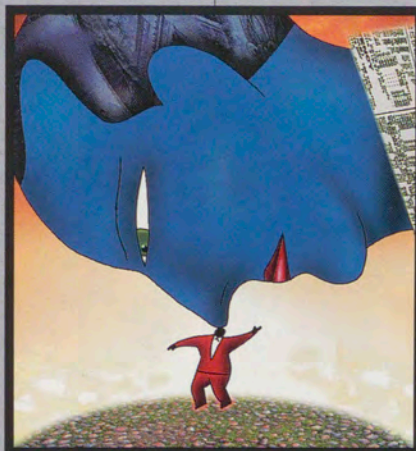
While the survey is a valuable marketing tool for individual dealers, the industry as a whole also benefits. For instance, the study proves that rental stores are effective in explaining the rental contract

and concept to its customers (91 percent), thereby eliminating the myth that rent-to-own preys on the ignorant or uneducated. Furthermore, the industry's treatment of late-paying customers is far less tough than in retail, demystifying the "rent-to-own bully" in the marketplace.

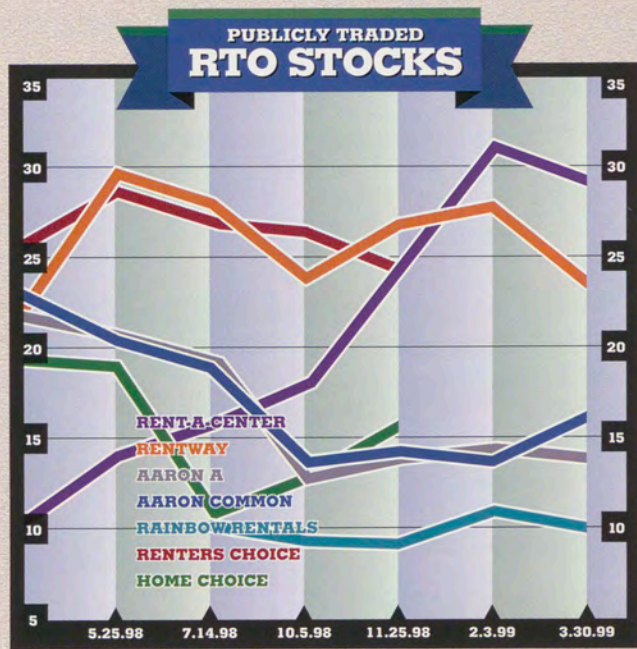
Beemer plans to present the study and its results again during the APRO convention in Reno this August.

The study is available in several versions. There is a five-volume set with all of the statistics and information for the die-hard statistician and marketer. There is a two-volume set and the executive summary. Each of the sets conclude with a set of recommendations for the rental dealer.

The study is confined to rental customers only, whereas APRO has available a similar study that surveys the potential customer who fits rental-purchase demographics, but who does not rent-to-own. Both studies are invaluable for dealers who want to improve relationships with their current customers while marketing to a broader customer base. These studies are available to APRO members only.



NEWS BREAK



law," says Caragher.

Only customers who paid 60 percent or more of the total contract price or who had active agreements with Rent-A-Center as of October 23, 1998, are entitled to funds.

► Elmen Rent All Marketing Director John Anderson got some good press in Sioux Falls, SD, for his five rental stores in January. The *Argus-Leader* focused on the stores and the growing acceptance of leasing in America. "Our rental customers are looking for the latest technology

as far as electronics," Anderson was quoted as saying. "It offers a lot of flexibility."

Anderson pointed out that his local stores will soon be renting digital video disc players. The article focused on the benefits of leasing, rather than buying, the latest in technology, especially for customers who "want to try a product before buying it," says Anderson.

The article also quotes Anderson as saying that he is seeing more local demand for higher priced items. "What we've seen over the last year, people

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are looking for a little higher quality, which indicates to me it's moving more and more into the mainstream," he says of renting. Elmen's stores are also seeing a "growing interest in apartment and home packages, too," says Anderson.

Name that Convention!

Y2K...The new millennium...These are just some of the buzzwords surrounding the year 2000. APRO needs your help coming up with a slogan for its year 2000 annual convention. The 2000 APRO convention will be held August 2-5 in Opryland in Nashville, TN. This is your chance to make APRO history! All ideas are welcome. The winner will receive a complimentary full registration (a \$385 value) to the 1999 APRO convention in Reno, NV, August 9-12. Enter as many ideas as you like. Here are some of the past APRO convention themes: 1999: Mining your Business, Reno; 1998: In Focus, Orlando; 1997: Rally at Bally's, Las Vegas; 1996: Rollin' on the River, New Orleans; 1995.

Mail or fax your ideas by April 23 to Shelley Martinek, APRO, 9015 Mountain Ridge Dr., Suite 220, Austin, TX 78759, fax 512/794-0097; or e-mail to smartinek@apro-rto.com/.



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Last fall at the APRO board's five-year strategic planning session, we authorized a study of customers to determine their perception of our industry. America's Research Group was hired to do the research as the company had done a previous study for APRO in 1994. We were curious to see if trends could be realized and to determine if the industry's heightened awareness of public relations issues has had a positive effect on the public and our customers.

During the 1999 APRO Mid-Year Conference in San Diego, CA, attendees had the opportunity to

chandise is picked up is a very delicate time for customer relations. One in 10 people had a negative perception of RTO. This number closely compared to the same percentage of people who had merchandise retrieved from their homes. Brit suggested we spend considerable time "leaving a good taste" in the mouths of our customers upon termination.

▶ The RTO industry must truly become the "no hassle" store of the future.

.....
 "Through evolution and our attempt to become more sophisticated, many of us had ignored some of the core service elements."

As I listened intently to these comments, I felt as if I was experiencing déjà vu. A long time ago, when I first entered the industry, I

learned the buzz terms in the early weeks of my career that now were being hurtled back at me. ARG contends that if a RTO store is to succeed, it must offer customers "guaranteed satisfaction," "the ability to return the merchandise at any time," "the opportunity to change product," "free delivery," "pick-up at no charge" and "loaners at no charge." These areas were all core service elements that customers told these surveyors over and over again. Some of you might say, "We do," but this survey indicates that our customers have not heard us.

The rental-purchase industry has come a long way in 20 years. I clearly remember the prophecies Brit gave to us on this not-so-sunny day in California had echoed in my head before. I came home and studied RTO advertising I had collected over the years, advertising my company had used as well as that of my competitors. To my surprise, I discovered what I feared — that through evolution and our attempt to become more sophisticated, many of us had ignored some of these core service elements. This clearly became an awakening moment for me.

Nothing that you will read in these survey results will deliver the message as pointedly as Brit did. I advise you to take heed, however, and get a copy of the study. The investment your board made in this survey has netted real results, far more than space in this column will provide. ■

Ernie Lewallen is president of United Household Rentals in Cincinnati, OH.

A word from our customers

hear the research results first hand. I have to admit that I wasn't too eager to attend this seminar as numbers being reviewed by a research analyst can prove to be rather dry material. It looked as though the sun was coming out and, after all, we were in sunny Southern California and I had packed my Nikon. Fortunately for me, the sun remained hidden and I was compelled to represent APRO and my company by being present for this presentation.

It wasn't long into the session with Brit Beemer that I became intrigued by the results. Brit's delivery of the information was very entertaining and revealing. The research focused on slightly less than 1,000 customers who use RTO services. Their thoughts were derived from first-hand experiences with our industry.

I have selected what America's Research Group indicates to be the most critical elements to our success:

▶ Brand selection and assortment in televisions, VCRs and appliances was high.

▶ Better explanation of the terms and conditions of rental agreements would increase chances for maintaining longer rental relationships.

▶ The RTO industry needs to place higher awareness on customer service. ARG's study indicates that the customer's perception of product quality is improving faster than their perception of our emphasis toward customer service.

▶ The return of assets to our stores when mer-



By ERNIE LEWALLEN
 APRO's President

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I just returned from APRO's Mid-Year Conference at La Costa resort in Southern California, where the scenery is beautiful, the golf is wonderful and the camaraderie of rental dealers continues to be even better. For those of you who attended, I know you had a fun and educational time. For those who didn't make it this year, talk to those who did and try to make it next year. You won't regret it.

We have had some outstanding Mid-Year Conferences in the past, but never have we had the attendance at all three educational seminars as we did this year. Many of those who attended rated

guests. Glen is the chief of staff to Congressman Walter Jones of South Carolina who is sponsoring a federal bill to regulate rent-to-own. Glen presented a detailed account of the current activity in Congress and what we could expect to happen this year.

.....
"What I thought was most interesting was the large turnout, even though the industry has gone through major consolidation and there are fewer dealers than in recent memory."

Mamie Harper, chairman of the APRO PAC fundraising committee, hosted an appreciation dinner for those who committed to the APRO PAC. Mamie has raised more than \$35,000 in three months toward a goal of \$100,000 in PAC contributions for 1999. In addition to this appreciation dinner, several more activities and rewards are planned for those of us who give toward getting a federal statute we can all live with. This beginning portends well for our efforts and is another sign of the health and vibrancy of APRO.

A conference in the sun

this conference the best.

APRO commissioned America's Research Group to conduct another customer attitude survey. We published the results of the first customer survey five years ago. The APRO board of directors wanted a second survey to track what changes may have occurred over the past five years. I won't go into any detail about the latest report, but the results are interesting enough for us all to pay attention. Everyone present received a copy of the summary report. If you want your own copy, it is available to APRO members at no cost.

What I thought was most interesting was the large turnout, even though the industry has gone through major consolidation and there are fewer dealers than in recent memory. There were, of course, some of the same rental dealers who always attend. This time, however, there were several who had not attended this conference before and some who are new to the industry or are contemplating entering rent-to-own.



By BILL KEESE
APRO's Executive Director

This indicates a level of vitality to our industry and our Association. While we may lament the loss of many friends through consolidation, we can take comfort in the fact that new people are coming aboard. To me, this is the best indication of a healthy, vibrant industry and trade association.

Special thanks to Glen Downs and his wife, Suzanne, for attending the conference as special

guests. In August, the annual APRO convention and trade show is in Reno, NV. This is the first time APRO has held its convention in Reno and you won't want to miss it. Come early or stay late and spend a few days at Lake Tahoe. This year's convention will be well attended and worth your efforts.

We all have much for which to be thankful. Business is generally good, growth of rent-to-own is happening and there are currently no major problems befalling rental dealers. Let us all make the most of these days and push just a little bit harder for what we believe in.

See you in Washington and Reno. ■

Bill Keese's e-mail address is bkeese@apro-rto.com.

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I saw coin-operated washers and dryers for sale the other day in Sam's. I thought they were unusual retail items. The asking price was \$599 for the washer and \$469 for the dryer and with Sam's, it's cash and carry. Both units came with little mechanical plungers on top where you put the quarters. Sam's caters to the mom-and-pop trade. I suppose someone can go there and buy a Laundromat full of units or, perhaps in the right circumstances, a pair on the back porch will do. Then, an entrepreneurial person could rent the machines to his or her neighbors and have them paid for before long.

The Sam's trip prompted my first visit to a

Of washers and dryers

Laundromat in a number of years. They haven't changed much. They are pretty sterile, uninteresting places. Prices were up. It costs \$1 to wash a load of clothes and it looked like 5 minutes worth of dryer time for a quarter here in Austin.

From a value point of view, renting washers and dryers is still one of the best stories this industry has to tell. A single parent with a few kids — or anyone else for that matter — can rent a washer and dryer for \$16 a week and have the convenience of getting to wash and dry clothes at home instead of having to schlep clothes and perhaps the kids to the nearest Laundromat several times a week. If it costs \$5 per Laundromat trip (three washer loads and two dryer loads for an hour), the parent is breaking even with three trips.



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

So, renting the washer and dryer saves time, it's convenient and costs about the same as the Laundromat. But let's suppose that times become tough or at least uncertain and the customer can't keep up the payment on both units, so the dryer is returned during the warm months and clothes are hung outside to dry. If the dryer had been bought on

time, that option would not exist.

Suppose life gets tougher still and the washer has to be returned and visits to the Laundromat resume. Once again, this can be done with a rental unit. The rental store will be glad to pick up the unit for no charge and urge the customer to return

when times get better. In a number of stores, when this customer does return, payments usually can be picked up on the units right where they were left off and, over time, the

customer will get to own those appliances. This customer would receive no such warm reception if trying to return a used washing machine and dryer anywhere else! In a retail environment, the customer would be dunned for the money and turned over to a credit bureau as a deadbeat.

Rental-purchase is nothing less than the perfect program for this hypothetical scenario.

It is flexible and convenient. If we accept a customer's financial circumstances as we find them, rental-purchase is a superior choice to the others available, including deferring gratification, doing

without and saving money to make a cash purchase in the future. And just how easy is it to save \$400 to \$500 when you are living from paycheck to paycheck and going to the Laundromat? If it were other than impossible, it is what people would do and there would be no demand for rental-purchase products and services.

Critics maintain that the total our customer will have paid to own the washer and dryer is "too much," compared with the lowest cash prices available for those items. They don't say the weekly rental rate is too high. It may not be any more than our customer would have paid in quarters at the Laundromat, without attaching any value to the convenience of washing at home. The fact that our customer can pay a fair price, week by week, to be able to wash and dry the family's clothes at home and then one day get to own the washer and dryer is the beauty of the program and what is ignored by the critics. The industry could make the customer rent forever. That is the program, after all, at the Laundromat. But the rental-purchase program can do better than that. The industry has found a way to charge a fair rental rate with the customer having the option, down the line, to get ownership.

Critics can make false comparisons and try to make the transaction look sinister, but to many customers, the program is just right. It is the reason that millions of Americans choose the benefits of the transaction every year. ■

.....
 "Critics can make false comparisons and try to make the transaction look sinister, but to many customers, the program is just right."

Row 48 seat 12 is a triple skip.



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DON'T PANIC. JUST PLAN.

A CONTINGENCY PLAN
BY DOUGLAS WILLS



YEAR 2000 COMPUTER GLITCHES will cause elevators to fall. Y2K problems are going to cause economic nightmare. Computers will think it's 1900 and cut off Social Security benefits to thousands. You've heard the doom-and-gloom predictions. You've paid attention to the computer experts and verified that your rental software is Y2K compliant. You've updated your hardware to make sure that the computer gets the date right. But have you done enough?

Everyone has heard about the Y2K crisis. It was caused by well-meaning programmers who were tasked to write valuable software on what were once very expensive computers. Shortcuts were devised to save computer memory and, therefore, money. One particular shortcut had the unfortunate side effect of causing software glitches when the calendar rolled from 1999 to 2000. The computer experts found the problem and started warning everyone that they needed to get prepared. "Analyze your hardware. Check out your software. Test! Test! Test!" was their cry and, for the most part, responsible businesspeople have responded to the challenge.

STEPHEN SCHILDBACH





Most computers sold prior to 1997 are likely to be trouble. These systems have been replaced by the millions. Software vendors have spent millions upon millions of dollars to fix their programs. So now that everyone has updated to the newest versions and is ready to roll, what happens when we walk into our stores on Monday, January 3, 2000, and there's no electricity?

I+’S NØ+ US...I+’S +HEM

THE Y2K CRISIS IS NOT simply a technology problem. It's a business problem. Our companies and our stores don't operate in a vacuum. We rely on other companies to be in business for us to do business. Utilities, banks, vendors, communications companies and gas stations are just a few of the services used daily. When looking at the problems associated with the Y2K crisis, we may feel perfectly comfortable with the fact that our company is ready to handle the upcoming challenges. But no business has the ability to go it alone, no matter how well prepared.

Let's look at the problem from a non-technology viewpoint. What businesses, services or organizations affect how you do business or whether or not you can do business? Who do you need to contact to verify that you will have the outside support you need to do business on a daily basis? To answer these questions, one usually only has to start with the accounts payable list. Go to your accounting department and ask for a printout of your accounts payable vendors. A quick perusal of this list can be a real eye opener for anyone who hasn't considered the consequences. What can those consequences be? If you don't quickly address the issue, it could mean the end of your business.

Industry pundits' opinions range from the naïve, "Everything will be just fine" to the melodramatic "Run to the hills, the sky is falling!" While it is highly unlikely that problems will be so severe that you will be out of business, you don't want to chance losing thousands of dollars either. What you need to do in addition to making your own stores ready for the new millennium is to be prepared if the people you rely on to do business are not ready. If they're not, you need to know what your next step will be. How do you do that? Enter the Contingency Plan.

NØW WHA+ DØ I DØ?

THE DICTIONARY DEFINES "CONTINGENCY" as follows:

1. [a.] An event that may occur but that is not likely or intended; a possibility. [b.] A possibility that must be prepared for; a future emergency. 2. The condition of being dependent on chance; uncertainty. 3. Something incidental to something else.

In particular, the definition of "a possibility that must be prepared for, a future emergency" is the one most relevant to this discussion. We really don't know what is going to happen, but we do know that it's very likely that something will happen. We don't know exactly what will occur when the

clock strikes midnight on January 1, 2000, but we can make a reasonable guess. That is exactly what needs to be accomplished with the contingency plan. We need to identify what might happen, the likelihood that it will happen and the impact it will have on our business. Then we need to devise a game plan for keeping our company running as well as we can while dealing with the actual problems that do come up. Here is how we at RTO Inc. decided to do that.

S+EP BY S+EP

TO ATTACK THE PROBLEM, you must be willing to dig down into the step-by-step operations of your company, starting from the top. For RTO Inc., the two big questions were, "How do you operate a store?" and "How do you operate a corporate office?" From here, you drill down until there is no place left to go. List every department in your company. Assign an individual to each department that has extensive knowledge of that department. Many companies originally thought of this issue as a technology problem and assigned their resident computer geek to do the job. Do you really want your MIS guru, as good as he or she is, to decide what your accounting department is going to do if there is a problem? Let the experts do their job.

Everyone should then use the following outline with his or her departments:

1. List every operational or business process in your department. An example of this may be writing paychecks in the accounting department.
2. List every task within each process. What specific steps must be taken to get the job done?
3. For every task, list the dependencies associated with that task. What supplies, products, vendors or services must be in place to complete that task?
4. Evaluate these dependencies for point of failure. What could go wrong? What is the likelihood that it will go wrong? How significant is the problem to running a successful operation? Prioritize these events by using the following scale:
Highest Priority: Highly likely—very significant
Not likely—very significant/very likely—not significant
Lowest Priority: Not likely—not significant
You must decide for yourself the specific priority within your situation and address these issues accordingly. And a problem may only occur in one of your 17 stores, for example, but you still need to be prepared. It's not all or nothing. Remember that you know your business better than anyone else.
5. In order of priority, for every point of failure, create a backup program that assumes that it will fail and you must operate anyway. If you have no power and it's 42 degrees F inside the store (this happens in January, remember?) then how do you handle collections? What if you have power, but no heat? Power and heat, but no telephones?

Everyone should use the same outline for this process and should report to the person you have put in charge of this program. Specific completion dates must be established and adhered to. Time is definitely the enemy.

Once the plans have been completed, senior management should review them. I can't express the number of times we have added items to our list at RTO Inc. because someone else reviewed the work already done and came up with a few more scenarios not previously considered. These scenarios must be evaluated and placed into the "priority list" that you have now developed.

BEST LAID PLANS OF MICE AND MEN

NOW THAT YOU HAVE THE CONTINGENCY PLAN, you need to check things out to make sure they really work. A plan that hasn't been tested is just an idea and a plan that hasn't been communicated is just a piece of paper. All contingency plans for each critical task must be tested and re-tested. Are the contingencies sound? Do they get the job done? Is there a better plan or easier plan out there? Evaluate and then test again. Yes, this step takes time, but would you rather take the time now while you can still do something about it or wait until crunch time just to find out that your plans don't work?

A perfect example of this is RTO Inc.'s plan to use a generator at the home office if we lose power or computer communication lines to our stores. We plan to fire up the generator and run our computer off of it, which would allow store personnel to come to the corporate office in the evening hours to post payments and generate reports. A great idea, right? Well, it's likely that if we haven't purchased our generator by July 1999 and try this out, we will probably run into problems if we need to use this idea on January 1, 2000. Many stores will be sold out of generators by fall. Remember, if we are going through this problem, it is likely that many other area businesses are, too. This is one case where you can't be prepared too early.

In addition to testing, your contingency plans need to be communicated with your staff. These are the people who are going to implement the plans. They must be trained in advance of the problem to help ensure a smooth transition into the plan should it become necessary. Although I started in this industry using paper run cards for collections, ledger books for inventory transactions and a One-Write system for taking payments, many of the newer employees have only known a computerized world. Although I know they can handle the job, I still need to spend some time training them. If they really need to use these newly learned skills, they are going to have enough to worry about without having to learn a new system at the same time. You will also find out very quickly where your contingency plans fall short once you teach them to your managers!

Two specific areas of concern for RTO Inc. are related to employees and customers. Most technology-related problems likely will be fixable in a short period of time. The

problems that will create significant and long-term issues will be related to employees and customers. For instance, what effect will it have on your employees if you are prepared and get them their paycheck, but the bank can't cash the checks because the computers are down? Will they show up for work the next day? And what about customers? Will you allow more lenient collection practices to occur in the first quarter of 2000 to help with customer problems? Or will some enterprising customers use Y2K as an excuse to be late on their payments?

These are areas that are going to require some thought. If you are having Y2K problems, imagine what your employees and customers are going to be experiencing. It is unlikely that they will be as prepared as you. It makes sense to help educate employees and customers so that problems are minimized, but you still need to be prepared with a game plan to handle these issues when they come up.

At RTO Inc., we plan to be finished with our contingency planning by June 30, 1999. We have already identified specific issues related to banking (writing checks, handling deposits and taking care of payroll), utilities (loss of power, phone lines or heat), inventory (manufacturers that can't make product, shipping companies that can't deliver or service companies that can't repair), our customers and employees. We feel that being finished with our plan by June 30 gives us enough time to adjust for any additional issues that arise before January 1, 2000. Ultimately, however, we need to remain as flexible as possible. We are going to have to make many changes to our plan as the year rolls on. Remember, there are no experts who can tell you what will happen, only what might happen. Be prepared for the worst and hope for the best.

AND THEN?

IT'S APRIL 4, 2000. You are reviewing P&Ls for the first quarter. BOR is up with revenue to match. Sure, there were a few bumps and bruises, but the world didn't fall apart. You were ready to handle (almost) anything. You are thankful that you spent the time to be prepared and can see the positive effects on your bottom line, especially compared to a few friends in the business who thought they could just "wing it." Instead of cleaning up a mess, you are concentrating on bigger and better things for your company. And you chuckle, just a little, as you realize that you won't be around for that Year 10000 problem when all dates are represented with five numbers instead of four. ■

Douglas Wills is a district manager for RTO Inc. in Norfolk, VA, supervising four stores, the company's tax business and the MIS department. He can be reached at 757/455-2800, ext. 514, or by e-mail at dwills@pinn.net.

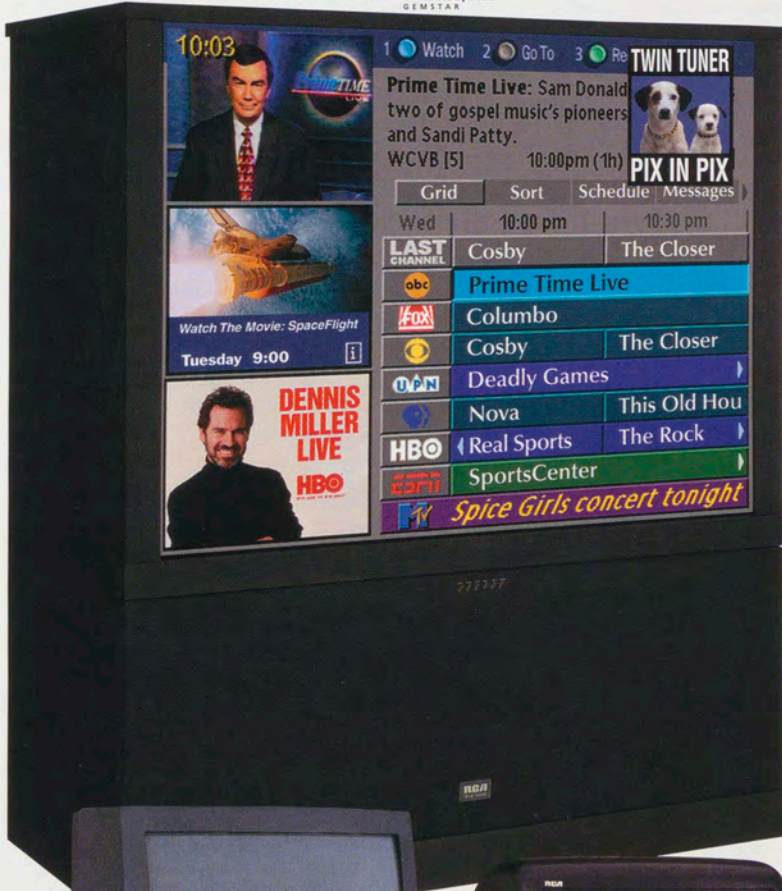


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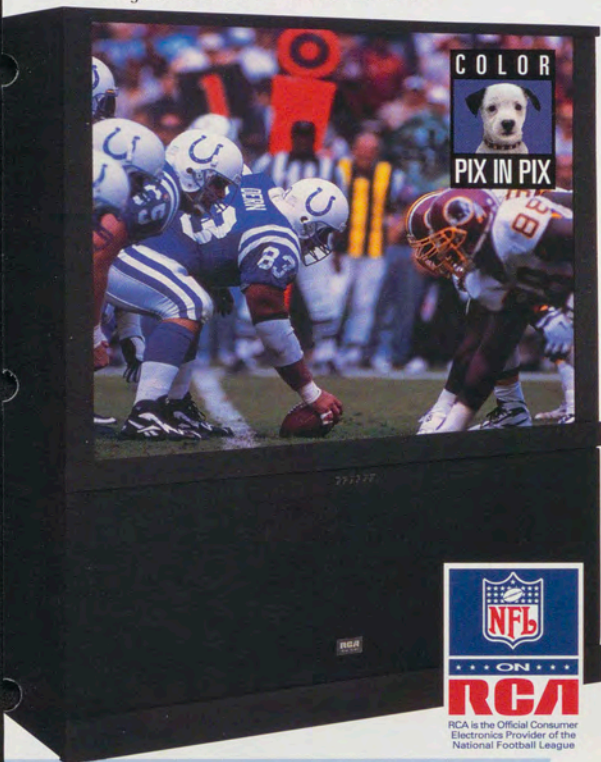


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ONCE AGAIN,
THE RENTAL-PURCHASE
INDUSTRY
IS MAKING A PITCH
FOR EVER-ELUSIVE FEDERAL
LEGISLATION.

ED WINN III

EXAMINES THE
STAKES
AND OUR CHANCES OF
SCORING
A RINGER.



In recent months, Washington, D.C. has taken on an even greater role in the nation's psyche than it usually possesses. Citizens have either been riveted or repulsed by how the President and Congress have conducted themselves during the Lewinsky scandal and its aftermath. As has been much reported, there have been no heroes to arise and the country's political institutions and process have been tarnished. Nonetheless, it is in Washington, D.C. that federal laws and regulations get made and the rental-purchase industry has long maintained both an interest and presence in what goes on there. The country has been told most recently that all the players are now going to get on with the "nation's business," while at the same time showing no noticeable accord as to exactly how this "business" is to be conducted.





Today, the federal government spends one-third of the gross national product, up from 25 percent only a few years ago. Issues of significance face this new Congress and second-term, wounded president:

what to do with Social Security; the future cost, delivery and quality of medical care in this country; defense issues and overall U.S. military preparedness; taxation of the citizenry—how to do it fairly and justly; the reshaping of the banking, insurance and security industries; regulation of the Internet; environmental issues; and the list goes on.

Into this tarnished, tortured, but still powerful, city whose institutions will be grappling with these weighty issues comes once again an intrepid, insistent band of rental dealers seeking justice and fairness in their little corner of the world. This small band of rental dealers represents an entire industry in America, an industry that grows steadily in size, prominence and recognition, but which is still dwarfed by the industrial and commercial giants who are also in Washington seeking their versions of justice and fairness.

Even though the rental-purchase industry can now boast of a billion dollar company in its ranks, there are other companies daily vying for the time and attention of the president and Congress that are many times larger than all the rental-purchase companies combined. (Rental-purchase industry gross revenues in 1998 were roughly \$4.5 billion. A number of public computer companies, automotive companies and chemical, medical, financial and other conglomerates have market caps of hundreds of billions of dollars.)

In a good year, the Association of Progressive Rental Organizations has raised \$50,000 in political action committee funds that have been donated to the industry's friends in Congress. Contrast this with the Realtors trade group, which spreads around several million dollars in PAC funds each election cycle. Even the noblest of politicians need money to get re-elected. A U.S. Senate race may cost \$20 million and a House race not so much less.

The industry has been in and out of federal politics since 1982. While it may not have captured the brass ring of a federal law declaring the rental-purchase transaction to be a lease and not a credit sale, it has enjoyed some notable successes along the way. It has persuaded the regulatory agencies with

potential sway over business practices of the reality of how the rental-purchase transaction works. The Federal Reserve Board and the Internal Revenue Service both have recognized the transaction as a lease through the promulgation of regulations. In 1997, Congress and the president recognized the transaction as a lease for tax purposes when they amended the Internal Revenue Code.

But the industry still does not have all it wants from the federal government. The goal in Washington has not changed significantly since the industry first began lobbying Congress. The industry all along has sought legislation that will do two things: (1) distinguish the rental-purchase transaction from a credit sale, loan or consumer lease under the Truth-In-Lending Act; and (2) require meaningful contract and advertising disclosures so that consumers can better understand the transaction and to help rid the industry of fly-by-night operators and other "bad apples" who prefer telling the consumer as little as possible about the transaction.

Details of the proposed disclosures have varied slightly over the years in reaction to developments in the states. The issue of pre-emption has waxed and waned. Some of the definitions have evolved—cash price, for example. But the goal of a federal safe legal harbor remains as steadfast even as it has proven elusive for nearly two decades, now.

There is some good news this time around. Two of the staunchest Congressional opponents to the industry's legislative goal retired last year and are gone: Representatives Gonzalez, D-Texas, and Kennedy, D-Mass. Every time the industry got any momentum or opportunity in the House, one or both of these representatives consistently threw up every roadblock available. While the industry still has philosophical opponents in Congress, the two anti-rental-purchase standard bearers are gone.

Congress may actively want to get some things done during the next two years. Skeptics predict ongoing partisan warfare in the aftermath of the impeachment trial at least through the elections in 2000. Optimists hope that those long Senate nights together during the trial will make for a renewed sense of collegiality going forward.

Over the years, some dealers have questioned the efficacy of continuing to pursue federal legislation, particularly in light of the solid legislative successes the industry has enjoyed at the state level. Whatever the states do, however, the rental-purchase industry is



A FEW DEALERS
 HAVE TAKEN THE POSITION OF
 LETTING THE
BIG COMPANIES
 DO IT. THIS ATTITUDE IS
 IRRESPONSIBLE
SMALL DEALERS
 ARE OBVIOUSLY UNWILLING TO LET THE
BIG COMPANIES
 DO ALL THE
BUSINESS
 WITH CONSUMERS AND OUGHT
NOT LET
 THE BIG COMPANIES SHOULDER ALL
 OF THE RESPONSIBILITY
 FOR PRESERVING THE LEGAL AND
POLITICAL
 UNDERPINNINGS OF
 THE INDUSTRY.

never more than an enactment away from extinction. Although unlikely and only advocated by a few on the far left, Congress has the power to overrule all of the state statutes and declare the rental-purchase transaction to be a credit sale.

The argument for going forward is to insist that the federal government follow the reasonable conclusions of 45 state legislatures, the Federal Reserve Board, the Internal Revenue Service, most federal courts and indeed, its own recent pronouncements in the tax code, and recognize once and for all that rental-purchase transactions are leases and can only be regulated as such.

Such a pronouncement would likely have widespread consequences. The core of dedicated consumer advocates who oppose this industry on ideological grounds would be forced to throw in the towel. The moment would simply have passed when they could plausibly argue that rental-purchase transactions really operate as disguised credit sales among consumers. The few states where consumer advocates have been able to focus their energies and prevent enactment of balanced rental-purchase legislation, namely Wisconsin, New Jersey and a few others, would feel increased pressure to fall in line with the rest of the country.

Industry public relations would get a boost. As long as critics can point to a controversy with Congress not having decided the issue definitively and a few state courts going the wrong way, the industry remains vulnerable to periodic "exposes" in the media. When Congress finally acts, there will then be nothing left to "expose" and these attacks should decrease or disappear.

A few dealers have taken the position of letting the big companies do it. This attitude is irresponsible. Small dealers are obviously unwilling to let the big companies do all the business with consumers and ought not let the big companies shoulder all of the responsibility for preserving the legal and political underpinnings of the industry. Store to store and neighborhood to neighborhood, small rental dealers compete and compete effectively with the larger companies. Customers choose to do business with one rental company over another because of the quality of service and products they find. The big companies have not achieved and will never achieve a stranglehold on quality at the store level. A mom-and-pop store can be as friendly, as service-oriented and as quality-conscious with customer relations as any company with hundreds or even thousands of outlets.

All companies have a stake in preserving the rental-purchase way of doing business. If the critics win the day, they won't get a law passed that says that big companies can't do rental-purchase, their law will say that nobody can do it. That is why everybody who is in the business has an obligation to work to preserve the concept.

For many dealers who would, all things being equal, prefer to spend their time

renting and collecting, the political side of the business is neither easy nor fun. Fortunately, many recognize that the political side is important and they pledge their time and money even when it isn't their favorite thing to do.

Well, the mission has been launched anew. Bills offering to achieve both industry and consumer protection goals will be introduced shortly. Industry representatives will travel to Washington in May to petition their government. Industry representatives are already at work looking for strategies that will result in reasonable and balanced federal rental-purchase legislation.

Dealers who take a paycheck from this industry and feed their families with profits from rental-purchase stores have a chance to preserve and enhance what they are building by participating in the Association's federal legislative effort. Call APRO to learn how you can get involved. Call today. ■

Ed Winn III is APRO's general counsel. His e-mail address is edwinn@ibm.net.

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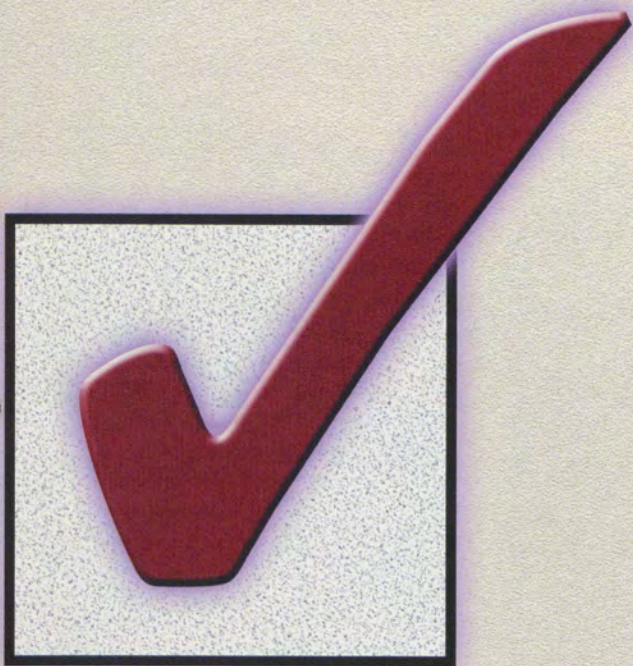
YOU RATE?

MEASURING CUSTOMER SATISFACTION IN THE RENTAL- PURCHASE INDUSTRY

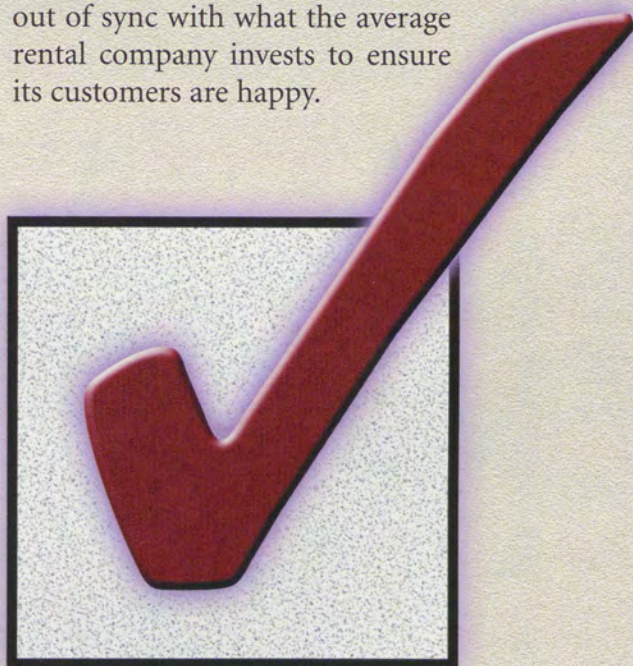
“Listening to customers must become everyone’s business. With most competitors moving even faster, the race will go to those who listen (and respond) most intently.”

—Tom Peters, *Thriving on Chaos*

IN TODAY’S rapidly changing rental-purchase industry, attracting and keeping customers is becoming more challenging. While it is common to hear that the cost to attract just one new customer to a rental store can run anywhere from \$60 to \$200, that can seem out of sync with what the average rental company invests to ensure its customers are happy.



MET



DISAPPOINTED

In fact, making sure your customers are happy becomes even more critical when customer loyalty and their ever-changing expectations are added into the equation. We all realize that what a customer expects today and what is expected next year or even next week can change on a dime. Not staying on top of those expectations can lead to eroding market share and declined profitability tomorrow.

Wouldn't it be great to be able to learn how satisfied your customers are with your products, staff and service, as well as how well their expectations are being met? Luckily, a company has been quietly monitoring customer satisfaction for rental-purchase companies since late 1997. More than 20,000 actual rental customers from several RTO companies have been surveyed, most of whom have had a new agreement opened within four to six weeks and/or were new customers prior to contact.

Interesting results have also been captured from previous customers who paid off an agreement and have not re-rented (at least with the company with which they had just paid off an account). Research has also been done on customers who returned merchandise

and special surveys have been completed in specific markets to try and identify reasons for performance variations.

Some people may ask, "Will an improvement in customer satisfaction really drive earnings and sales

wanted to know how customers received their merchandise and whether they were satisfied with their whole experience. The survey found that 80 percent of all new customers had their merchandise delivered to them by the rental store. The remain-



SOME PEOPLE MAY ASK, "WILL AN IMPROVEMENT IN CUSTOMER SATISFACTION REALLY DRIVE EARNINGS AND SALES IMPROVEMENTS IN THE FUTURE? IS THERE A CORRELATION?" THE ANSWER IS "YES!"

improvements in the future? Is there a correlation?" The answer is "Yes!" *Fortune* magazine (February 16, 1998) talked about how the American Customer Satisfaction Index (ACSI) and the Dow Jones Industrial Average seem to mirror each other since the start of ACSI in 1991 [See chart below].

PRODUCT DELIVERY

What does the average new customer say about his or her rent-to-own experience? The following data is used with permission from clients and is based on a sampling of customers throughout the United States.

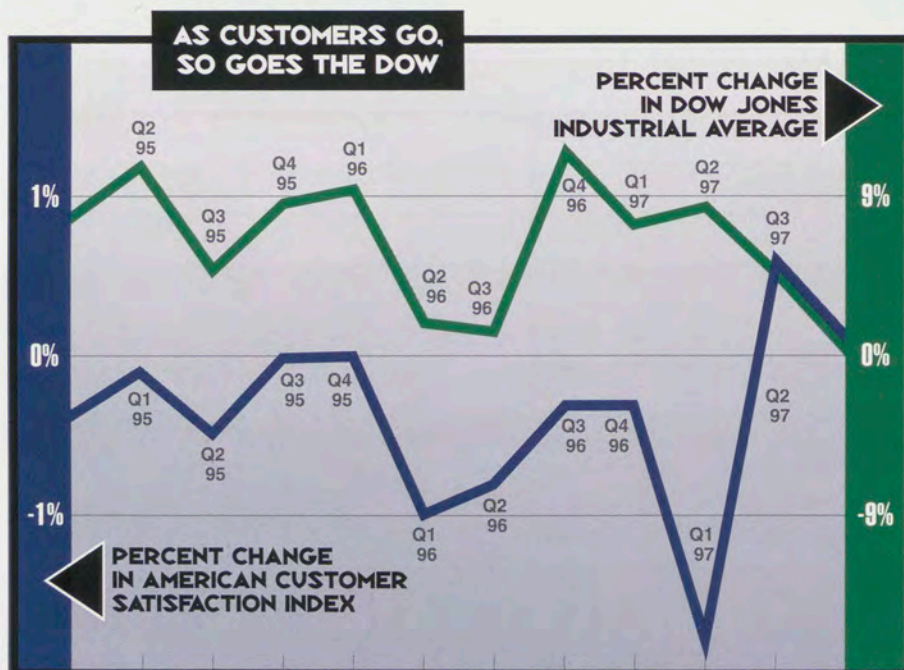
To start, the rental-purchase clients

ing 20 percent took the merchandise home themselves.

When the product was delivered, 79 percent of the customers said the delivery staff was friendly and courteous; 75 percent said the merchandise was set up properly. Unfortunately, one of every four deliveries to customers *did not* result in the merchandise being set up properly. This obviously started these particular customers off on the wrong foot with their rental experience.

When customers took the merchandise home themselves, the survey showed that 68 percent had help from the store staff with loading the merchandise and 87 percent indicated the staff explained how to set up and operate the merchandise.

The survey then went on to discover whether customers received everything that they should have when the product was delivered or taken home. Was the remote control there? Did they get the necessary cables, wires, hoses, bolts or whatever was needed to fully use and enjoy the merchandise they were renting? The survey showed that 85 percent of the customers said they got everything they needed when the product was initially delivered or taken home. The remaining 15 percent did not receive everything they needed to use the merchandise. This clearly shows a significant area for improvement. Those customers who were not supplied with the proper equipment probably are very likely to be the first to return the merchandise and to



SOURCE: FORTUNE MAGAZINE AND THE NATIONAL QUALITY RESEARCH CENTER AT THE UNIVERSITY OF MICHIGAN BUSINESS SCHOOL

become dissatisfied with their rental experience.

In order to learn more about this problem, the survey went on to ask, "If you *did not* receive everything that you should have when the product was first delivered or taken home, how long did it take the company (store) to make it right?" Amazingly, 50 percent of the customers who *did not* receive everything were still waiting!

That kind of result clearly shows the high probability that the bulk of those customers will not be renting very long with the company they are with—or renting very long from anyone.

Next, the survey went on to find out if the customer received a courtesy or follow-up call from the store shortly after delivery of the product. This is a common procedure with many RTO companies and usually takes place two to four days after receipt of the product. This is a good method to guarantee that customers are indeed satisfied with the product they are renting, along with making sure everything went well with the delivery. This call also can serve to re-verify a customer's telephone number and, more important, is a great way to continue to build that all-important customer relationship. The results showed that only 58 percent of the customers received a call.

UNDERSTANDING THE TRANSACTION

The next part of the survey determined if the customer clearly understood several key parts of the rental process. These are listed below with the percentage of customers who said, "Yes," they did clearly understand each one:

- ▶ Rental agreement: 95 percent
- ▶ Total amount due (weekly or monthly): 96 percent
- ▶ Renewal day or date: 92 percent
- ▶ Return merchandise options: 92 percent
- ▶ Purchase options: 93 percent

Based on the research, it is safe to say that the majority of customers do understand the rental agreement, their options to return or purchase the product, when a renewal payment is due and how much is due. This is good news, especially in light of consumer

protection criticism and legislative battles. Rental customers do clearly know what is required of them when renting.

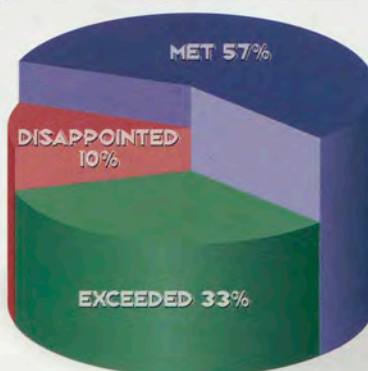
RATING THE RENTAL EXPERIENCE

Customer service areas were also measured, such as store staff, store appearance and quality of merchandise. The customer rated each area using the following rating scale: *always*, *somewhat* or *never* (ie: disappointed). Here are the areas the customer rated followed by the percentage of the customers who answered "always":

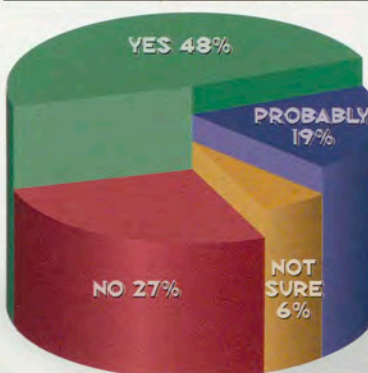
- ▶ Service (by staff) was fast, friendly and courteous: 84 percent
- ▶ Staff was knowledgeable about products/services: 81 percent
- ▶ Staff kept any promises or commitments: 76 percent
- ▶ Store is neat, clean and well-organized: 87 percent
- ▶ Merchandise was clearly priced and neatly displayed: 84 percent
- ▶ Store carries quality products (name brands): 84 percent
- ▶ Merchandise meets customers needs and expectations: 82 percent

The results indicate that one out of every four new customers has a problem with the store following through on a promise or commitment. This is probably driven in large part by the problems revealed earlier with the product not being set up properly, not receiving everything and the store not making follow-up calls after initial delivery. It can be concluded that about 25 percent of customers who had a delivery in the past four to six weeks already expressed uncertainty about

RATE THE EXPERIENCE



"WILL YOU RENT AGAIN?"



promises or commitments made to them. This will have a tremendous impact on the perceived value of renting along with probably not feeling liked a valued customer to that store.

Customers were then asked to give an overall rating based on their entire rental experience up to that point. The customer indicated that the rental experience *exceeded* their expectations, *met* their expectations or that they were *disappointed* with their experience. Here are the results:

- ▶ Exceeded: 33 percent
- ▶ Met: 57 percent
- ▶ Disappointed: 10 percent

The good news is that there are three times as many customers who said their expectations had been exceeded vs. being disappointed. The vast majority of customers appeared to get what they expected in the rental process.

The survey then determined if the customer had rented before, would the customer recommend the company and would the customer rent again. Here are the responses, showing the percentage who answered "yes":

- ▶ Have you rented before with other rental companies?: 49 percent
- ▶ Would you recommend the company (store) to others?: 90 percent
- ▶ Would you rent again with the same company (store)?: 89 percent

It is important to note that slightly more than half of the customers had never rented before. Their decision to recommend others and to rent again was based on their short rental experience. The longer they rent will, of course, have a greater impact on how

they respond.

- ▶ Yes: 48 percent
- ▶ Probably: 19 percent
- ▶ Not sure: 6 percent
- ▶ No: 27 percent

The pie chart on the previous page ["Would you rent again?"] shows a breakdown of customers who have rented before and returned the merchandise or paid off the merchandise. More than one of every four of these customers said they definitely would not rent again. Almost half stated that they would rent again from the same store or company. The 25 percent in the middle lean more toward re-renting with the same store or company, but may be up for grabs to try another store if the opportunity exists. These customers clearly show that there is a real opportunity to improve customer satisfaction and thus increase a customer's desire to stay with your store and company.



YOU MUST REMEMBER THAT THESE RESULTS AND WHAT THE CUSTOMERS ARE BASING THEIR FEELINGS ON IS AN EVER-CHANGING PROCESS. KEEPING TABS ON YOUR TOP ASSET—YOUR CUSTOMER—IS CRITICAL.

With 48 percent of the new customers stating that they had rented before, the survey results clearly indicate that they will go somewhere else if not happy with their current rental store or company. You must remember that these results and what the customers are basing their feelings on is an ever-changing process. Keeping tabs on your top asset—your customer—is critical to a healthy and growing future.

If your store's staff makes satisfied customers through exemplary service, product and attitude, then a competi-

tor will not have an opportunity to exploit your weaknesses. The investment made to attract that new customer will be realized and performance and earnings will soar. ■

Blair Bundt is a longtime industry professional with almost 20 years of RTO experience throughout North America. The information contained in this article was gathered, with client consent, by Shoppers' View in Grand Rapids, MI. He can be reached at 616/356-2588 or by e-mail at BBundt@aol.com/.

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Entry fees are \$30 per entry for non-APRO members and \$15 per entry for APRO members. All entries must have been created and used between May 1, 1998, and April 30, 1999. Only ads written in English will be judged. The deadline to receive entries is 5 p.m. Central Standard Time, May 21, at the APRO office in Austin, Texas.

Remember that rental-purchase is not a credit sale and there is no interest involved, so entries will be disqualified if they imply that credit is somehow extended or needed.

All winning entries will be displayed at the 1999 APRO Convention, to be held August 9-12 in Reno, Nevada. Print winners will be mounted professionally; television and radio spots will be broadcast in the winners area. Winners are responsible for shipping their displays home from the Convention.

An entry form must accompany each entry. Also, please include the name of your advertising agency if you wish to share the recognition.



1999 RAE Awards Entry Form

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PARTICIPANT INFORMATION

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ADVERTISING AGENCY

Contact _____
Agency _____
Address _____
City _____ State _____ Zip _____
Telephone [_____] _____

Print. Submit two tear sheets or samples of advertising.
Do not send photocopies or original artwork.

Radio. Submit entries on audio cassettes. Only one entry per cassette.

Television. Submit entries on half-inch VHS videotape. Only one entry per tape.

Outdoor. Submit a 5x7 or larger color photograph of entry.

Ad specialties. If possible, submit the actual product. Otherwise, send a 5x7 color photograph.

Community relations. Submit video footage, news articles and/or photos, along with a description of the program and its impact.

CATEGORIES

Print materials

- 1-A Brochure or free-standing insert, one page, front and back
- 1-B Catalog/brochure, four pages or more
- 1-C In-store point-of-rent signs, posters and/or banners
- 1-D Other — door hangers, coupons, contests, etc.

Direct marketing

- 2-A Order solicitation/direct-mail pieces or campaign designed to produce a direct response

Newspaper

- 3-A Black-and-white, half-page or more
- 3-B Color, half-page or more

Radio

- 4-A 30-second spot
- 4-B 60-second spot

Television

- 5-A Spent less than \$1,000 to produce
- 5-B Spent more than \$1,000 to produce

Specialty items advertising

- 6-A Specialty item/giveaway as a referral item, bonus gift with rentals, etc.

Billboard/outdoor

- 7-A Outdoor billboard, any size

Campaign

- 8-A Creative campaign design, more than 30 days but less than 90 days; single-themed campaign using print, television and/or radio; designed to get a direct response.

Community relations program

- 9-A Food drive, donations, volunteering at homeless shelters, Toys for Tots, etc.

Store display/layout

- 10-A Spatial relationships, lighting, complimentary accessories. Please include photographs or videos showing off your unique store.



Larry Carrico

of a kind

AN APROFILE
BY MARKUS BEEBY



PHOTOGRAPHS BY MICHAEL F. NEWMANN

Multi-tasking is one of many talents

that seems to best describe Rent-One President Larry Carrico. He runs a 25-store rental-purchase chain, is co-founder and partner of the Imagery Marketing Consulting advertising firm, is active in both the United Way and Habitat for Humanity and is a member of both his local Rotary Club and Kiwanis. And he'll be the first to tell you that he used to work harder.

“Somebody asked me the other day

why I decided to own my own stores,” says Carrico. “I told him that it was so I could work less. I used to work 80 hours a week, but I cut the number of hours so I could do other things that are important to me.”

Originally from the area and still residing in the Southern Illinois town of Mt. Vernon, 41-year-old Carrico sees things differently than many smaller chain owners in the rent-to-own industry. There are no mergers or sales or great expansions in the company’s future. As a store owner for 14 years, Carrico isn’t going to let his chain become a small piece in a merger-monster conglomerate.

average about 8,000 square feet, whereas the traditional rental store runs about 3,500 to 5,000 square feet. This is partly because the economy here allows me to pay \$2 a square foot, affording me the opportunity to offer more options to my customers.”

One of Carrico’s greater landmarks is his 21,000-square-foot store in Mt. Vernon with a home theater room that includes an 80-foot television and demonstration stations for accessories.

“I had a retail background coming into this industry. I think it still helps to do the basic sales things,” he says. “It’s all retail stuff, adding accessories.

with local church fund-raising efforts, he admits that helping out locally is a valuable part of his life.

“You feel better about yourself,” he says of his volunteer experience. “When you first get started, you might have some business motives in mind, but then you get caught up in it and want to keep doing it. Next thing you know, you’re joining the Rotary, Habitat for Humanity, whatever you have time for.”

His stores are bigger and better for his involvement, his marketing campaigns fast and furious and his stores’ stature giant among the people of the region.

“IF YOU CAME DOWN TO SOUTHERN ILLINOIS AND ASKED PEOPLE TO FINISH THE JINGLE, ‘IF YOU NEED ONE...’ I WOULD GUARANTEE YOU THAT 90 PERCENT TO 95 PERCENT OF THE PEOPLE HERE WOULD TELL YOU, ‘...RENT-ONE.’”

“We started with the mission statement of being the best regional rental company,” says Carrico. “Not East Coast, West Coast, big, independent... Some people may think that 25 stores is a lot, but since 1985? That’s not that many.”

THE KING OF MOUNT VERNON

Larry Carrico is man whose success has happened the old-fashioned way: through hard work, a supportive family, business savvy and community involvement. Accordingly, his choice to run his stores in the towns of Southern Illinois seems to be a perfect match for his business style. Given the economy of the area, Carrico is able to open giant stores that win over his customers with their selection and styling.

“I had a little different concept, being in Southern Illinois,” he says. “We wanted to offer more product selection to our customers. My stores

You add the washer to the dryer and the VCR to the TV.”

While his stores continue to flourish, Carrico points to two key assets that keep him ahead of area competition: community involvement and having his own marketing firm.

Involved in many local organizations, Carrico uses his connections as a key component in his management.

“You try to figure out why the guy in one town is doing better than the guy in another town,” he says. “The guy in one town is on the board of the local chamber, involved with United Way and a member of the Downtown Merchants Association, where the guy in the other town just runs his store. Community involvement is integral to success.”

As busy as he is, Carrico continues to help with many projects in Southern Illinois. From leading the United Way fundraising campaign with more than \$260,000 in donations during the past year, to helping

“If you came down to Southern Illinois and asked people to finish the jingle, ‘If you need one...’ I would guarantee you that 90 percent to 95 percent of the people here would tell you, ‘...Rent-One.’”

Carrico’s wife, Sharon—who has worked alongside him since the chain’s inception in 1985—says that living in a small town has been fun for the whole family. By watching their two daughters grow up in Rent-One television spots (the Carrico’s also have a son), Mt. Vernon has promoted the family as full-fledged rent-to-own celebrities.

“It’s been fun for us,” says Sharon Carrico. “We’ll walk through a department store and people will say, ‘There’s those Rent-One girls.’”

STAYING SMALL

Perhaps it’s his love of Mt. Vernon that has kept Carrico from searching for greener pastures and bigger mar-



kets. More than likely it's his need to see things done the right way that keeps Rent-One chugging at a slow, but steady growth.

"Like most rental companies our size, we're a target for merger or acquisition because of the region we're in," he says. "But I don't want to sell because I don't want to lose my

employees."

"It really is the key to his success," says Rick Linton, Carrico's partner at Imagery, the in-house marketing/advertising firm. "He knows how to find good people and keep good people. He's great at putting a team together."

Carrico also likes to be on top of

how his stores look and has begun to purchase the buildings that house his stores.

"I own about a one-third of my buildings now so I can make sure that things are done properly," he says. "We make sure that updating the look of each store is constant so we can maintain the best presence. When we

get done, we want to have the best-looking store in town."

IMAGERY MARKETING

Starting in January 1996, Carrico became heavily committed to his partnership at Imagery Marketing with the decision to purchase \$300,000 in digital equipment in order to take the com-

pany's ad production to the next level.

"It was an effective business decision," he says. "I wanted to take control of my own promotions and make sure that everything looked right. The only way we could do that was to step up to the next level of equipment and personnel."

What he learned from this experience was that he had effectively

helped to carve for himself a big marketing advantage.

"Instead of shuffling ideas between two offices, we have Imagery right downstairs. So if I come up with an idea on Monday morning, I can have it produced and ready to go by Wednesday or Thursday. We can react to the market quickly. If I have stores that are struggling, I can have promotional stuff out to them right away."

"He's had a lot of experience with marketing in this industry and brings a lot of insight to the table," says Linton. "He's also very business-minded, so it keeps us creative-types aware of the business side of things."

Carrico sees this investment in marketing as critical to the industry's success.

"The rental industry is growing and as it continues to expand, we're helping the image of the industry," he says. "Sometimes our industry gets caught up in the '99 cent, get a week free, have a crazy guy talking on the TV' mode. Three or four years ago at advertising awards competitions, you wouldn't see any color ads or marketing themes anywhere. But now all the big guys are using themes and recognizable figures and more classic, successful advertising schemes that really tie things together."

THE INDUSTRY

It may come as no surprise that as winner of APRO's Rental Dealer of the Year in 1998 and former president of the 1998 State Association of the Year-winning Illinois group, Carrico sees the future of the industry relying on the success of effective grassroots efforts.

In 1994, during Carrico's tenure as president of the Illinois State Rental Dealer Association, the chairman of the Consumer Affairs Division in Illinois brought a bill to committee that would have heavily regulated the rental-purchase transaction and instituted an annual percentage rate on RTO product prices. Carrico, along with 50 other small rental-purchase store owners, lobbied on behalf of the industry and managed to persuade the committee to vote against the

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"WE'RE HELPING THE IMAGE OF THE INDUSTRY. SOMETIMES OUR INDUSTRY GETS CAUGHT UP IN THE '99 CENT, GET A WEEK FREE, HAVE A CRAZY GUY TALKING ON THE TV' MODE.

chairman's bill.

"We all had orange stickers on that said 'Illinois Rental Dealer' on them and everybody kept asking, 'Who are those guys with the orange badges on?' And the response was, 'Well, they're trying to run 'em out of business.' It was a great grassroots effort and was what our industry needed to do."

As a small chain owner, Carrico questions the kind of help legislative efforts are getting from larger chains.

"As a big owner, do you know if your managers actually go to the state association meetings? Do these managers know who they need to know? It's the grassroots things that are going to get things done in this industry; the big guys need to be a part of it. The small dealers in this state got the job done when they went to the capitol and told their representatives, 'Look buddy, you're going to put me out of business. And if you put my face out of business, I'm going to put you out of business,'" he says.

THE IMPORTANT THINGS

Amidst all of the activities in which Carrico is involved, he understands that none of it would be possible without the involvement and understanding of his family. Working alongside his wife, Sharon, he has been able to have full support on his biggest decisions.

"My family has been my biggest advocate," he says. "A lot of times people don't have that support, but they're part of the business, so I've always had that. Sharon and I have been married for 16 years and that stability means everything."

"I think that if you have a good marriage, you'll have a good business relationship," says Sharon Carrico. "The issues aren't much different in

either one. Larry really inspired this business and we really went for broke. I never could have imagined the benefits of this whole experience of owning a business. Larry saw that from the start."

As an original rent-to-own tag team, Larry and Sharon Carrico work together to steer Rent-One in the right direction.

"My wife really comes up with ideas that are well thought-out and make sense. When I do it, it doesn't make sense. The ideas just go in circles. When she writes them down, they sound a lot like what I was trying

to say," says Carrico.

Fourteen years into owning the Rent-One chain, Larry Carrico isn't predicting any giant changes for his stores. Staying small and doing it right are still his No. 1 priorities.

"With Rent-One we've got four or five more stores planned this year — about one every two months," he says. "I enjoy what I do. I just want to have the freedom of being the best regional dealer. In 10 years, we may have 75 stores." ■

Markus Beeby is a free-lance writer living in Austin, TX.



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Contact: Edward L. Neu
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Ashley Furniture Industries^{^^+}

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Audiophile Home Theater^{^^+}

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Barn Door Furniture Co.[^]

Contact: Clyde Stone
1034 D S. William St.
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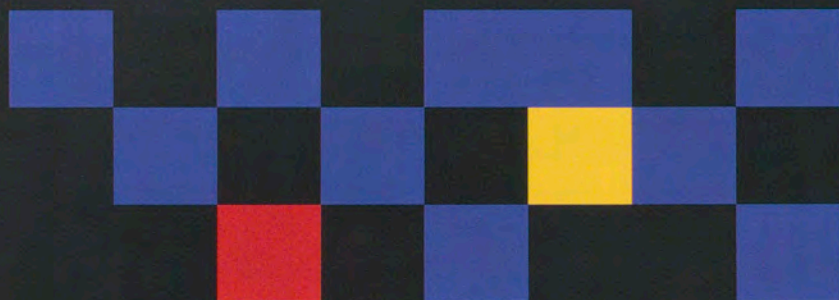
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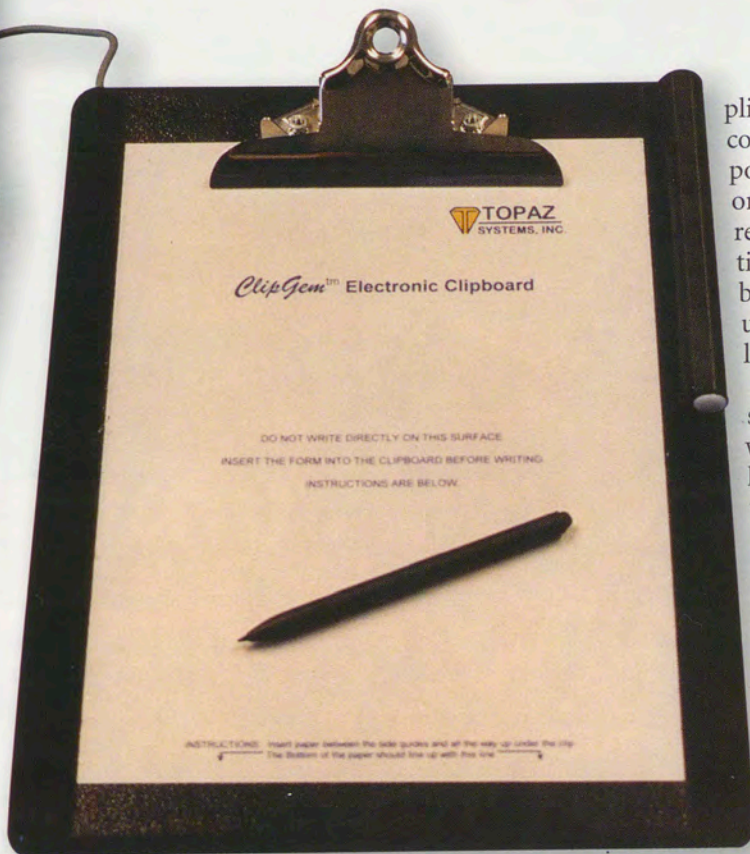
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on display



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The Clip Gem is simple to use. A standard 8.5-inch-by-11-inch piece of paper is placed on the ClipGem. The customer then fills out the paperwork normally, including all marks, writing and data. During this process,

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Ruggedly constructed to endure ordinary knocks and drops yet only one-half inch thick, the ClipGem is sturdy and easy to store. Power is sup-

plied directly by a computer’s serial port; no batteries or adapters are required. In addition, forms can be filled out using any PC or laptop.

The ClipGem system, complete with software, lists at \$395 with volume and reseller discounts available.

For more information, contact Topaz Systems, 805/520-8282, www.topazsystems.com/.

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Recover delinquent accounts with the help of Credit and Financial Associates of Cincinnati, a company offering busy business owners the chance to painlessly and inexpensively chase down past customers.

The process is simple. Companies submit the debtor company’s name, contact person, the amount owed, address and phone number to a Web site operated by Credit and Financial Associates at

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Roughly 70 percent of the dollars placed with this system that are less than 120 days old have been recovered. Compared to an attorney or collection agency charging 35 percent to 40 percent of the recovered amount, this service costs only \$8.75 a letter series (three letters in a series).

For more information, contact John Begley, <mailto:creditservices@primax.com>, 800/634-9526.

Office task chairs offer colorful options

Office Star Products invites you to give any room in your customer’s home or office

a personality of its own with its colorful new task chairs. The company's latest pair of task chairs offer quality and comfort with a twist; the seat and back may be ordered in any combination of red, yellow, black or teal.

Office Star has kept its focus on quality and comfort while giving customers a wider color palette from which to choose. Model DN360, upholstered in easy-to-care-for vinyl, incorporates an innovative 2:1 tilt mechanism, which provides enhanced user comfort by reclining the back 2 degrees for every 1 degree of tilt applied to the seat.

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How do you measure customer satisfaction?

Tom Fisher
RENTMAX
MEMPHIS, TN

Our company gets feedback from customers when they come in to make payments. We ask them if they enjoyed our product, experienced any service problems and make it clear that we are here to help them. Some of our clients are elderly and have trouble coming in to make payments. We offer to send one of our employees out, free of charge, to pick up payments for their convenience.

Honestly, we don't do enough in the way of customer satisfaction. We have thought of doing mailers, but it seems like there's never any time.

Fred Pearson
PAY-LESS RENTALS
JONESBORO, AR

We have found two methods to be effective in measuring customer satisfaction at Pay-Less. The first is sending out letters to our customers, thanking them for the business transaction and inviting their responses to our service. Periodically, we make follow-up phone calls. Our customers are asked if they are pleased with our service and, if not, to describe those areas where we fall short.

Measuring customer satisfac-

tion provides our company with a sense of direction. If customers are unhappy, we make changes in our policies. When feedback is positive, we work to enhance the things Pay-Less is doing right.

Ronald Sowers
DISCOUNT RENTAL
SURFSIDE BEACH, SC

Operating only three stores allows us to monitor customer satisfaction on a personal level.

come back asking, "Where's the candy?"

Roger Iverson
RENT-A-CENTER
QUINCY, MA

We have had great success measuring customer satisfaction through "secret shops." This is a professionally done process where anonymous shoppers call in to our stores and ask typical RTO customer questions. Our

stores' responses are graded, giving us an insight to the strengths and weaknesses of our company. Current and



prior customer follow-up calls

I circulate our stores, interacting with customers on a daily basis. If they appear happy and in good moods, we assume everything is OK.

Discount Rental employees play a big role in customer satisfaction. Most of our staff has been around a long time and can be trusted to be friendly with our customers.

We have a candy bowl at the front of each store, too. You'd be surprised at how many people

are an additional tool we use to measure satisfaction levels. The key is to cover all your bases inside the store and out. We feel confident that we're doing just that. ■

Allison Hunt is a journalism student at the University of Texas at Austin.

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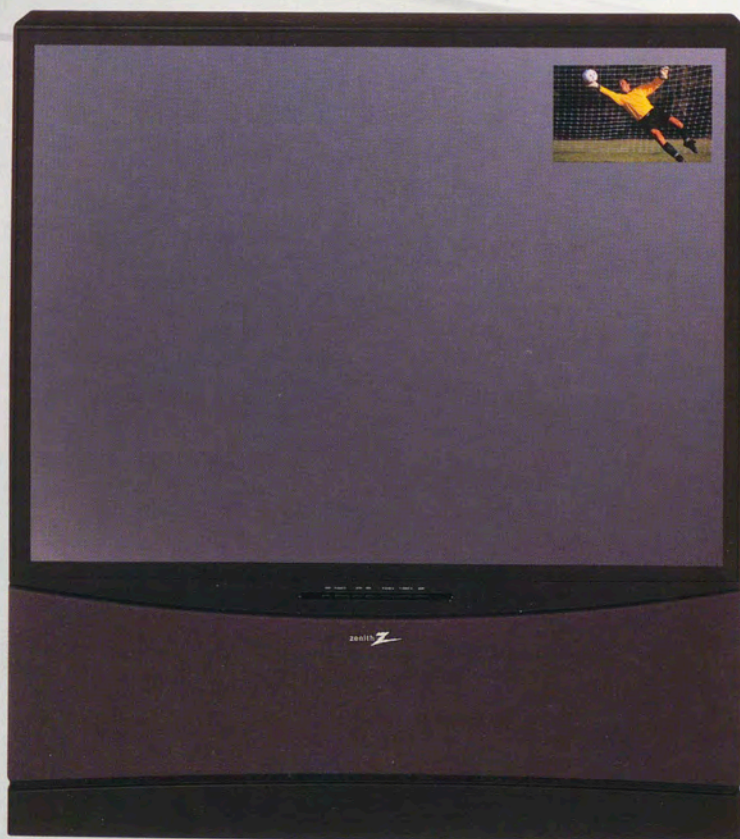
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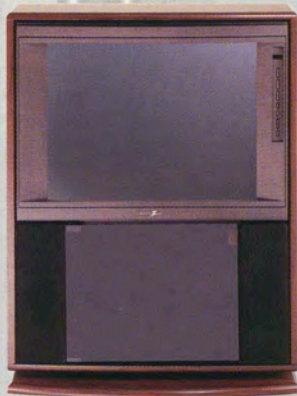
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