

PROGRESSIVE

# Rentals

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RENTAL-PURCHASE INDUSTRY  
NOVEMBER-DECEMBER 2000

DEAR RTO...

- > BRIGHT IDEAS ON DISPLAY
- > THE MAGIC OF COLOR
- > REMEDY STATUTES

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*Rental customers find their voice on the Internet*



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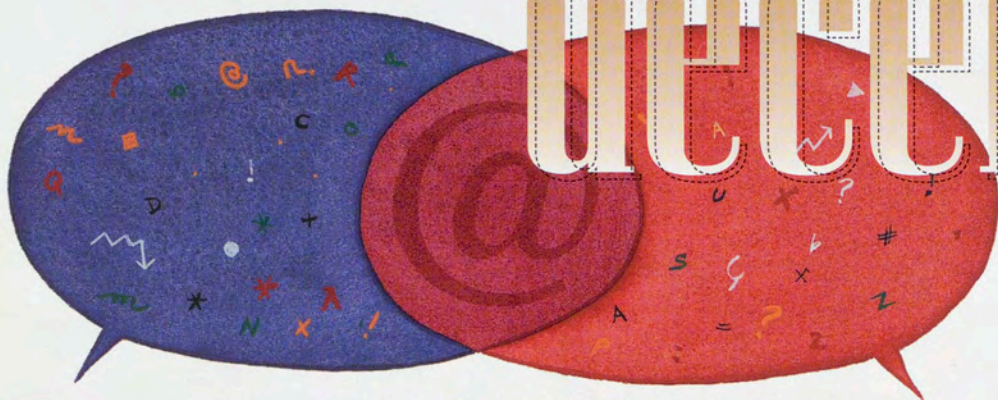


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# november december



20

## Rental customers find their voice on the Internet

Rental customers are turning more and more to the Internet to not only search for rental stores near them, but also to find an audience to which to air their grievances. The information age affords rental companies the opportunity, however painful sometimes, to serve their customers better. Ed Winn culled through a sea of rental customer e-mails sent through the APRO Web site to highlight just what is being said.



28

## Bright ideas on display

If proper attention and planning is given to display, you can have a silent but forceful sales tool. In this two-part series, interior designers Ray and Rex Anderson once again offer myriad suggestions to update your rental stores, focusing on display and accessories.

32

## The magic of color

We have always known that color has power. It can affect our mood, attitude and thinking. The Anderson team talks about the new, hot colors popular in today's marketplace and how they can spice up your store and motivate customers to take action.

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## Damaging damages: Revisiting remedy statutes

Attorney Ed Winn III revisits the remedy sections of state rental-purchase statutes, which penalize rental dealers for violations of state rental-purchase laws. Unfortunately, in its rush to pass the early state RTO legislation across the country, the industry agreed to the assessment of rigorous penalties if any company failed to comply with the statutes set forth—penalties far more damaging than dealers may realize.



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BY AL W. MAGRITTE**

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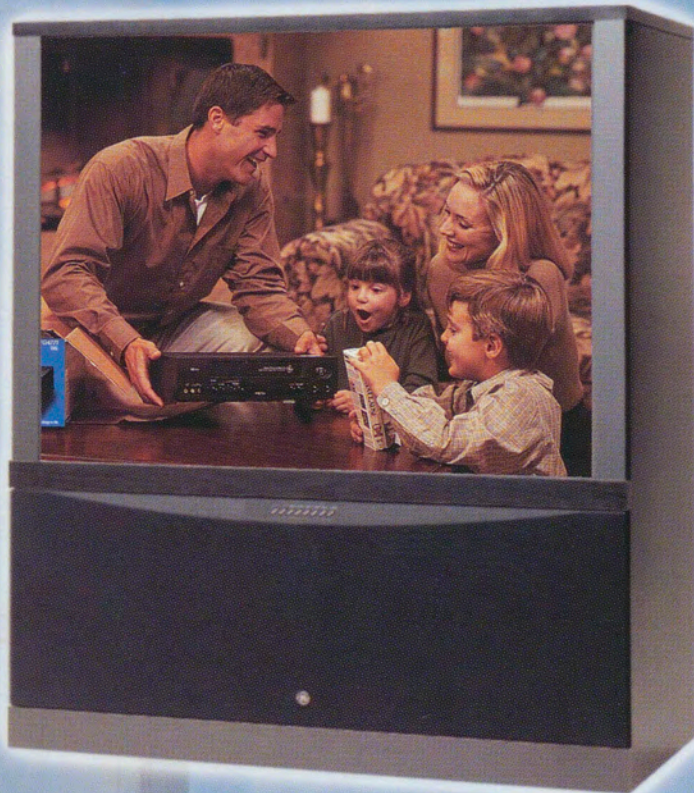
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# news

BREAK

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JULIE SHERRIER

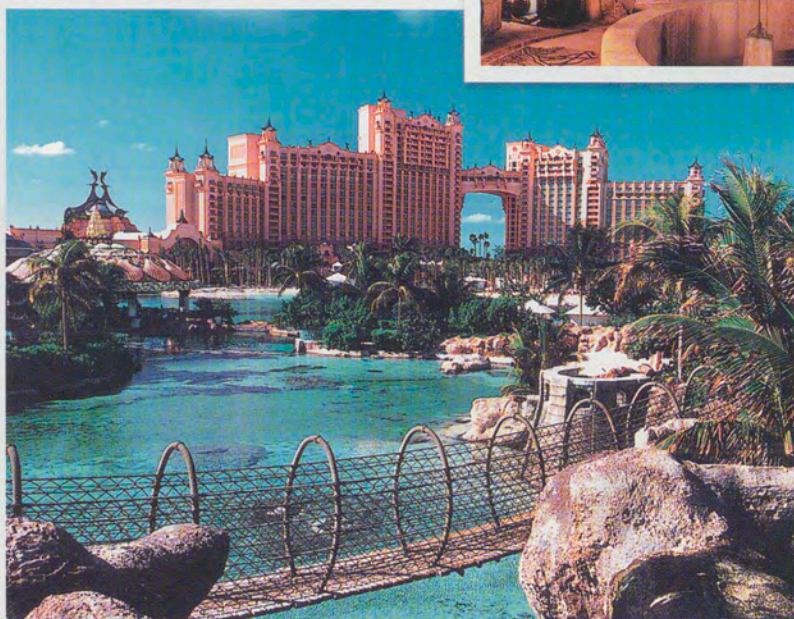
## A Bahama adventure awaits you at APRO's Mid-Year Conference in March

**R**ental dealers everywhere are invited to take a break from winter to sink their toes into the white sand beaches of Paradise Island in the Bahamas for the 2001 APRO Mid-Year Conference, scheduled for March 19-21,

The conference will be held at the spectacular \$800 million vacation and gaming Atlantis Resort, which boasts 2,300 rooms, 38 restaurants and lounges and

entertainment venues galore. The resort was designed to recreate the legendary lost world of Atlantis, complete with breathtaking architecture, underwater displays and archeological tours, a submarine room, marine habitat exhibits and a shark lagoon.

Atlantis is alive with adventure at every turn. Within the buildings, each detail of architecture, every furnishing, all the fabrics and decorations echo the life of a dream at sea and on land. A 100,000-square-foot entertainment complex includes a casino area, with 1,000 slot machines and 80 gaming tables. Thrilling water slides, deep sea fishing, a children's Discovery



Channel camp, snorkeling, diving, golf and sports center, are certain to keep everyone busy before, after and in between APRO meetings.

And yes, there is a bit of business on the APRO Mid-Year Conference agenda. The focus of this year's conference is the rental-purchase employee. A different

workshop will be held each day of the conference. On Monday, find out what RTO employees are saying about their jobs, their working conditions and problems and opportunities that they see could make a positive difference in their daily routine. On Tuesday, a panel of rental dealers/employers will discuss ideas and methods that have worked in their businesses that have been successful in retaining employees.

On Wednesday, March 21, an annual rental-purchase overview will be presented, covering an

industry update and networking session, along with a legal and financial summary.

Register today by completing the registration form on this page. Online registration and a brochure will be available in early January.

**Former Congressman Gonzalez dies**

The trailblazing congressman from San Antonio who served 37 years in the U.S. House of Representatives and who championed the



causes of those less fortunate died November 28. A lifelong Democrat, Henry B. Gonzalez also made a powerful impact upon the rental-purchase industry in the early 1990s.

As chairman of the House Banking Committee, Gonzalez surprised the industry with sudden investigative hearings in March 1993, challenging the legitimacy of the rent-to-own business. As a result of these hearings, some might say that

Gonzalez almost single-handedly united the rent-to-own industry as rental dealers from across the country gave testimony before the committee. In response, APRO created its first task force to organize a nationwide grassroots legislative program in April 1993.

As a result of those hearings, Gonzalez and other co-sponsors introduced the "Rent-to-Own Reform Act," which, if it had been enacted, it would have crippled the industry as the act sought to "regulate" the industry with an annual percent-

**APRO 2001 MID-YEAR CONFERENCE REGISTRATION**

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▶ Registration fee is \$325 for members, \$495 for non-members for the entire conference; or \$135 for members, \$195 for non-members per individual session.

Please indicate appropriate registration below:

- March 19: What Your Employees Are Saying, 1-5 p.m. [\$135/\$195]
- March 20: How to Keep Good Employees [panel], 9 a.m.-12 p.m. [\$135/\$195]
- March 21: APRO Industry Update and Networking Session, 9 a.m.-12 p.m. [\$135/\$195]
- All sessions [\$325/\$495]

Are you an APRO member?  Yes  No

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Authorized signature \_\_\_\_\_

- ▶ Photocopy this form for additional registrants.
- ▶ Hotel registration is separate and must be made by official fax form from Atlantis. Call APRO for form. Hotel reservation deadline is February 12 or when the APRO block has sold out, whichever comes first.
- ▶ Please mail this form, with payment, to APRO, 1504 Robin Hood Trail, Austin, TX 78703. Preregistration for conference will be accepted until March 15. On-site conference registration will be available, but we recommend that you reserve your accommodations at Atlantis now as space is limited.

**[ Register online at  
[www.apro-rto.com](http://www.apro-rto.com) ]**

age rate. Fortunately, even though the bill was reintroduced several times, it died in committee.

"Henry B. was a worthy adversary," says APRO Executive Director Bill Keese. "It was his attack on our industry that brought rental dealers closer than ever before, united behind the APRO banner.

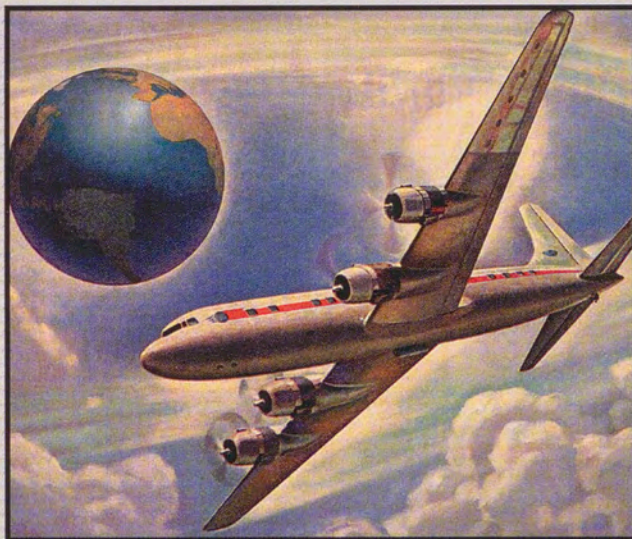
"Although we disagreed with his perception of the RTO industry, we have to recognize that he was a man of strong convictions who lived his life trying to help the people he thought needed his defense. Therefore, he was a man of principles and we should honor him for that," says Keese.

## Co-founder of Rent-A-Center dies

W. Frank Barton, a former auto mechanic who co-founded Rent-A-Center with partner Tom Devlin in 1973, died September 28 of lung cancer.

In the company's first decade, Rent-A-Center's annual sales went from \$248,000 to \$45.2 million. In 1987, the company sold for \$584 million to Thorn EMI.

The Wichita State University business school was the grateful recipient of a \$12 million gift from Barton in 1987. The school was accordingly renamed the W. Frank Barton School of Business.



## APRO at Winter Markets

**C**old weather is here—and so are the winter furniture and electronics markets attended by many rent-to-own dealers.

APRO will be at the Consumer Electronics Show in Las Vegas January 6–9. Thomson Consumer Electronics will sponsor a rental dealers hospitality suite 6–8 p.m., Sunday, January 7. Stop by the APRO booth (L-11) in the lobby of the Las Vegas Convention Center. For more information on the winter CES show, call 703/907-7600.

Next is the San Francisco Furniture Mart, January 19–23. Be sure and visit the APRO Hospitality Suite sponsored by Emeralds 5–7 p.m., Saturday, January 20, in the Emeralds Showroom, Mart 2, Suite 918. Call the San Francisco Mart at 514/552-2311 for more information.

Then it's on to Tupelo February 15–20. The APRO booth will be in its usual location in the lobby of Hall B of the Mississippi Market Complex. There will be two APRO hospitalities: one on Thursday, February 15, sponsored by Ashley Furniture in Tupelo Building #4 and a second on Friday, February 16, at the Benchcraft Showroom. Both are from 5 to 7 p.m. More information on the market can be obtained by calling 662/844-1473.

The last market that APRO will visit will be the April High Point Furniture Market, held April 19–26. Progressive Furniture will host the APRO Hospitality for rental dealers 5–7 p.m., Friday, April 20 in its showroom at 212 Jacobs Place. Again, the number for information on High Point is 336/888-2700.

Call APRO at 800/204-2776 if you have any questions.

# 2001

## JANUARY

6–9  
Consumer Electronics Show—  
APRO Hospitality Suite  
6–8 p.m., January 7 (sponsored  
by Thomson Consumer  
Electronics), APRO will be in  
booth L-11, Las Vegas,  
703/907-7600

16–17  
Florida Rental Dealers  
Association, Sheraton Four  
Points, Lakeland, FL, hotel  
reservations 863/641-3000,  
meeting information  
800/204-2776

19–23  
San Francisco Furniture Mart—  
APRO Hospitality Suite  
5–7 p.m., January 20 (sponsored  
by Emeralds), APRO will be in  
booth 918, 514/552-2311

22  
TARA Legislative Day, Austin,  
TX, 940/497-1150

## FEBRUARY

15–20  
Tupelo Furniture Market—  
APRO Hospitality 5–7 p.m.,  
February 15 (sponsored by  
Ashley Furniture) and 5–7 p.m.,  
February 16 (sponsored by  
Benchcraft), APRO will be in  
Lobby Hall B of the Mississippi  
Market Complex, 601/844-1473

20  
Missouri Rental Dealers  
meeting, Jefferson City,  
573/449-3787

## MARCH

19–21  
APRO Mid-Year Conference,  
Atlantis Resort, Paradise Island,  
Bahamas, 800/204-2776

## Maine

**M**aine rental dealers held a meeting in Augusta October 10 to discuss several matters of concern facing dealers in that state. Until recently, the state only had mom-and-pop operations, as the large publicly traded companies had not yet found their way into the state.

Over the past year, however, both Rent-A-Center and Rent-Way made acquisitions which included stores in Maine. One purpose of the meeting was for the "natives" to meet their new competitors.

There have also been conversations in the state between different rental dealers and the Office of Consumer Credit Regulation, which has the task of enforcing the Maine rental-purchase statute.

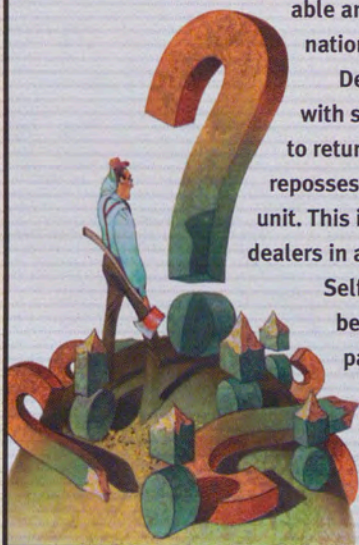
The Maine statute has a cumbersome definition of "cash price" as it provides that a dealer's cash price must be "reasonable related to the fair market value of the item." No one really knows what these words mean, but rental dealers do not want to have to be put to the test of having to shop continually in their markets to determine what everybody else in town is charging for the products that they rent.

Fair market value is what a court finally determines, after the fact, by looking at whatever evidence is presented about the market and willing buyers, willing sellers and actual prices for similar items during a comparable period of time. It is simply not practical for rental dealers in Maine or anywhere else, for that matter, to keep track of the rapidly changing prices of all the many different items they carry in their stores.

Dealers at the meeting discussed how they often used manufacturer's suggested retail prices when they were available and also catalog prices from some national retailers.

Dealers also discussed difficulties with storage unit owners who refused to return rental merchandise when they repossessed the contents of a storage unit. This is an issue that has troubled dealers in a few other states as well.

Self-storage unit operators have been successful in getting statutes passed around the country giving them liens on the contents of storage units, regardless of who owns the merchandise.



## STATE RENTAL-PURCHASE

### ASSOCIATION NEWS

This also is apparently how the law reads in Maine.

Maine dealers brought up the issue of how the state's theft statutes were being enforced around the state. Some dealers reported good success working with police departments and prosecuting attorneys to go after rental thieves. Others reported much less success.

Also at the meeting, dealers talked about an anomaly in the state regarding sales tax. Some of the items dealers regularly rent are taxable, while others are not. The system makes for cumbersome accounting in the stores.

Dealers drove into Augusta from as far away as Presque'ile, ME, a five-hour drive through the snow this time of year. For the most part, Maine rental dealers are a close-knit group that has not had any significant problems in nearly 20 years, since the days of Barbara and Al Hawkes and their colossal battle with the state over the rental-purchase transaction. The Hawkes won the war, but the fight was so expensive and so exhausting that they got out of the business. Today's crop of Maine rental dealers are determined to run their businesses as legally and as well as they possibly can be run. They have not had any serious disagreements with state regulators in a long time and intend to keep it that way.

## Tennessee

**T**he Tennessee Rental Dealers Association met in Nashville on October 26 for its annual meeting. TRDA President Dave Matthews presided over this informative gathering. Guest speakers included APRO President Gary McDougal and APRO Executive Director Bill Keese.

McDougal gave an update on the industry's legislative activities, both state and national. To conclude his presentation, a live conference call was made with Mark Schnabel of the Washington Group (APRO's lobbyist) to give attendees the latest on the industry's federal activities.

Keese was next on the agenda and reported on the Association's public relations efforts. Included in his report, Keese gave a detailed explanation on the recent Federal Trade Commission's report on the industry. The report was made public last spring and gave the industry high marks for customer relations.

The afternoon session was an informative and interesting seminar by Dr. Larry Helms on customer service.

## Gator Rents grabs attention

"History in the making... Please stand by" said the sign on the side of the Gator Rents building in Daytona Beach, FL. Nick Iaffaldano, accounting manager for the store, was featured in an article in the *Daytona Beach News-Journal* about the recent election mayhem. Gator Rents is "famous for the political messages it posts on a huge sign..." wrote reporter Mark I. Johnson. The article included a large photograph of Iaffaldano posting the final letters on the sign.

"It's pretty amazing. I've seen elections my whole life and I've never seen anything like this," says Iaffaldano in the article. Gator Rents posted its message on the Wednesday following the election.

## Rainbow makes Forbes list again

For the second time in two years, Rainbow Rentals Inc. (Nasdaq: RBOW) made *Forbes* magazine's "Best 200 Small Companies" list. Rainbow ranked No. 87 on the list, released in mid-October. Last year, the company ranked No. 161 on the list.

The rankings are based on a number of performance measures, including five-year average return on equity, sales growth, earnings

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growth, market valuation and operating margin. Rainbow's five-year ROE of 30 percent ranked it 13th among the 200-company group.

"This national recognition of Rainbow's success is a tribute to our store managers and associates," says Wayland J. Russell, chairman and CEO. "We have all worked very hard to grow our revenues and profitability through the 'More, Better, Different' approach we bring to the rental-purchase industry."

Established in 1986, Rainbow has 110 RTO stores in 11 states and is

headquartered in Canfield, OH.

**Make the right connection**

With the electronic industry becoming more sophisticated everyday, customers and rental employees alike can get lost trying to understand how to connect properly a home theater system, computer, DVD players and the like. To help consumers and to educate electronics account managers, the Consumer Electronics Association offers an objective, com-



**Discussion forum added to APRO Web site**

**A** "Members Only" area went live on the APRO Web site in early October, featuring a new discussion forum for rental dealers. "Table Talk" was created for dealers to discuss among themselves business issues relevant to the industry and provides opportunity for feedback and comments.

Only APRO member dealers and vendors can access the "Table Talk" area of the APRO Web site ([www.apro-rto.com](http://www.apro-rto.com)). A password is needed to gain entry and was e-mailed to a handful of APRO members whose e-mail addresses were listed in the Association's membership database.

If you are an active APRO member and do not know the password, but would like to see what your peers are talking about, call the APRO office at 800/794-0095 or 512/794-0095, 8 a.m.-5 p.m., Monday through Friday, to get the password.

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## NEWS BREAK

prehensive source of information on the Internet called "Switched On: The Complete Guide to Buying and Connecting Consumer Electronics."

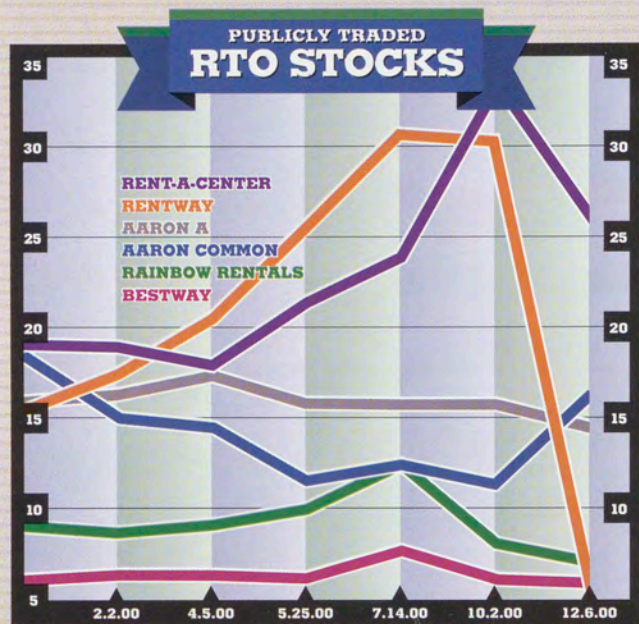
The Switched On site ([www.ce.org/switchedon](http://www.ce.org/switchedon)) offers help in decision making, connecting and maintaining the devices that make our lives more productive and more entertaining.

"The incredible variety of new consumer electronics products has given shoppers more choices than ever," says Gary Shapiro, president and CEO of CEA. It has

also produced an incredible learning curve to those who rent or sell electronics who must educate consumers how to operate these items.

Switched On tapped industry experts, audiophiles and technology gurus for its information and then organized the specifics by product category. Visitors to the site can choose from product categories to find out how to connect a television and VCR, for example, or how to get the best sounds from an audio system.

Rental-purchase own-



ers and employees can download and print the information for easy

access to assist customers with their electronics products.

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**C**harity has been one of the greatest virtues of this Association. It has governed many of our thoughts and deeds as we have operated our businesses. At this time of year, many of us are faced with decisions regarding which charitable organizations most need our help and what we can do for those in need.

Judging by the wide variety of national and local charitable programs that many of you participate in, it is clear that your hearts are in the right place. We must continue to contribute to these programs and let not only our employees

On Tuesday, March 20, a panel of rental dealers/employers will discuss ideas and methods that have worked in their businesses that have been successful in retaining employees. On Wednesday, March 21, an annual rental-purchase overview will be presented, covering an industry update and networking session, along with a legal and financial summary.

The annual APRO legislative conference dates are May 8–10 in Washington, D.C., at the Jury's Hotel (previously known as the Doyle Washington Hotel). We all must make plans for attending, as it could be one of the most important conferences we have ever had in our nation's Capitol! There's going to be a big drive by the APRO legislative conference subcommittee, led by Chairman Lyn Leach, to bring new APRO members to the 2001 conference. We expect a much larger crowd next year and, therefore, will be able to visit a record number of elected representatives. Our goal is to recruit two rental dealers from each state to attend this important event. If you are interested in representing your industry in D.C., please contact Laurie Hill at APRO at 800/204-2776.

Whether you are happy or not about the recent presidential election, we have to move forward and keep the political process moving. Your Association is dedicated to present you in the fairest and most presentable manner to our elected officials.

Congratulations to you and the APRO staff for the new headquarters in Austin. The building is beautiful. We can be proud to have it represent us as the industry's national office.

Mary and I wish you a merry Christmas, happy holidays and the best for the new year. ■

*Gary McDougal is owner of American Rentals in Hixson, TN.*

.....  
 "Please reach down as you have always done during the holiday season and take care of your responsibilities in your own neighborhoods. I know that you will do this and thank you for your generosity."  
 .....

## APRO's 2001 to-do list

know that APRO members dictate that their national association is a caring organization, but also our local communities.

Please reach down as you have always done during the holiday season and take care of your responsibilities in your own neighborhoods. I know that you will do this and thank you for your generosity.

On the business side, for those of you planning to attend the International Consumer Electronics Show in Las Vegas, January 6–9, APRO will be in booth L-11 and the staff will be there looking forward to greeting participating rental dealers. APRO will host a Hospitality Suite at Mandalay Bay (which will be where the Association's 2002 convention and trade show will be held) 6–8

p.m., Sunday, January 7. I would like to thank Thomson Consumer Electronics RCA/GE and Tim Shannon for sponsoring this function.

The 2001 APRO Mid-Year Conference will be held at the Atlantis Resort at Paradise Island in the Bahamas. The dates are March 19–21. The focus of this year's conference is the rental-purchase employee. A different workshop will be

held each day of the conference. On Monday, March 19, find out what RTO employees are saying about their jobs, their working conditions and problems and opportunities that they see could make a positive difference in their daily routine.



**By GARY McDOUGAL**  
 APRO's President

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**A**s I write this column, the presidential election is still unsettled. While the television commentators and political pundits bewail the fact that seven days have passed since the election and still we have no president-elect, the American people are calm and patient, waiting for a fair vote count to determine President Clinton's successor. I have great hope that by the time you read this message, we will all know who will be leading this country for the next four years.

There are many lessons for us in the rental industry to learn from the campaign of 2000. The

emulate the patience of the American people and not the high anxiety of the news commentators and the political pundits. A steady course is almost always the right course in the management of this Association.

The third lesson I see in this election is that constant vigilance and persuasion is important and that we should never give up the fight for what we believe in. I was actually amazed to see Governor Bush end his presidential campaign on the Sunday morning before the ballots were cast on Tuesday.

**“Let us be reminded to push for our issues right up to the end and never be lulled into the false security of confidence.”**

While Vice President Gore was still campaigning in Florida on Election Day, Bush was cooling his heels here in Austin. I rather think that had Bush continued his active

campaigning through Tuesday and had Gore gone back to Tennessee, the outcome of the race wouldn't have been so close. Let us be reminded then to push for our issues right up to the end and never be lulled into the false security of confidence. We can say this about our industry's legislative issues as well as how we conduct our businesses. Keep pushing, keep renting and keep persuading.

By the time you read this, we will have finally moved into our new office building. APRO now has a permanent home of its own and our mortgage is less than our rent! I want to thank the APRO board of directors for having the wisdom to make this move. It is a financially sound one and will pay great dividends to the entire industry in the long run. I also want to thank once again Al Zagorniak of Sears Contract Sales for providing us with the new appliances for the office. And I want to thank Don Julson of Zenith for his company's wonderful generosity in giving APRO a new Zenith big-screen television. This will enable us to do many things, including keeping up with the debates as they occur in Congress about the industry and assisting our public relations efforts in bringing all of you video footage of the industry.

Finally, I want to wish all of you a very merry holiday season and the best to you all for a prosperous and happy New Year. ■

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

# Lessons from the election

most obvious is that each vote counts. In the previous issue of this magazine, I urged everyone in the industry to get out and vote. As I write, Governor Bush is less than 300 votes ahead of Vice President Gore in the state of Florida and this could be the margin of victory. With so much at stake for our industry politically and legislatively, my top wish for 2001 is that from now on, the rental industry can deliver better than 65 percent of its vote in every election in the 21st century.

Folks, we must take this seriously from now on. All rental dealers and their families should be registered to vote and exercise their duty on every Election Day in national, state and local elections. You should also incorporate into your employee training program factual information on the importance of each person's democratic duty and right to vote. Our schools no longer teach civics or citizenship. Maybe we should take it up.

Another lesson that comes to mind from this drama is the virtue of maintaining one's patience. If this election had occurred in most any other country, there would have been constitutional instability. But Americans are so secure with our founding principals that we can afford to be patient. Most issues are relatively stable in our industry today, but that hasn't always been the case. Every once in a while, dramas crop up in the rental business and it is important for all of us to



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

# Think you can spot your next skip?



Moves every six months to avoid bill collectors. Merchandise never recovered on her last rental agreement.



Moved...with the rental-purchase store's merchandise... left no forwarding address.



Skipped on two rental stores including two stereos, two diamond rings, and two bedroom suites.



Using his deceased grandfather's social security number to get a rental application approved.

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**T**his is a tough column to write. One of our own has been wounded and the injury appears self-inflicted. We are not quite family, we Association members, but we are definitely bonded together and the damage done hurts us all.

Bill Morgenstern has been a loyal APRO member since he had one store. He has done all the things that good Association members do—dedicated service on the board, regular attendance at Association meetings and other functions. Over the years, his has often been a thoughtful and calming voice amid the furor that has periodical-

\$5 million in annual revenues in the early 1990s, he set out on a course to take his company public. A number of rental dealers were skeptical that such a tiny company with minimal profits could go public, but whatever those early thoughts, few would deny the drive and determination that Bill has shown time and again in the face of long odds.

His company faces such adversity again. Maybe the industry can lay it all off as an internal RentWay problem, affecting only that company. But repercussions will hit the industry in at least two ways. First, RentWay has been, until lately, a prolific buyer of rental stores. RentWay's presence in the marketplace and eagerness to grow through acquisitions has allowed a lot of rental dealers to sell at premium prices.

RentWay's precipitous departure from its role as rental store buyer will almost certainly cause the prices of rental stores industry-wide to drop. One can only speculate by how much and for how long.

Second, the industry as a whole has long had credibility issues. It has been with us since the days when the North Carolina attorney general referred to the whole premise of rental-purchase as a "cruel hoax." RentWay's current accounting woes—even though internal and even though not affecting consumers in any way—will add to the industry's struggle for credibility.

It is hard to predict what will happen next. Will Bill Morgenstern survive as the head of the company or will the shareholders force him out? Will the lawsuits cripple the company permanently or is there a way to consolidate them within a reasonable time and settle up with the lawyers and their investor clients on some reasonable basis? What happens to RentWay in the marketplace? Can the company retain its morale, its employees, its customers? RentWay had an aggressive and diversified business plan that it was implementing when disaster struck. The company had bought controlling interest in a telephone company in Dallas and recently

.....  
**"Maybe the industry can lay it all off as an internal RentWay problem, affecting only that company. But repercussions will hit the industry in at least two ways."**

# A business injury to one of our own hurts us all

ly plagued the industry. Today, he helps pay for the Association's activities with large dues payments and does so without always agreeing with how those funds are spent. As the second largest company in the industry behind Rent-A-Center, RentWay is sensitive to the difference between Association activities that affect competition and those that further the interests of the industry, in general. That is a difficult line to draw sometimes, but wherever it has been drawn, RentWay has remained supportive of Association affairs.

Bill has been one of the best cheerleaders for this industry that we have ever had. He tells the rental story as well and with as much enthusiasm as anyone. He tells it persuasively and with heart.

And now his company has been wracked with the news of internal accounting irregularities. The breadth and width of the damage done to the company is not yet known. Plaintiffs' lawyers have descended en masse and

have filed at least eight separate class-action lawsuits on behalf of investors. The stock, overnight, plummeted from the mid-\$20s to \$6 and is lower still today.

When Bill grew his fledgling rental company to



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

launched an innovative computer rental program. What happens to those plans now? Will RentWay continue to operate as an independent company or does it become the targeted acquisition of some larger entity looking to diversify when the price and timing are right? The industry has never seen such an upheaval of one of its own and so there is no history to refer to for guidance.

Like the 2000 elections, the RentWay accounting irregularities' story may take some time to unfold. We can all only hope that when the air finally clears, it will not be as bad as critics hope or investors fear, and that RentWay can, in due course, resume its position as one of the industry's leaders. ■

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

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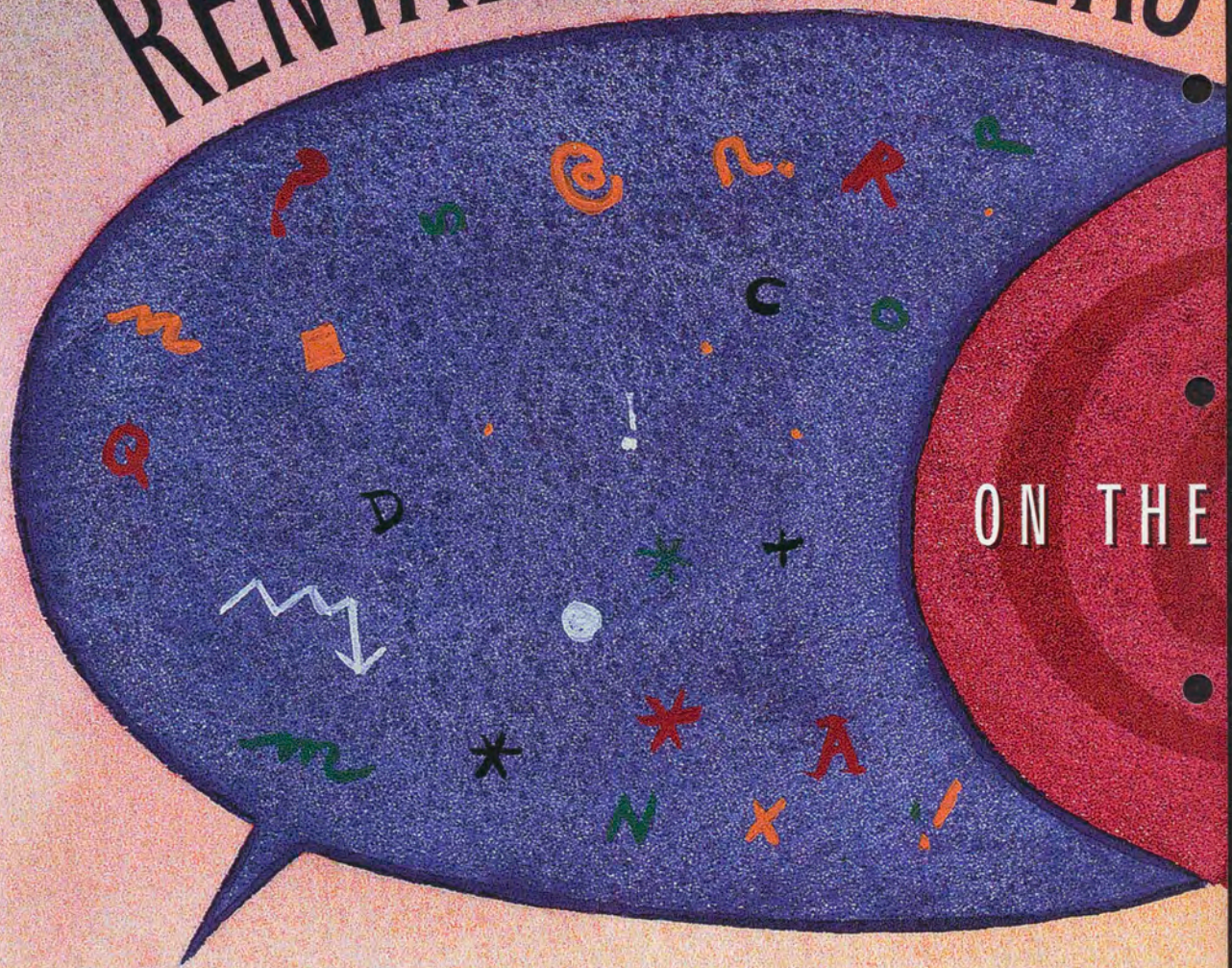
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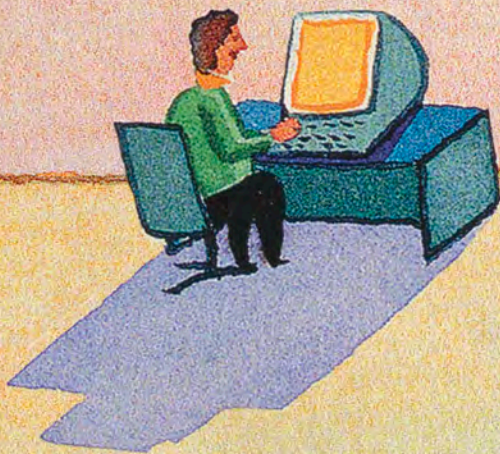
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# RENTAL CUSTOMERS



ON THE

*Ed Winn III examines customers' questions.*



I'm currently moving to another house just about five to 10 minutes away, but my 27-inch TV set has just conked out on me. I'm interested to find out how much you're renting a 27-inch TV set for and about your delivery info."—San Francisco, CA [E-mail received from the APRO Web site] ✉ For many years, a segment of the rental customer base took whatever was given to them. Chased from a hostile and often discriminatory retail market,

# FIND THEIR VOICE

INTERNET

*comments and criticisms e-mailed to APRO*

they turned to rental as an easy, available and affordable option. Whatever treatment they got from the rental store, they endured it. If the treatment was too indifferent or even cruel, they went down the street to find a dealer who would treat them better. But they did not make a fuss; they did not complain in-store or out. They were already used to merchants taking advantage of them. If it happened again in a rental store, that was just the way of the world.



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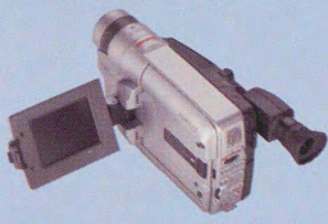
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**S**tore personnel knew these customers well. If they were a few deliveries down, they could talk these customers into a new agreement, if only for a week or two. If they needed a tighter card close, these were houses where they could pick up merchandise without a fuss. Well, the times have changed. With an increasingly competitive rental marketplace, rental dealers have come to understand that there is no inexhaustible supply of rental customers out there from which to draw. There probably never was; it just seemed that way sometimes. An unhappy customer, even a silent one, is likely lost forever and is one who will cost the company hundreds of dollars to replace. Most rental companies today are willing to do everything they can, short of giving away the product, to keep a customer.

### Airing grievances online

**T**oday, customers have found a voice on the Internet. The Internet is quick, easy and anonymous. Customers can ventilate their grievances to an audience eager to know what they are thinking. The Association of Progressive Rental Organization's Web site [www.apro-rto.com] collects its fair share of rental customer e-mails. A number of rental companies also have Web sites and invite customers to write in with their questions, comments and criticisms. In addition, there are message boards for all of the public companies where investors, current and former employees and occasionally customers can offer opinions about the strengths and weaknesses of the different companies. The companies disavow any affiliation with these message boards, but someone in the home office is certainly reading what people are writing and the companies are likely reacting to some of what is said.

✉  
"Hi, I am a customer who really needs to know my rights when it comes to RTO laws. Specifically, collection laws that apply to the RTO industry. I thought the federal Consumer Protection Act applied because I thought this was a debt. I owed them money. Saturday I had to fork out \$809 and change because I was six-and-a-half days late on my payment. They refused my payment. The only thing I could do was pay off or wait till I was nine days late to talk to the market manager. (I felt as though he was going to pick up the TV because by then I would be past the seven day LATE period and I already had \$400 in it.) There is a 15-year history of my being late with the payments, I admit, but I have NEVER had anything repo'd and I have spent over \$38,000 with this com-

pany. Please help me. I don't know if I should protest or call an attorney. I at least deserve a formal written apology."—San Antonio, TX

✉  
Rental dealers might fairly wish that all e-mails were like the one that began this piece, an effort by a potential customer to find the nearest rental store. Alas, most e-mails are not seeking business. They are from customers, often with long relationships with a rental company, reporting on a deal gone spectacularly bad.

✉  
"First, I don't even know if I'm talking to the right people but hope so. I've been a customer of [rental company] for about five years now, and I've recently been having a problem with the store manager. The type

of job I have sometimes interferes with making my payment on time. I'm late about five days, but always make my payment. In September, I went in to make a payment and was told that I had to make a double payment or no payment at all. I was shocked at this even though I was only a week late. I asked why and was told because I was always late. I was told if I didn't do this, 'other arrangements would be made.' I feel this is not the way to treat a customer. I asked for her boss. At first she said I would get the same answer from them. I was also told if I didn't do this, she would lose her job. I find this very unlikely. I was then referred to her boss, which I had no luck with either. Frankly put and I quote, 'make your payment or give the merchandise back.' I asked for his supervisor and was told there is no other person to talk to. I feel my back is up against a wall after being a customer for so long, I just don't get it. One thing I can say is that once this payment agreement is done, there will be no more [rental company] in my life. I feel bad that this is how a big company treats its customers. Thank you for your time."—Warwick, R.I.

✉  
The APRO policy has been to answer all customer e-mails immediately and to forward a copy of the e-mail to the rental company in question. At the most recent Association board meeting, the decision was made to send copies of all e-mails received from customers to the APRO Ethics Committee.

✉  
"We have been loyal customers of a [rental company] here in Richmond, IN, for a very long time. We recently had a very bad experience with a very young (new) store manager. Please tell me who I should contact with a legitimate complaint. We had a dinette set on order (for nearly six months) with a

---

*Editor's note: All e-mails used in this article are actual letters written to APRO from the APRO Web site at www.apro-rto.com/. The names of the rental companies, as well as the letter writers, have been withheld.*

hutch. The store changed managers three times within this six-month period and we still received poor service and didn't get the dinette set. Please help! Thank you for your time." —  
*Richmond, IN*

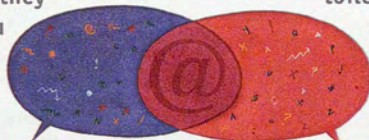




To be sure, all stories have two sides and customer e-mails only tell one. Accounting problems are a frequent topic of ire. The customer thinks that the total paid is one amount and the store computer records show another.



"I am a customer of [rental company] in east Mesa. I have been a customer for over 10 years. I have rented and paid off many things and have been happy till this last year. I paid over \$1,600 on a stereo that because of the manager I returned. I was not going to rent again till you had a new manager. Well, you got a new manager and I thought I would try this again. I am now renting a washer. I have been renting this washer for three months now and every time I make a payment, I am still called and told I need to come in and make a payment. I tell them every time not to call me again and tell me that my payment is late after I have already made it. It has happened over 10 times and I told them today that I was going to the top and let you know that they don't know what they are doing and that you need to get someone who does before you lose

the managers, I successfully paid off a washer and dryer and an 18 cu. ft. refrigerator. At times I was not able to meet my payment on the date it was due. I called them...spoke to these two about it...when the problem would be taken care of, and they would solve the problem and we would work it out! Now, after paying my items off, my mother opened an account with them after my telling her that this place was a great place to do business with. Well, boy, let me tell you this has surely turned into a store that does not keep their word in an agreement they entered into with my mother regarding a cabinet that she had purchased and had a hard time meeting payments...she entered into an agreement that after a certain period of time, if my mom would pay her payments and get caught up, they would hold this cabinet for 30 days...thus, she could get caught up. Well, here comes the bad part. She lived up to her end of the agreement and the manager who made the agreement with her sold the cabinet, failed to inform her, so she goes in to make the payment and was then informed that the cabinet was already sold! Never called her, never gave her the opportunity to come into the store and save the cabinet. Well, let me tell you this cabinet meant the world to my mom... She went a couple of times without eating and buying toilet paper just to pay [rental company] the money they had coming. My trust and respect for [rental company] just went



***"I told them today  that I was going  to let you know that they don't know what they are doing and that you need to get someone who does before you lose all your customers. I hope this is the right place to write with this problem. I will be expecting to hear from you as soon as possible. Thank you."***

all your customers. I hope this is the right place to write with this problem. I will be expecting to hear from you as soon as possible. Thank you." —*Apache Junction, AZ*



Another frequent issue concerns promises allegedly made and then broken. This can happen a number of ways, but often occurs when someone in the store who has been working with a customer on a problem account leaves the company and the new employee has no idea about oral promises that may have been made. Most companies have policies about getting agreements in writing, but in the scramble to save an account, it does not always happen.



"Lemme tell you a little story about my experience with [rental company]. It started about April of 1998 when they had a manager named [anonymous]... Then he left and then a new guy took his spot. During this time, when those two were

down the hill. This REALLY!!! troubles me that this place would wind up like other rental stores. They are all the same. I thought [rental company] was different. Seems not to be that way!!!" —*Bakersfield, CA*

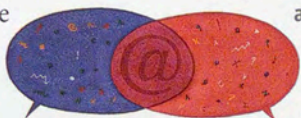
### Service with a smile

Other fertile ground concerns collections. Rental dealers understand that picking up merchandise can be a challenge for everyone involved. Rental dealers also know that if they do not get their merchandise back and fairly quickly after a customer quits paying, they will soon be out of business. Rental units are going to come back. It is not always going to be a clean, neat deal. Even so, there are good ways and bad ways to approach the task. Employees need regular training to reinforce the company's policies and value system about collections. And even the best plans will not always work.

"I would like to know how is it that companies such as [rental company] with their mob-like tactics if you are late with a payment, they call, they come to your house with the truck to repossess after missing one payment. Yet they triple charge you via retail for one item. This somehow seems highly illegal. I would like to see some documentation that displays that items sold at a typical retail price can be tripled over a period of two years and then repossessed on the fly if you miss one payment."—*Hempstead, NY*



If collection hassles cannot always be avoided, product quality complaints can



*"Because they always showed they appreciated my business in the past, I always returned to buy more. Well, not anymore. I'm just one person in a sea of millions, but if they continue to treat people the way they treated me, the company will suffer. I hope someone who cares about the little guy reads this letter."*

and should be. The rental industry prides itself on service and ought to keep its products working in customer's homes. It is a hassle to unplug drains and reprogram VCRs and reattach wires and replace knobs and, yes, rental customers could, in many cases, figure it out themselves. But they are paying a premium for the rental service and ought to get it.



"I rented a computer from [rental company]. The computer has not worked right since they brought it to me. I have called and they will not come out and fix it. They just want more money or to pick the unit up. I have not got my money's worth for what I have already rented. What do I do?"—*Chan-nelview, TX*



"I rented a five-month-old big screen 56-inch TV with the purpose of hoping to own it, not rent it. A day later it had picture problems. Two or three days later the guy came to look at it and his repair guy came to look at it and said there were problems, but he didn't think he could fix it. Now I feel screwed because the only other choice that they gave me was buy a new TV at the cost of \$4,000 full term compared to my cost of \$2,000. I feel I lost the good deal I had on a TV—now they want me to wait until they find another one if they find another one. What can be done about this? Please contact me ASAP. I have had the TV here in my home now for a month, broken."—*Dubuque, IA*



"In 10 years, I have purchased 80 percent of my home furnishings from [rental company] until now with satisfaction. I purchased a refrigerator. It quit working. After several calls, a

few days later, a salesperson came out and said it was on the wrong setting, reset it and left. We went on vacation for two weeks the next day. When we returned, it was not working and we lost around \$150 in food plus the smell and mess to clean up. I called the store and they seemed to care less. Today they picked it up. After 10 years of paying on time and always paying off any merchandise I purchased, I was surprised by the lack of concern the employees showed. Of course, my husband always said they were only loan sharks. But because they always showed they appreciated my business in the past, I always returned to buy more. Well, not anymore. I am just one person in a sea of millions, but if they

continue to treat people the way they treated me, the company will suffer. I hope someone who cares about the little guy reads this letter."—*Phenix City, AL*

### Opportunity knocks

The information age means that rental dealers have the chance to get a lot more information about how their customers feel about them and, while occasionally painful, the experience of getting this information can finally only help dealers run their companies and serve their customers better. Dealers who ignore this new source of information and fail to exploit it fully will ultimately lose in the race to be the best.

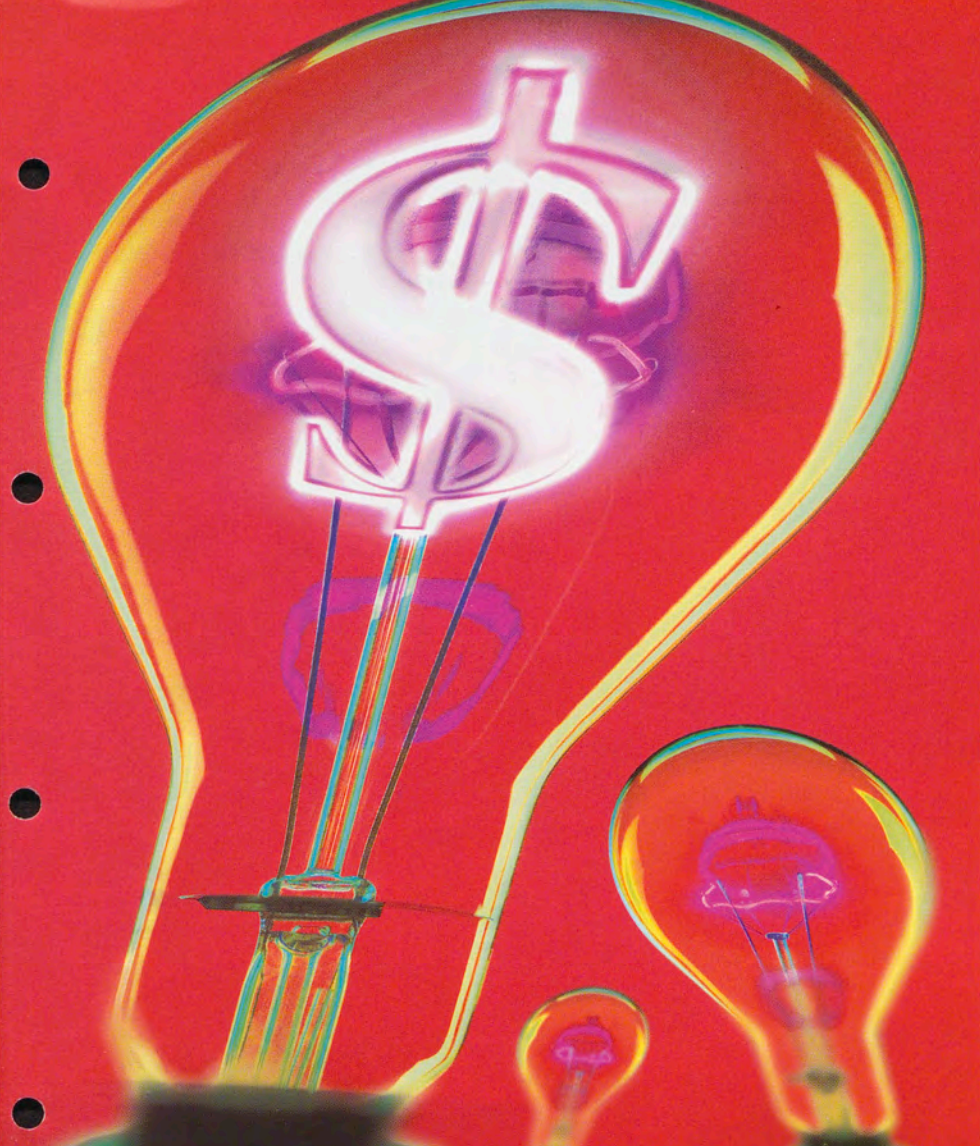


"I live in the Newark, DE, area and am looking to rent a living room set. I have very good credit and am moving into a new place in October. I have checked with other dealers, but am not satisfied with the patterns and styles of the furniture. Do you have a location in the state of Delaware and, if so, where can I find you?"—*Newark, DE*



"I am needing to replace my husband's recliner very soon, preferably by Christmas time. I have looked in a number of furniture stores, but realistically cannot afford the high price tag. Rent-to-own seems to be easier on my pocketbook. Could you possibly give an e-mail address or a physical address for a good rent-to-own in Missoula, MT?"—*Hamilton, MT*

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



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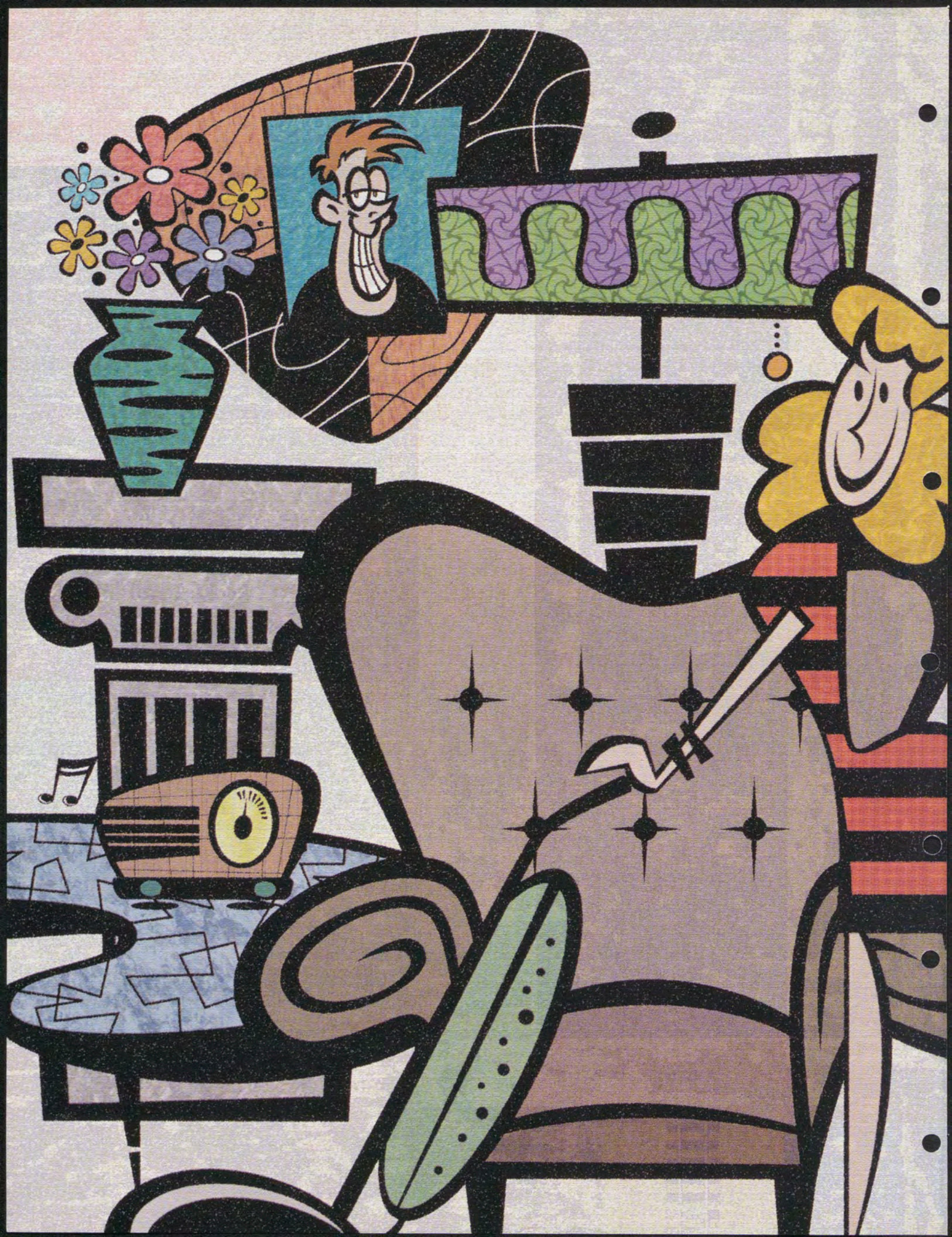
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B R I G H T      I D E A S

# On display

**STORE DESIGN WITH LIGHTS, COLOR, ACCESSORIES—EVEN SPECIAL EFFECTS—HELPS TURN BLAH BIZ INTO SHOW BIZ  
BY RAY ANDERSON AND REH ANDERSON**

**H**ow do you guarantee that your store will be a success, bringing customers in from miles around and make you the talk of the town? *It's very simple.* Hire Richard Gere and Julia Roberts to stand in front of a beautiful bedroom display, telling everyone it's exactly what they would want to have in their own homes.

Sit Bill Gates at a computer desk and have him say, "This is the way to work." Put the cast of "West Wing" in a library, den or study planning the future of the country. Or put Martha Stewart in a kitchen cooking and talking about decorating while the Dixie Chicks perform in front of a home entertainment area. While all this is going on, make sure you have the police directing traffic, because customers will be breaking down your doors.

You say you have no budget for this type of promotion? Well, you could try purchasing mechanical reproductions of celebrities that actually move and talk. For even less of a budget, you could buy cardboard photographs of celebrities to place around your stores.

Does this sound ridiculous? It's not. The furniture business is show business, too.

**O**ver the past 40 years, the furniture industry has certainly evolved from the “mom-and-pop” stores where a building was purchased, furniture was bought from the manufacturers and lined up in the store and then the owners waited for people to buy it. Since then, furniture store chains like Pennsylvania House and Ethan Allen, along with large stores like Levitz, Mangurian’s, Wickes and Ikea hit the market with a more mass market appeal. Chains like Heilig Meyers bought up many of the independent “mom-and-pop” stores and the furniture industry went through a period where the stores all had

**Merchandising.** Create collections of styles in upholstery, dining rooms and bedrooms—traditional, contemporary, country, casual and transitional. Categorize special areas such as home entertainment, game rooms, youth areas, play areas and a refreshment area.

**Background.** Some nice backgrounds are walls for pictures, see-through walls, windows, fretwork, columns, wall-coverings, fabrics, etched glass, arches, etc. Create a store that utilizes backgrounds. However, too many backgrounds create clutter and overcrowding. Backgrounds need to enhance the products not detract from them.

**CONSUMERS ARE BECOMING INCREASINGLY SOPHISTICATED SHOPPERS AND WILL BE IMPRESSED IF YOU ADD A LITTLE PIZZAZZ TO YOUR DISPLAYS. THESE GUIDELINES HAVE BEEN PROVEN OVER AND OVER THROUGH TRIAL AND ERROR OVER MANY YEARS IN STORE PLANNING.**

“gallery” programs. Today, we can add to the mix the manufacturers’ stores like Basset Direct. And last, but not least, the furniture dot-coms were looking like they were going to wipe out all the brick-and-mortar stores.

Mangurian’s is now gone. Levitz went bankrupt. And Heilig Meyers and several other big chains are either selling back stores or are in bankruptcy. The Internet furniture companies are also going under. What happened?

The problem with the big stores and chains is that the same merchandise was bought for every store—regardless of the area of the country. The selections were too generic and did not take into consideration that customers in different parts of the county had different preferences. The big chains seemed to have untrained personnel who did not care about the customer, unlike the independent stores who cater to their customers.

The “mom-and-pop” stores who were not progressive went by the wayside. The progressive stores—such as R.C. Willey, W.S. Wo, Nebraska Furniture, Finger Furniture, Seamen’s, Rooms To Go and Gallery Furniture—that focused on display and pleasing the customer flourished.

Furniture captures 40.2 percent of the rental store product mix. Rental dealers can learn a lot from their retail counterparts in terms of display and accessorizing. Just a few simple ideas can turn a dull furniture display into an area that draws customer’s attention. Here are some ideas that can greatly improve the look of your store(s):

**Store layout.** When a customer walks into a store, he or she should be able to see from the front of the store to the back. Avoid having a long aisle that leads from the front of the store to the back of the store—it will become a racetrack where people don’t “experience” the merchandise. Also try to avoid having aisles that dead end. Try to create a clear, simple travel path that winds customers comfortably through your displays. In larger stores, departmentalize merchandise by categories such as living room, bedroom, dining room, etc. In smaller stores, mix living rooms and dining rooms.

**Color.** Color is energy, excitement, and moods. See the article on color starting on page 32 of this issue.

**Lighting.** Lighting brings everything into focus. It enhances fabric and wood colors and highlights products. Use warm deluxe or color-adjusted fluorescent for better results instead of cool, white fluorescent. Use track lighting—floods and spotlights—including halogen. Incandescent lighting costs more than fluorescent, but it is well worth the cost in the long run. Products sell better under incandescent lighting than under fluorescent lighting because they look better.

## display do's

- **Flexibility is the key word.** Not only should the room settings be changed periodically, but also the backgrounds. For example, with moveable walls you can move the walls in a room setting to a different area in the store without changing the wallcovering. Create an entirely new look with minimum effort.
- **Plan ahead. Be organized.**

Displays should not be changed on impulse. Develop a theme, pick a color scheme and choose the type of setting. Know what merchandise is to be changed.

- **Keep display windows clean.**
- **Assign specific areas or floors to account managers for display maintenance.** Periodically rotate the account managers to keep



**Signage.** Utilize signage throughout your store. Identify areas like living rooms, dining rooms, bedrooms, recliners, mattresses, television areas, children's rooms, appliances, etc. This makes it easier for clients to shop. Name brands are not especially important. Signage should be somewhat consistent throughout the store. Options for types of signage can be banners, block lettering, etched glass and/or backlit.

**Special effects and props.** Progressive stores today use a creative variety of special effects to create a trademark, excitement, drama and customer appeal. These have nothing to do with merchandise (i.e., Trojan Horse at Gallery Furniture, the theater at Jordan's or the mechanical moving figures that so many stores use). Many beautiful statues (sculptures), plants, trees, sky painted ceilings, twinkle star ceilings, neon designs, special lighting treatments, special music and special aromas are very effective special effects/props.

**Accessorizing.** Many furniture stores fail in one extremely important area—accessorizing. There is a great deal of extra profit and turnover in accessories, not to mention how they generate greater consumer interest by making sofas, dining rooms, bedrooms and other merchandise look so much better. Pictures and paintings add beauty and themes to a room. Mirrors add glamour. Lamps add warmth and glow. Sculptures and other accessories add charm and interest. And don't forget floral arrangements—they add such beauty and color to a room. A store would be wise to set up an Accessory Gallery in the store to make customers aware that accessories are available and are not just props. Keep the

store looking good, even when a picture or lamp is sold out of a room setting. Take something from the Accessory Gallery to immediately replace what was sold from the room.

These eight highlights are critical to your store's success in order to compete in today's marketplace—be it retail or rental-purchase. Consumers are becoming increasingly sophisticated shoppers and will be impressed if you add a little pizzazz to your furniture displays. These guidelines have been proven over and over through trial and error over many years in store planning.

Follow these points and you will have the store you desire and the store in which customers want to shop:

- Make sure the customer can comfortably walk through a store without confusion.
- Present merchandise in a way that focuses thinking.
- Backgrounds create an inspiring ambiance.
- Use stimulating and beautiful colors.
- Proper lighting makes a product sizzle.
- Good signage tells a story and gives information.
- Special effects and props create excitement and make shopping fun.
- Accessories that dot the "i" of each setting develop the charm and beauty of the theme of the room. ■

*Ray Anderson has been designing retail stores and manufacturer's showrooms for more than 30 years. He is president of Anderson Unlimited and presented a seminar on storeroom design at the 2000 APRO convention. Rex Anderson is vice president of Anderson Unlimited and is an interior designer.*

them acquainted with all departments.

- Back-up stock of items in key "vignettes" (a theme setting, such as a dining room vignette) should be sufficient to prevent selling floor samples and frequent display changes.
- Change accessories (wall, tabletop items and lamps) in key vignettes often. This will afford a new look without changing the furniture.
- Accessorize all china cabinets, curio cabinets and etageres.
- Fill etageres and bookcases with used books, sculptured figures, vases, artificial

plants, floral arrangements, and ferns. Inexpensive books can be purchased from library book sales, Goodwill, etc.

- Have a special "Clearance Corner" for all chipped, broken or soiled items. Mark them down and move them out. Regularly inspect the floor to find and remove any damaged merchandise. Be sure all merchandise coming onto the floor is a "perfect sample."
- Standardize the location of price and product information tabs on furniture items.
- Establish a "Design Studio," regardless of the size of

the store. This area should have a quality of understated elegance.

- Establish a "Café" or "Consultation Center" for the customers and salesmen. Invite customers to rest, have a soft drink or a free cup of coffee while waiting on a salesman, consulting with the salesman, or just making up his mind.
- Invite the customers to rest on the recliners for a few minutes. Have small, interesting vignettes within viewing distance.
- Purchase several flashy, interesting items to attract attention in prime selling

areas. These items should be a part of your total merchandising program.

- Review your entire lighting program. Reduction of total watts used should be a consideration. Be subtler in your lighting—relate it to the way the customer lights her home—then add drama with track lighting.

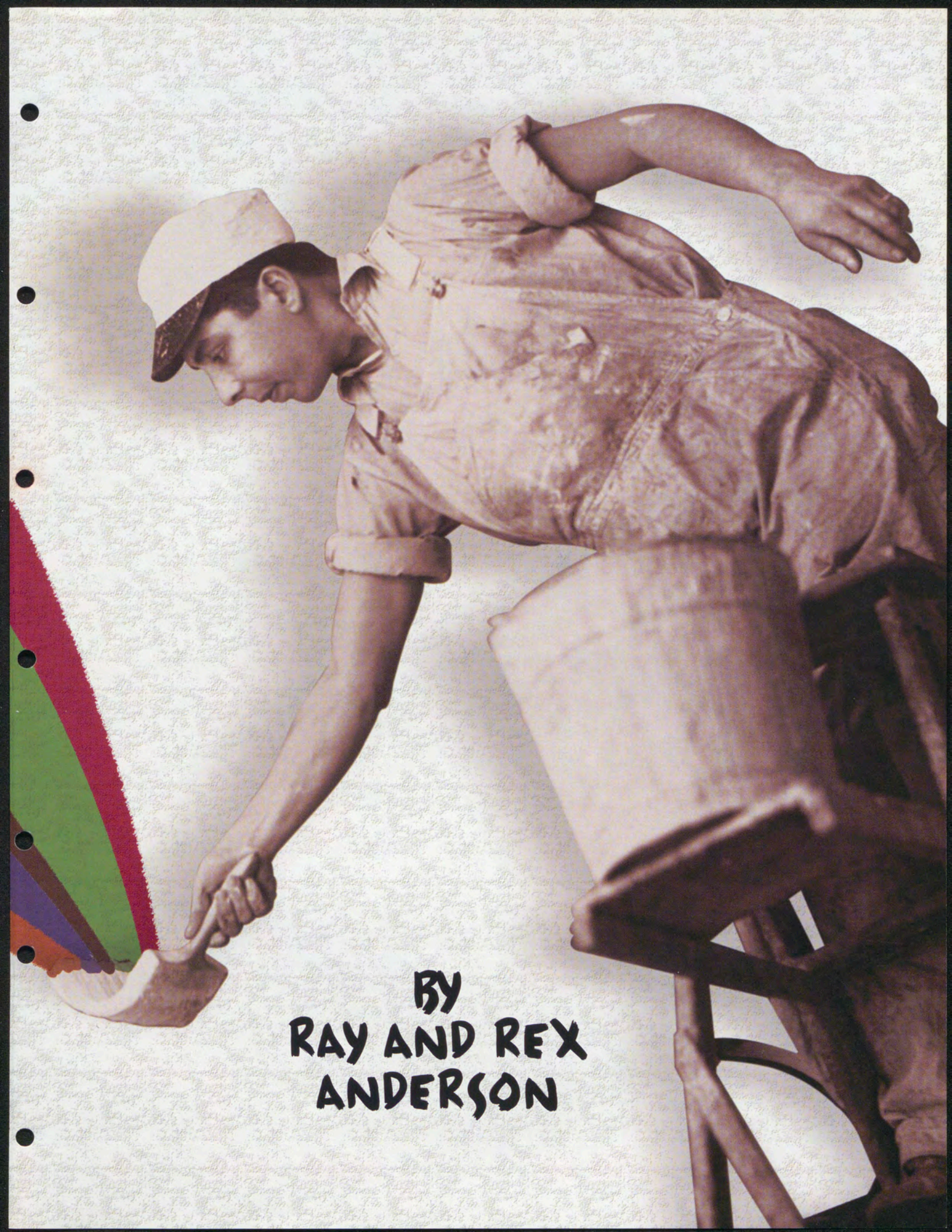
Merchandise well displayed sells itself. If proper attention and planning is given to display, you have a silent but forceful sales tool.

THE MAGIC OF

# Color

# W

E HAVE ALWAYS KNOWN THAT COLOR HAS POWER. IT AFFECTS OUR MOODS, ATTITUDES, THINKING, MOTIVATION AND PHYSICAL FEELINGS. COLOR CAN AFFECT THE BRAIN TO CHANGE MOODS FROM HAPPY TO SAD. SOME COLORS CAUSE HEADACHES AND OTHERS CAN ELIMINATE THEM. COLOR CAN EVEN CORRECT DYSLEXIA AND AFFECT THE MIND'S WAVELENGTHS. ... UNFORTUNATELY, COLOR IS ONE AREA IN WHICH MOST STORES LACK EXPERTISE. IN MANY CASES, VERY LITTLE THOUGHT IS GIVEN TO COLOR. MOST RENTAL STORES PLAY IT SAFE BY PAINTING THE WALLS WHITE OR BEIGE BECAUSE ANYTHING CAN BE PUT AGAINST NEUTRAL WALLS. WHAT MOST PEOPLE DO NOT UNDERSTAND IS THAT STORES WITH ALL BEIGE OR WHITE WALLS ARE BORING. AND MERCHANDISE DOES NOT LOOK ITS BEST AGAINST THESE COLORS. ... IN TODAY'S MARKETPLACE, COLOR HAS BECOME VERY IMPORTANT IN DISPLAY FOR ENHANCING THE PRODUCTS AND STIMULATING CUSTOMERS TO RENT. AS TO WHAT COLORS SHOULD BE SELECTED, ONE SHOULD STAY WITH THE TRENDS OF THE TIME OR THE REGION OR PART OF THE COUNTRY WHERE THE STORE IS LOCATED.



BY  
RAY AND REX  
ANDERSON



# Also

of consideration when selecting colors for a store is the cultural environment of the people in your region as each of these groups have their own color preferences. For example, people of Hispanic origin generally prefer bright, hot colors—reds, greens and orange. African-Americans generally lean to reds, blacks and yellow. Asian Americans generally like blacks, yellow and reds. There is also a trend today toward blues for all ethnic groups as blue is symbolic of water and promotes tranquility.

## MILLENNIUM COLOR TRENDS

The color trend forecast for 2001 is:

-  **MARRAKESH RED:** A soft red with the earthiness of natural dyes used in North Africa.
-  **APRICOT ICE:** This pale, yet vibrant version of melon and apricot lightens earthy, ethnic palettes and complements rich dark purple and burgundy.
-  **ORANGE SPICE:** An adrenaline-pumping orange that is energetic yet sophisticated, driven by an interest in traditional colors of naturally dyed textiles.
-  **COPPER BLUSH:** Tinted with white and pink, this mid-value brown is reminiscent of a translucent cameo.
-  **BURNISHED SAGE:** Green, gold and brown mingle to create an unusually complex sage.
-  **INDUSTRIAL TAUPE:** Soft and slightly pink, the taupe will be a neutral base for a wide variety of colors and environments.
-  **CITYSCAPE GRAY:** A neutral, yet technical gray.
-  **STORM:** Industrial and mechanical, this deep gray is based on minerals that often reflect shades of blue or green.
-  **MYSTERIA:** A sophisticated, mid-tone purple with the complexity of dried lavender.
-  **JAVA BEAN:** A dark brown that is somewhat purple. It is rich, deep and classic.
-  **VIN ROUGE:** The color of Chianti.
-  **FUSION:** An active, unisex pink that is both sporty and glamorous.
-  **GLASS BLOCK:** Soothing aqua and the translucence of thick glass inspire this fresh pastel.

-  **CAPRI BLUE:** Soft and atmospheric, this is a pastel version of the water at a tropical paradise.
-  **PADDY GREEN:** A bright, bold, clean, blue-based green.

## BALANCING COLOR

To give you an example of the immediate effects of color on the brain, take a little test called the "After Image" test. Take an 8-inch square piece of solid red paper and hold it up to a white wall. Put a bright spotlight on it and stare at it for one minute. Remove the square, but keep your eyes fixed on the white wall where the red square was. In a few seconds you will see a green square where the red square hung.

Next take an 8-inch square piece of solid green paper and hold it up to the white wall. Put a bright spotlight on it and stare at it for one minute. Remove the square, but keep your eyes fixed on the white wall where the green square was. In a few seconds you will see a red square where the green square hung. Put up a purple square and when you remove it you will see yellow. Whatever color square you use should show the color opposite that color (the complimentary color) on the color wheel whenever it is removed.

This example shows the importance of properly balanced color schemes—complimentary, split-complimentary, analogous, triads and monochromatic. Tints, shades and tones, warm and cool colors, advancing and receding colors, weight in color, these all affect the mind.

## A DASH HERE, A SPLASH THERE

As previously stated, the importance of color in rental stores is often over-

looked. We play it safe by using neutrals in the carpet, on walls, etc. In advertising, we identify products through color. With a quick glance, everyone recognizes the logo/color of Coca-Cola, Pepsi, 7-Up, Kentucky Fried Chicken, McDonald's, Blockbuster Video, American Airlines, Delta Airlines, etc.

Residential designers use color to fit personalities or, perhaps, some design according to trends or fads. The designer must be extremely conscious of color because of the impact color has on people. For example, one designer selected yellow for rooms in a nursery at a hospital. They discovered that this caused the babies to cry more than they normally cried. Light blue was chosen for bedrooms in a senior citizen retirement home and the retirees felt cold most of the time. They tried stimulating (not dull, boring) colors in the lobby and this kept the retirees interested in what was going on around them.

*House and Garden* magazine keeps charts on colors so we can see how a color that lasts a long time goes out and returns many years later with a different name. The tint or value may change slightly (i.e., the boom trend of avocado in 1960). Remember the avocado shag carpet and coral accents? Then for years you could not give anything avocado away. In the '90s, green came full-circle and has been popular now for a decade. Dark green came back as hunter green and chartreuse (of the '50s) came back as bottle green and lime.

Green is still important and quite acceptable. However, I predict blue will be the important directional hue for the next decade. Often fads come about from colors used in women's clothing fashions—or sometimes from sets and costumes of movies and/or Broadway musicals.

## THE IMPACT OF COLOR

New directions of color are introduced to create excitement—bright yellows, lime, reds—and they will energize the senses. New colors are great for entrances and accents, but we will feel more grounded in this rotating world

with color that provides confidence and strength—colors like rich reds, wines, purples, and golds. But what we really need in our high-energy world is peace and tranquility—colors like lavender and aqua as well as the soothing psychologically cool, attractive blues and grays.

Ninety percent of what we know comes through our vision and what we

Yellow is a cheerful, optimistic color, but can be glaring and create anxiety.

**GREEN** creates a feeling of peacefulness and serenity and is good in areas used for rest and relaxation. It soothes tensions and calms the mind. Green is tranquil, quiet, consoling and comfortable. However, too much or the wrong shade of green can be commonplace and tiresome.

thing black.

These are just some examples of how color can impact your interior design ideas. Rarely is an entire room painted and accessorized in just one color. According to the following guidelines, you can see why. A true monochromatic color scheme is one hue (color). However, a hue contains many shades and tints (darks and

**NINETY PERCENT OF WHAT WE KNOW COMES THROUGH OUR VISION AND WHAT WE SEE STIMULATES OUR EMOTIONS. IF WE ARE STIMULATED, WE ARE READY TO TAKE ACTION.**



see stimulates our emotions. If we are stimulated, we are ready to take action.

Every color has a personality that elicits an action, a direction, a feeling or a mood. The following outlines the guidelines as regarding the primary hues (moods change somewhat due to the tint or shade of the hue).

**RED** is exciting, stimulating, loving, powerful, strong, human and warm. The negative side of red can make one aggressive, disturbing, defiant and competitive. When using red in the home, it would be excellent for areas devoted to physical exercise and playrooms because it will foster excitement, high spirits and physical activity. However, using red in a dining area may cause indigestion. Using red in a bedroom may make one feel passionate, but can produce restlessness and insomnia. Again, red is useful for areas of high activity, but not for areas of relaxation or concentration.

**BLUE** creates tranquility in an environment. It is great for rooms intended for relaxation and rest—bedrooms, dens, etc. Blue adds size and space to a small room. Blue provides emotional calm, comfort, security and serenity. The only negative to blue is that it can be depressing, melancholy, lonely and cold.

**YELLOW** does well in rooms where mental or creative interests are involved—libraries, studies, etc. It adds an air of happiness and joy to an area.

**ORANGE** should be used in communal areas or rooms used primarily for entertaining, because it gives energy and creative spontaneity to the mind. Too much orange is overbearing. Although it is a friendly, jovial, sociable color, it has a tendency to be intrusive and gaudy.

**PURPLE** should be used in areas devoted to creativity, self-expression and/or meditation. It lends itself perfectly as a regal, dignified, exclusive, aesthetic color. Use purple carefully—it can appear pompous and conceited.

With the color **BROWN**, a room can appear down-to-earth and practical. There are a wide variety of shades of brown, from suede to sand, and can create a comfortable feeling if mixed with some brighter colors. Too much brown and similar, dark colors can weigh down a room quickly, however.

**WHITE** can give a room a feeling of hope, spirituality and innocence. It can also create a feeling of sterility and starkness. Bright, white walls should be avoided. They accentuate any flaws or imperfections in furniture or accessories.

**BLACK** furniture and accessories can convey a feeling of sophistication. Wrought iron accessories are popular these days, as well as black frames and promotional furniture. Always try to incorporate additional, bright colors to contrast with the heaviness of any-

lights) of the color. That is why we design a room with balanced color schemes using the following:

- A contrast color scheme, where opposite colors on the color wheel are used (like red, blue, and green).
- An analogous color scheme, where adjoining colors on the color wheel are used.
- A triad color scheme, where colors that are of equal distance from the main color are selected.

These guidelines will help you use the “magic wand” in decorating. With the proper knowledge, you can discover the joy of creating ambiance, environment and beauty in the homes of your customers and in your stores.

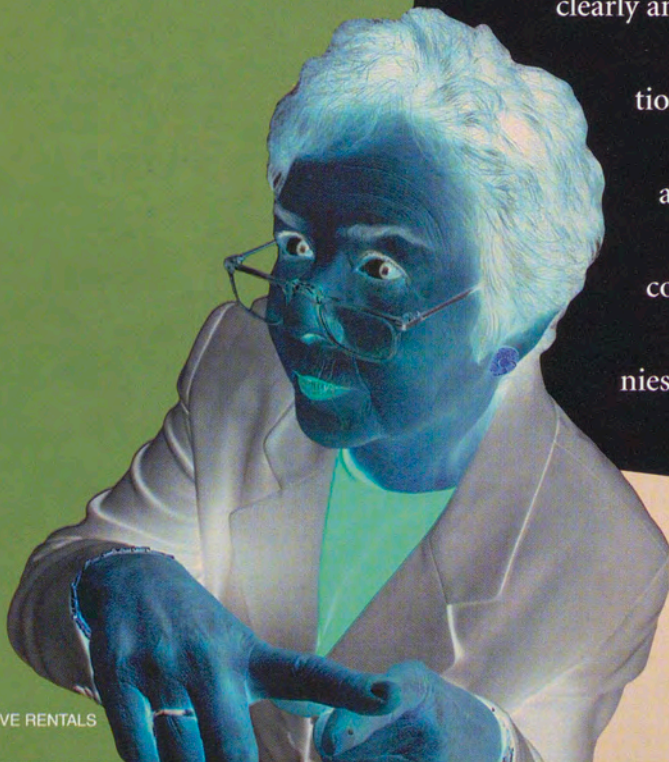
It's time to get with the program—use color, color, color. A recent rental store redesign project, where big, new bold borders were incorporated, has resulted in more rentals. People love the look of the new store and “new” merchandise. Basically, the products are the same, but they look so much better in the new, colorful environment. Why? Because there is magic in color! ■

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*Ray Anderson has been designing retail stores and manufacturer's showrooms for more than 30 years. He is president of Anderson Unlimited. Rex Anderson, an interior designer, is vice president of Anderson Unlimited.*

# Damaged damages

## REVISITING THE REMEDY SECTIONS OF STATE RENTAL- PURCHASE STATUTES



During negotiations of some of the early state rental-purchase statutes, the industry was anxious to establish its legal viability. To assist in its mission, industry representatives told state legislatures that if the law would clearly and carefully distinguish rental-purchase transactions from sales and require reasonable disclosures and other consumer protections, the legislatures could assess rigorous penalties if rental companies failed to comply with the statutes.

**BY ED WINN III**



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# The

strategy was to get the industry declared clearly legal and then to insist, company by company, on strict compliance with the provisions of the laws. If a few "bad apple" dealers failed to comply and got hammered, then so be it. The overall effort was to forge a new American industry and, by all rights, that effort has been overwhelmingly successful.

Lest rental dealers become complacent, however, it is useful to take a close, comparative look at the remedies sections in rental-purchase statutes if only because most dealers have never taken the time to do so. If there have been no major lawsuits invoking those provisions and compelling their review, chalk it up to luck and skill. Understanding better what can go wrong will only increase rental dealers' compliance skills, so that the industry can continue to move forward, relying less and less on luck.

## PENALTIES

All rental-purchase statutes except those in Oregon and South Dakota have remedies sections,

which penalize rental dealers for violations. The statutes do not have to be written this way. They could provide that dealers need only pay for a consumer's actual, proven damages in the case of a violation, but consumer protection legislation generally has a long history of penalizing companies when they run afoul of consumer protection provisions.

Actual damages in a consumer setting may be small—only a few dollars per transaction in hidden costs or overcharges. If the law only required companies to pay actual damages, which is the traditional remedy for breach of contract, some companies would deliberately ignore the law, knowing that not all aggrieved consumers will complain, especially if only small amounts of money are involved. Legislatures determined that the best way to ensure compliance with consumer protection laws was with the big stick of statutory penalties for violations.

Penalty provisions exist in the federal Truth-In-Lending Act, Fair Debt Collection Practices Act, Consumer Leasing Act and most other federal consumer protection legislation. Every state has some form of unfair or deceptive trade practices statute and all of them have penalty provisions. Many states allow a tripling of actual damages under certain circumstances as a deterrent to wrongful conduct. State retail installment sales laws, usury laws, debt collection laws and, indeed, most state consumer protection statutes of any kind, have penalties with varying degrees of severity.

Twenty-seven states have made the penalty for violating the rental-purchase statute a function of the total rental-purchase price. These statutes provide the penalty in one of two ways. They either say that the company must pay the consumer's actual damages plus 25 percent of the total rental-purchase price plus attorney fees and court costs. Or, they state that the company must pay the greater of a

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consumer's actual damages or 25 percent of the total rental-purchase price plus attorney fees and court costs. In each instance, the penalty has a floor and a ceiling. The statutes provide that the company must pay as a penalty at least \$100 (or in a few states, \$250 or \$350) and not more than \$1,000. The exact penalty amount, of course, rests within the discretion of the court.

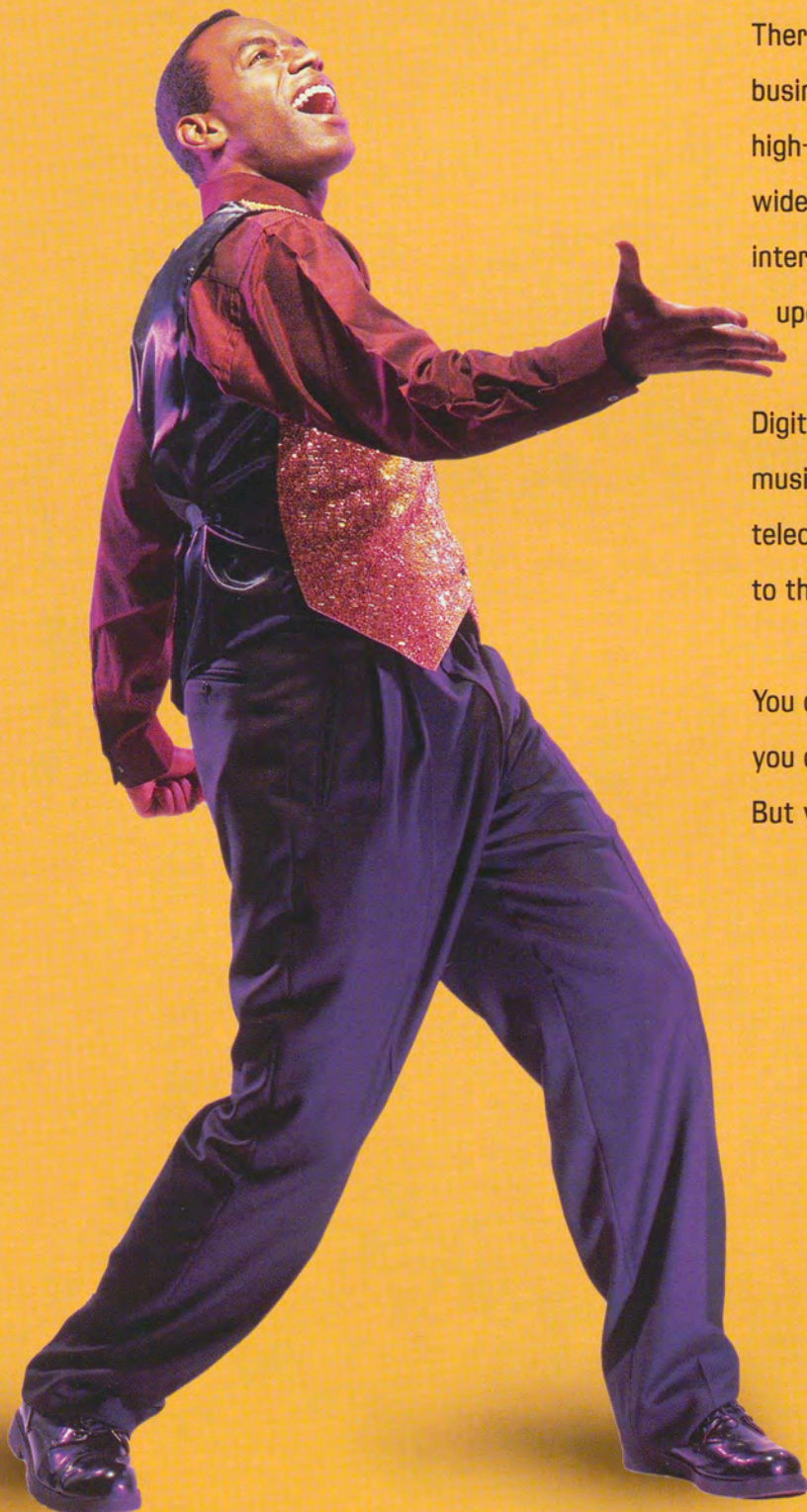
A dozen states provide that a violation of the rental-purchase statute is also a violation of the state's deceptive trade practices statute. Most of these DTPA statutes have their own penalty provisions requiring companies to pay double or triple the actual damages suffered by a consumer.

## AN EXAMPLE

How might these provisions work in practice against a rental dealer who has violated his or her state statute? Suppose, for example, that a dealer miscalculates the total rental-purchase price in a state



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where that price is limited to twice the cash price. The dealer should have disclosed a total rental-purchase price of \$1,800 (\$900 cash price) and, instead, erroneously wrote \$2,000. Assume, in the first instance, that the customer discovers the error after the first payment. Then assume the customer figures out the error only after paying off the unit. In the first case, one can argue that there were no actual damages and depending upon the state, the dealer would have to pay 25 percent of the correct total rental-purchase price of \$1,800, or \$450, plus attorney fees and court costs. In the latter example, add \$200 more as actual damages, which is the amount the customer paid that should not have been paid.

In two states, Alabama and Arkansas, attorney fees are limited to 15 percent of the consumer's allowable recovery. In all other states, attorney fees could and likely would far exceed the amount the consumer recovers. It might cost \$10,000 to \$25,000 to try such a case. The rental dealer would have to pay not only his own lawyer, but also the consumer's lawyer as well.

## DEFENSES

In addition to these remedy provisions, most state statutes provide dealers with some defenses to getting tagged. Twenty-five states allow dealers some time—anywhere from 10 to 60 days, usually from the discovery date of the error by the dealer—to correct a problem by amending the agreement, refunding money or reaching some other solution, in which case the customer cannot sue.

However, the dealer must discover the error before the customer notifies him or files suit. This defense is not as helpful as it may seem, because dealers do not generally sift through old paperwork looking for errors. However, one customer might notify the company of what proves to be a system-wide error, in which case the company can settle with that customer, pay one penalty and notify all other affected customers without having to pay them. (This assumes that the error was not a system-wide overcharge. Dealers will always have to refund overcharges.)

Far more helpful is language in the Florida, Idaho and Nevada rental-purchase statutes. In those states, a customer must give the dealer notice of a statutory violation and time to cure it (30 days in Florida and Nevada, 20 days in Idaho) before the customer can sue. Maryland, Massachusetts, Pennsylvania and Rhode Island statutes suggest that dealers have an opportunity to cure statutory violations whenever they learn about them, presumably even from customers themselves. But then Pennsylvania and Rhode Island have contradictory language allowing a cure by the dealer only if notice has not yet been received from the consumer. It would not be surprising if courts construed these contradictions against rental companies since the goal of the statutes in the first place is consumer protection.

## BONA FIDE ERROR DEFENSE

Twenty states have what is known as a "bona fide error" defense available to rental dealers. This language generally reads as follows: "[It is a defense to an alleged violation] if the [rental dealer] shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona

fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error. A bona fide error includes, but is not limited to, a clerical calculation, computer malfunction in programming and printing error, but not an error of legal judgment with respect to a [rental dealer's] disclosure obligations under the [rental-purchase statute]."

Half a dozen states have limited a rental dealer's liability in class action litigation involving violations of the rental-purchase statute to the lesser of \$500,000 or 1 percent of the rental dealer's net worth. This same limit is found in the federal Truth-In-Lending Act and other federal consumer protection legislation.

A few states have their own peculiar remedies. In West Virginia, for example, if the court finds that a dealer and a customer agreed that a delay in making rental payments could result in the use of violence or other criminal means to cause harm to the customer, the customer can rescind the agreement, quit paying and keep the merchandise.

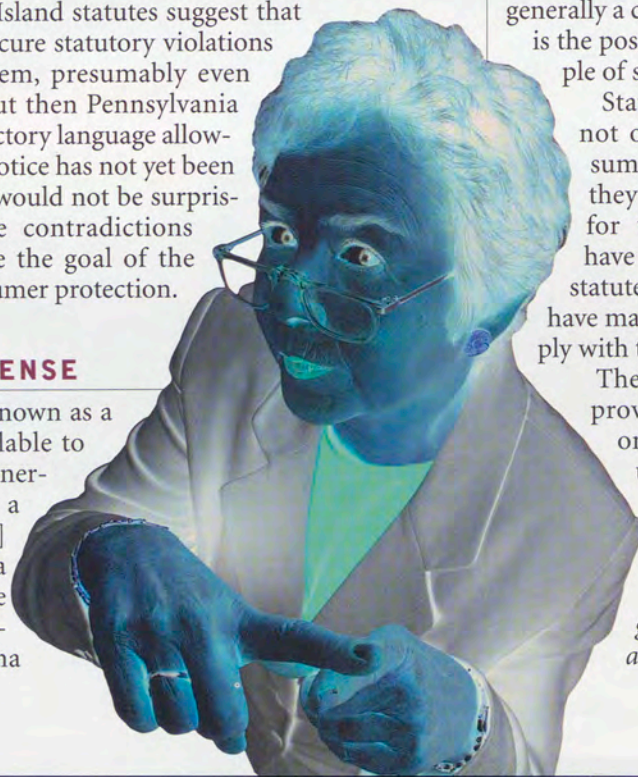
## CRIMINAL PENALTIES

At least 10 states criminalize intentional violations of their respective rental-purchase statutes. In each state, there must be proof of intentional and willful misconduct and the penalty is generally a criminal fine, although there is the possibility of jail time in a couple of states.

State rental-purchase statutes not only have substantive consumer protections in them, but they also have serious penalties for violations. Rental dealers have taken these rental-purchase statutes to heart in every case and have made best faith efforts to comply with them everywhere.

The result is that the remedy provisions in these statutes sit on the books, silent and unused. That is just where the industry wants to keep them. ■

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



**SALES**

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Central File Inc.  
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[800] 749-6245  
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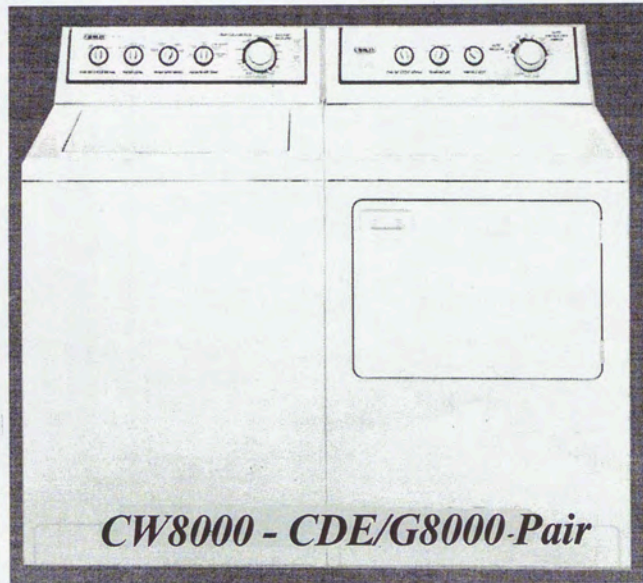
# Crosley-Bendix Patented and First Introduced Automatic Laundry to the World.

Today, Crosley is Still Your Best Laundry Buy!  
9 Different Models to Fit Any Need.

## WASHER:

Same Features as  
CW7000, *PLUS:*

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19 Cycles
- Stain Cleaner  
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Switch
- Quiet-Series-Plus  
Sound Insulation



## DRYER:

Same Features as  
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- End of Cycle  
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Sound Insulation
- Available in White  
and Almond

Giant-Capacity-Plus Washer  
Basket 3.3 cu. ft.

*"The Largest Tub in the Industry"*

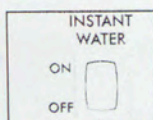
## Washer and Dryer Features



**Soft, Easy-Grip Knobs**  
Large, Soft Knobs are not only easy to use, they are easy to read.



**Bleach Dispenser**  
Dilutes bleach and automatically distributes it evenly throughout the wash load. Extra-Large Dispenser.



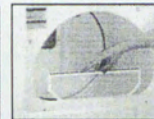
**Instant Water**  
With a push of a button you have a faucet to hand spot your clothes before putting them in the washer. (on selected models)



**180° Side-Opening Door**  
Laundry is made easy by the extra-large door opening. The large capacity allows better air flow for faster drying and wrinkle-free clothes.



**Removable Dryer Rack**  
The dryer rack provides a flat surface for making it easier to air dry items like running shoes, sweaters, etc. (on selected models).



**Nylon Lint Filter**  
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Crosley was organized solely for independent dealers to have a line of their own. This line is not sold to price-hog bait-&-switch stores. Crosley has local distribution centers that serve every state:

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# Appliances

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

**Capitol Sales Co. \***

Contact: Stephen Konsor Sr.  
3110 Neil Armstrong Blvd.  
Eagan, MN 55121-2234  
800/467-8255, ext. 116;  
fax 800/440-4077

**The Crosley Corp. Inc. \*+^**

Contact: Bert Miley  
675 N. Main St., P.O. Box 2111  
Winston Salem, NC 27102-2111  
336/761-1212; fax 336/721-0685

**GE Appliances \*+^**

Contact: Paula Allison  
307 N. Hurstbourne Pkwy.  
Louisville, KY 40232  
800/782-8093; fax 800/772-6704

**Maytag Appliances \*^**

Contact: Missy Hodges  
403 W. 4th St.  
Newton, IA 50208  
641/787-8481; fax 641/787-8779

**Philips Consumer Electronics \*^**

Contact: Ken Gay  
64 Perimeter Center E.  
Atlanta, GA 30346  
770/821-2871; fax 770/821-3121

**RES Marketing Inc. \*+^**

Contact: Michael E. Gerwe Jr.  
4909 Nassau St.  
Tampa, FL 33607  
800/444-7304, ext. 210;  
fax 800/444-7312

**Sears Contract Sales \*+^**

Contact: Al Zagorniak  
5600 Bannister Rd.  
Kansas City, MO 64137  
816/761-2939; fax 816/761-2533

**Sears PartsDirect \*^**

Contact: Vikki Schreiber  
3333 Beverly Rd., E5-091A, Bldg. E-5  
Hoffman Estates, IL 60179  
847/286-2387; fax 847/286-2387

**Webb Electronics \***

Contact: Steve J. Webb  
9555 Alden  
Lenexa, KS 66215  
913/492-6772; fax 913/492-5869

**Whirlpool Corp. \*+^**

Contact: Craig Moon  
2000 M 63, Mail Drop 3302  
Benton Harbor, MI 49022  
616/923-3243; fax 616/923-7231



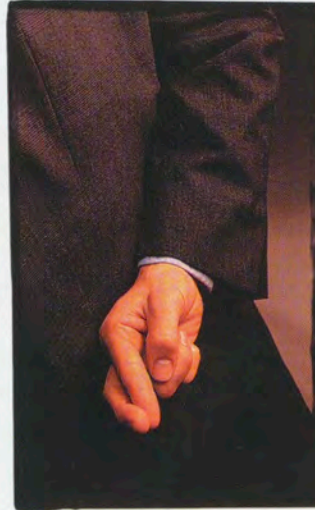
**STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION**

Title of publication: Progressive Rentals. Publication number 8750-6106. Date of filing: 9/27/00. Frequency of issue: bimonthly: 6. Annual subscription price: \$30. Complete mailing address of known office of publication: 9015 Mountain Ridge Drive, Suite 220, Austin, TX, 78759. Contact person: Laurie Hill. Telephone: 512/794-0095. Full names and complete mailing addresses of publisher and owner: Bill Keese, Association of Progressive Rental Organizations, 9015 Mountain Ridge Drive, Suite 220, Austin, TX, 78759. Known bondholders, mortgages and other security holders: none. Tax status has not changed during preceding 12 months. Publication title: Progressive Rentals. Issue date for circulation date below: July/August 2000. Extent and nature of circulation (average no. of copies each issue during preceding 12 months and to actual no. nearest to filing date, respectively): total no. of copies 6400, 5600; paid/requested outside-county mail subscriptions: 4682, 4947; paid in-county subscriptions: 0, 0; sales through dealers and carriers, street vendors, counter sales, and other non-USPS paid distribution: 0, 0; other classes mailed through the USPS: 0, 0; total paid and/or requested circulation: 4682, 4947; free distribution by mail outside-county: 1232, 287; free distribution by mail in-county: 0, 0; free distribution by mail other classes mailed through the USPS: 87, 78; free distribution outside the mail: 96, 250; total free distribution: 1415, 615; total distribution: 6097, 5562; copies not distributed: 303, 38; total: 6400, 5600; percent paid and/or requested circulation: 76.8%, 88.9%. Signed, Bill Keese, publisher.

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**I**n today's business world, one of the most difficult personality traits to find in people is honesty. Employees hop from one job to the next, always looking for the next opportunity. Nearly gone are the days when business relationships between employer and employee meant something to both parties. Words like honor, integrity, decency and ethics that years ago meant something to most Americans have become nearly extinct. Employers also have developed a reputation for using up employees by pushing them until they crack and then dismissing them, thereby opening the door to work for the competition.



to help employees in a cash crisis. The employee is given a loan at 0 percent interest, thereby hopefully removing the desire to steal from the company. If an employee chooses to steal or cheat, it is not because no other

choice was offered, but rather because he did not have the ethics and integrity necessary to make our business relationship flourish.

# Business and integrity

At Ace Furniture & TV, we tackle the integrity issue head on. When new employees are hired, we let them know that they are as important to us as we are to them. It is explained that the only reasons for termination are for lying, stealing, cheating or gross willful violation of company policy. If an employee makes a mistake, it's acceptable. To lie about that mistake will result in dismissal.

Relationships are built with employees by earning their trust. If an employee is struggling with a problem, either business or personal, I make myself available to help solve the problem or offer advice. Praise is heaped upon an employee who tells the truth about something he or she did wrong and accepts responsibility for it. Employees experience how much more enjoyable life is if they tell the truth.



By **LYN LEACH**

Here's a good example: A customer is in the store and inquires about the expected arrival of the remote control they have been shorted. The employee realizes he forgot to place that order. If he lies and says the remote is back-ordered and is expected any day, he runs the risk of losing his job. If he is honest

with the customer and apologizes for his error, he earns the respect of the customer and his employer. Rewarding an employee who does the right thing is just as important as punishment for doing the wrong thing.

Our store also has an employee loan program

Because we expect such integrity, employees are rewarded with the highest income possible, as well as benefits including a 401(k), paid vacation, paid health/life insurance, paid holidays, sick

days and the ability to buy products at cost. Our company is not for sale and our employees understand that and trust ownership to protect them, just as ownership trusts the employees to protect the company's assets.

Customers also trust you to treat them fairly and to tell them the truth. We have an ethical responsibility to do so. Not only will this chain of trust make your business more profitable, it makes it a great deal more fun to run.

Ethics start with the way you treat and think about your customers and your employees. Don't be afraid to set high standards. You must also be prepared to dismiss anyone who will not help you keep that bar held high. This will help you surround yourself with people you are proud to call business associates.

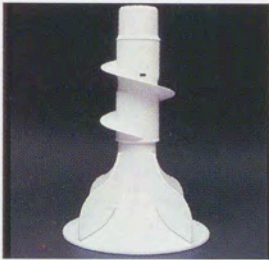
Our company mission statement reads, "Our goal is to improve the quality of life for our customers and employees by offering our customers the best quality merchandise, largest selection and guaranteed lowest prices while compensating our employees so fairly that the service offered is second to none." ■

*Lyn Leach is owner of Ace Furniture & TV Inc. in Malcolm, NE, and is an APRO board member.*

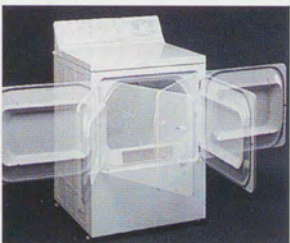
# GE QUALITY BRINGS GOOD THINGS TO THE RENTAL PURCHASE INDUSTRY!



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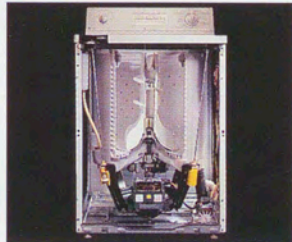
The GentlePower™ Agitator is two agitators in one—specifically designed to get clothes 33% cleaner.



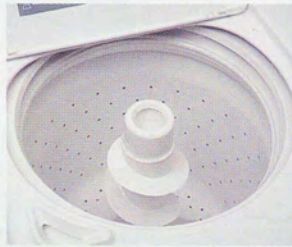
Reverse-A-Door dryers will adapt to either right or left-hand swing.



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- 20 years on PermaTuf II™ Tub

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