

Rent-to-Own: Enter, Stage Right By Tiffany Hamburger

Even in the current economic climate, Seattle-based Quality Rentals is busy putting some pretty sweet icing on an already substantial rent-to-own cake. Thanks to a successful sideline business in home staging, the company looks forward to additional revenue each month, as well as the satisfaction of expanding the company and rent-to-own beyond the typical consumer.

But if the term “home staging” gives you stage fright, relax. While Quality Rentals’ owner Kevin Quinn acknowledges that it’s not for everyone, rent-to-own dealers around the country only need perform some research to determine if they have an untapped niche waiting in the wings.

Developed by Barb Schwarz in the 1970s, home staging is the practice of using accessories and home furnishings—especially living, dining and bedroom furniture—to maximize the appeal of a piece of real estate. Schwarz, a former real estate agent with a background in theater, began by asking her clients to allow her to “set the scene.” “One day, I asked a lady, ‘Do you like the theater?’” Schwarz says. “And she replied, ‘I love the theater, but what does that have to do with selling my house?’” Schwarz explained to her that real estate and theater have a lot in common: each house is like a play, the buyers are the audience and it’s either a sell-out or a flop. “So I said to her, ‘I’d like to be your director and your set is your house.’”

As Schwarz explains, most buyers cannot visualize their own belongings in a space, especially if it’s cluttered with personal belongings or left completely vacant. “No matter what it is, whether it’s a home, apartment or condo, it becomes a product,” she says. “When it is vacant, people cannot imagine the vacant space—and we want the person mentally to move in. When you set the scene, people come in and visualize how the space can be used and they can imagine living there.” Schwarz has a motto to reinforce this point: “Buyers only know what they see, not the way it’s going to be.”

In order to aid the buyers with the process of mentally moving in before they buy, stagers create warm, welcoming arrangements with well-chosen pieces of furniture, artwork and accessories. However, Schwarz cautions, it’s not the same as decorating. “Decorating is more about personalizing, about the decorator’s taste. Staging depersonalizes,” she says. “It’s not about the stager or the item, it’s about the space.”

Staging opportunities for rent-to-own dealers arises from the need that stagers have for furnishings. Indeed, initially it was stagers who sought out Quinn’s Quality Rentals instead of the other way around. A group of stagers had been working with rent-to-rent companies, but discovered that the rent-to-own

structure gave them a distinct advantage. “Most rent-to-rent companies want a minimum of three months on a rental,” Quinn says. “In rent-to-own, we’re used to renting items for a week, two weeks, whatever. With stagers, we’re a one-month minimum.”

By satisfying his staging customers, business spread by word of mouth and pretty soon Quality Rentals had a bustling sideline business. Devin Quinn, a store manager for Quality Rentals and Kevin’s nephew, agrees that making one stager very happy can really pay off: “One of our biggest clients—who, over the past two years, has paid us almost \$102,000 on her own—came to us [having dealt with another] rent-to-own organization for months; she was just disgusted with how they kept falling through.” He adds that most stagers are expert networkers, which can help expand your business. “If you make one of them profitable and successful, [other stagers] are going to model her business and say, ‘Hey, I want to come deal with you, too.’”

Beyond the attractive rental terms, stagers are looking for a particular aesthetic, which poses a unique challenge to rent-to-own dealers trying to break into the staging market. “You have to understand that stagers do not want your rental return rent-to-own furniture,” Kevin says. “If you’re not willing to change some of your purchasing to cater to that business, you probably shouldn’t think about getting into it.”

Schwarz confirms that stagers’ needs are not the needs of the typical rent-to-own customer. In her experience, rent-to-own dealers sometimes try renting out-of-date items or furnishings that are worn or damaged. However, she does offer guidance about what to look for: “The Pottery Barn look is a really good one that crosses all styles and prices. Just pick up a Pottery Barn catalog [www.potterybarn.com] and you can’t lose by investing in something like that.”

Devin laughs when asked about the “Pottery Barn look.” “That’s a classic statement. It’s the low-back furniture, the square arms. A modern, streamlined look.” But after several years as lead contact for his store’s staging accounts, he offers advice before investing in a line of furniture that may not crossover to the typical rent-to-own customer: Don’t go it alone. “The key to being successful—if you’re going to attempt to boost your revenues by \$20,000 or \$30,000 a month in the staging market—is to try to find that stager who wants to rent, who is looking for the best option,” he says. “Convince them that you’re that [type of business] and then sit them down and ask, ‘What kind of stuff do you need? What are you looking for?’ That’s what we did and it spoke worlds to these women”—and it is a female-dominated business—“because sometimes they get shunned [by rent-to-own]. We came to them and said, ‘Tell us what you need to be more successful in your business.’ We opened up our book and watched them pick stuff out.”

Kevin, a 28-year rent-to-own industry veteran, has encouraged his nephew and is enjoying the staging success. In fact, his company even helped stage the home of Seattle Mariners baseball star Ichiro Suzuki. However, he knows where his bread is buttered and wants intrigued RTO dealers to remember their foundation. “The biggest pitfall for a rent-to-own dealer is to try to be everything to every stager—you can’t do that,” Kevin says. “The crossover of moving previously rented or numerous rented staging furniture into your rent-to-own stores and then selling it or putting it on another rental term is a pretty difficult crossover. We get it done, but you have to make it very palatable price-wise for the rent-to-own customer to want that product.”

Of course, the realities of today’s real estate market have not spared the staging industry. “The staging business will follow the cycle of real estate,” Kevin says. While he admits that business from staging has fallen off lately, he adds: “I still think that the future is bright. I think it’s good for both sides. I think strong stagers who are in the business and have been in the business will survive and will have plenty of business to supply to rent-to-own companies.”

But he offers a strongly worded caveat to anyone who thinks staging will be the ticket out of the economic downturn. The revenues for Quinn’s staging business, he says, amount to 3 percent to 4 percent of total revenue for the company. “Remember, rent-to-own is your lifeblood,” he says. “Don’t think that staging is going to replace a major part of your RTO business that possibly you’ve lost over the years. That’s not going to happen.”

Let’s say you’ve considered the caveats and are still aspiring to enter the staging business. How on earth do you get started? The Quinns have plenty of practical advice.

Devin suggests first determining if you’re even in a staging market: “Are there active stagers in your area? If there are, where are they doing business? You’ve got to determine if you have the potential to grow the business.”

Kevin agrees, but adds that, particularly in this economy, it is wise to go after the more experienced stagers. “Find stagers in your market who have been doing business for more than three years,” he says. “And then service them like you’ve never serviced anyone before.”

So where can you find these experienced stagers? Devin suggests starting with an Internet search, including the terms “staging” and your business location on sites such as Google and the real-estate network Activerain.com. “It’ll take you 30 minutes to see if you have any [stagers] in your area,” he says. “Just call them and ask a couple of questions; you can’t count on them finding you.”

As a key developer of staging, Schwarz has created a professional certification program and an interna-

tional association to support the profession. Another way to find an accredited staging professional (ASP) is to locate the closest regional ASP chapter of the International Association of Home Staging Professionals at www.iahsp.com. You can also perform a search at www.stagedhomes.com.

Devin also advocates getting to know the real estate agents in your area, since many agents are also stagers. While some stagers own their own furniture, he says that most agents he’s met want nothing to do with owning and are eager to rent all the furniture they need.

Scrimping on storing and delivery are not an option, Kevin says. The furniture has to be pristine and the delivery has to be on time and professional, emphasizing, “Always put your best foot forward in a stager’s home.”

Common themes emerge when talking to the Quinns about this business: It’s not for everyone. It takes a high level of professionalism and attention to detail. It demands extra space and manpower. It can be risky.

Of course, sometimes risk comes with unexpected rewards. “The other advantage to this business [is that] some people who come into the home—or the sellers who come into the home—want to know if they can buy that furniture and want to know where it was acquired,” Kevin says. “It is an opportunity to expand the company and the name of rent-to-own.” He admits that this isn’t a huge revenue source, “but it’s business I never would have had, because they never would have come into my store.”

While there are economic and logistical challenges for rent-to-own in staging, Devin relishes the ride. “In my first couple of months after getting involved in the staging industry, it was so new to us and we didn’t really know what to expect,” he says. “Truthfully, we didn’t know why no one had figured out this market. Why was it so untapped? Why are people not all over this right now? We did our research and we did our calling around to a lot of local rent-to-own companies and they said it was a very labor-intensive job, very tough, very needy, really demanding of your time and your crew.” He pauses and takes a breath. “And that’s true—but at a certain point, when you start getting it right, it becomes the most beautiful icing on the cake.” *

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