

ENHANCING THE IN-STORE EXPERIENCE @ AARON'S



Maple Heights, OH



Barberton, OH



Kent, OH

A competitive analysis & solutions proposal
prepared exclusively for Aaron's by Jeremy Taylor

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EXECUTIVE SUMMARY

OVERVIEW:

Three Aaron's stores and two Rent-A-Center stores were visited the week of 12/14/20. The purpose of the visits was to become more familiarized with Aaron's stores as well as its competitors. As requested, recommendations have been made as potential enhancements to the visual presentation of the Aaron's stores.

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Pages 21-30: Maple Heights Aaron's Review, Floor Plan & Recommendations Detail

Pages 31-34: Observations of Rent-A-Center (RAC) locations near local Aaron's

NOTES:

This report is extensive but it is not exhaustive. While general recommendations have been provided, additional detail including illustrations of concepts can be provided upon request. Recommendations are generally made based on the assumption that these locations will not be remodeled to the Gen Next store design in the near future. Further, recommendations are not in context of any presumed budget but in some cases are based on real-world similar store enhancements at KAY Jewelers, JARED The Galleria of Jewelry and ZALES The Diamond Store.



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SWOT ANALYSIS

Aaron's SWOT Analysis:

Published 20-Mar-2020; Source: D&B Hoover's

	POSITIVE	NEGATIVE
INTERNAL ATTRIBUTES	Strengths <ul style="list-style-type: none"> • Diversified Product Mix • Manufacturing Capabilities • Revenue Growth 	Weaknesses <ul style="list-style-type: none"> • Decline in Profitability
EXTERNAL ATTRIBUTES	Opportunities <ul style="list-style-type: none"> • Increase in Consumer Spending in the US • Furniture and Floor Coverings market in US • Consumer Electronics Market in US 	Threats <ul style="list-style-type: none"> • Organized Retail Crime • Intense Competition • Cost of Labor in US

Aaron's was owned by Progressive Leasing until a recent decision by leadership to split the leasing business from the retail business.

Source: Furniture Today 12/19/20

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COMPETITION



Rent-A-Center (RAC), the #1 rent-to-own chain nationwide, owns and operates some 2,100 company-owned stores throughout the US, Mexico, and Puerto Rico under the Rent-A-Center, Get It Now, and Home Choice names. It also franchises more than 370 stores through subsidiary Rent-A-Center Franchising International, under Rent-A-Center, ColorTyme, and RimTyme names. The stores rent name-brand home electronics, furniture, accessories, tablets, smart-phones appliances, and computers. While customers have the option to eventually own their rented items, only about 35% ever do. The company's Accept Now will be now reported as Preferred Lease segment and Core U.S. will be reported now as Rent-A-Center Business segment. In 2019 RAC terminated its merger agreement with Vintage Capital Management.



Forget rent to own. Brook Furniture Rental is about rent to impress at home and office. The company rents high-end office and home furniture -- everything from desks and chairs to artwork and linens -- to businesses and individuals. Brook Furniture offers rental of furniture, accessories, kitchen and bath essentials for every style and need. It also offers professional design service for its customers. Brook Furniture Rental serves major markets in California, Georgia, Illinois, Maryland, and Pennsylvania.



Buddy's Newco, Llc is primarily engaged in renting or leasing (except finance leasing) equipment.



Goeasy operates about 165 easyhome stores in 10 Canadian provinces. The stores rent such electronics items as stereos, computers, DVD players, and big-screen TVs; other offerings include appliances and furniture. Founded in 1990, the fast-growing company has been busy opening new locations, including several in smaller rural markets than those it has traditionally targeted. goeasy changed its name from easyhome in 2015.



A top consumer goods retailer in the US, Conn's sells consumer electronics, appliances, furniture, and mattresses through roughly 130 mostly leased stores located in 14 states, including Texas (accounting for nearly half), Arizona, Colorado, Louisiana, and North Carolina. It also trades online. Conn's markets its products under brands such as Corinthian and Serta (furniture and mattresses), Samsung and LG (home appliances and consumer electronics), and HP, Dell, Apple, and Microsoft (home office, including computers, printers, and accessories). A major part of Conn's' business is its financing arm, which allows customers to extend payment over months or years. Originally a plumbing and heating business, Conn's has been around for 130 years.



Leon's Furniture has built a longtime business filling up every room in the house. One of Canada's leading full-line furniture retailers, the company sells home furnishings, bedding, appliances, and electronics through more than 70 company-owned and franchised stores under the Leon's Furniture banner throughout Canada and online. Its stores carry such brands as Frigidaire, LG, Panasonic, Samsung, Sealy, Simmons, and Whirlpool, among others. Leon's also wholesales appliances to builders, landlords, and retailers through its Canada Appliances division. Abla Leon founded the company in 1909; more than a century later, it is still controlled and run by the Leon family.

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SOURCE: D&B Hoover's Database 12/19/20

Summary Recommendations

Below is a recap of the recommendations provided throughout the document:

Maintain exterior architectural elements by cleaning stains, patching damaged walls, etc.

Consider introducing additional way finding signage near street at the Barberton location in order to drive additional traffic.

Implement e-ink digital screens in place of paper signage especially for appliances. Allows for fast updates and consistent aesthetic.

Introduce new holiday décor or leverage silicone edge graphics (SEGs) to be seasonally appropriate.

Consider using the SEGs to set a mood as opposed to being lifestyle. Consider especially how this looks when the SEG is positioned in context of a “room”.

Carve out furniture stories better by implementing dividers between the vignettes perhaps with knee walls, room dividers, new POP signage from next generation store design or even televisions as dividers as with Maple Heights. Ideally, introduce fixtures from next generation store design to add visual interest, introduce new storytelling opportunities and maximize space through height. Also consider reducing the density of merchandise to allow more space between vignettes. When space is too crowded it appears cluttered and difficult to distinguish one story from the next.

Enhance the stark appliance areas of Kent & Maple Heights with new graphics or simple, tasteful POP signage from next generation store design.

Take advantage of underutilized areas of the sales floor to maximize storytelling opportunities. Make spaces more immersive by staging as additional furniture vignettes.

For any stores that have the logo strip along the ceiling, consider eliminating as look is dated and likely difficult to maintain as brands change.

Clean up the cash wraps: Reduce volume of counter signs by creating message hierarchy or implementing digital screens to rotate messages. Eliminate unnecessary clutter.

Where ranges and washers/dryers are displayed back-to-back, there is an opportunity to add graphics for further storytelling of features & benefits of the lease/purchase process as well as brand identification.

Repair walls that are showing damage or structural issues.

Consider “warming up” sterile spaces that currently suggest a warehouse atmosphere instead of an elegant shopping experience. Lighting, new wall color selection and added graphics are effective tactics.

Create a finished look for bedding presentation by adding mattress wraps/skirts. Ensure beds are neatly made and ample pillows for decoration.

Always present merchandise unboxed for optimum visual experience (except overstock of electronics).



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VISIT #1: 61 5th St. SE, Barberton, OH



This store is located in a shopping center with Giant Eagle grocery store along with a Little Caesar's Pizza, Verizon Wireless and H&R Block. It is located in an aging but relatively safe working community.

The side of the plaza opposite the Aaron's store was recently refurbished while Giant Eagle & Aaron's are not.

According to store staff, traffic patterns in the plaza are such that heavy traffic is on the Little Caesar's side near a main road. Aaron's is the furthest away from the street and does not see a lot of traffic.

This is the smallest of the three Aaron's locations visited. Product is tightly merchandised. Recommend reducing merchandise density to allow more separation between vignettes. Fewer, more focused stories will have better impact.

The store is generally clean, and store staff are friendly. However, the cash wrap is considerably cluttered with various signs and small electronics.

Store is using holiday décor that appears very dated and could use replacing.

On the exterior of the store graphics are well positioned and stand out. Logo bulkhead is in respectable shape.



The façade is all brick, and somewhat blends in with the Giant Eagle façade which is similarly bricked. The façade is distressed. Brick is stained, and there are visible label scars in the brick from a previous tenant's bulkhead.

Generally speaking, the store has done a good job of creating visual stories with furniture presentation particularly considering their space limitations.

When asked what visual guidance they follow, staff indicated they use "first ups" from corporate, but then mostly have to adjust according to their space configuration.

Wall silicon-edge lifestyle graphics (SEGs) are part of this store design. These have not been changed any time recently to anyone's knowledge.

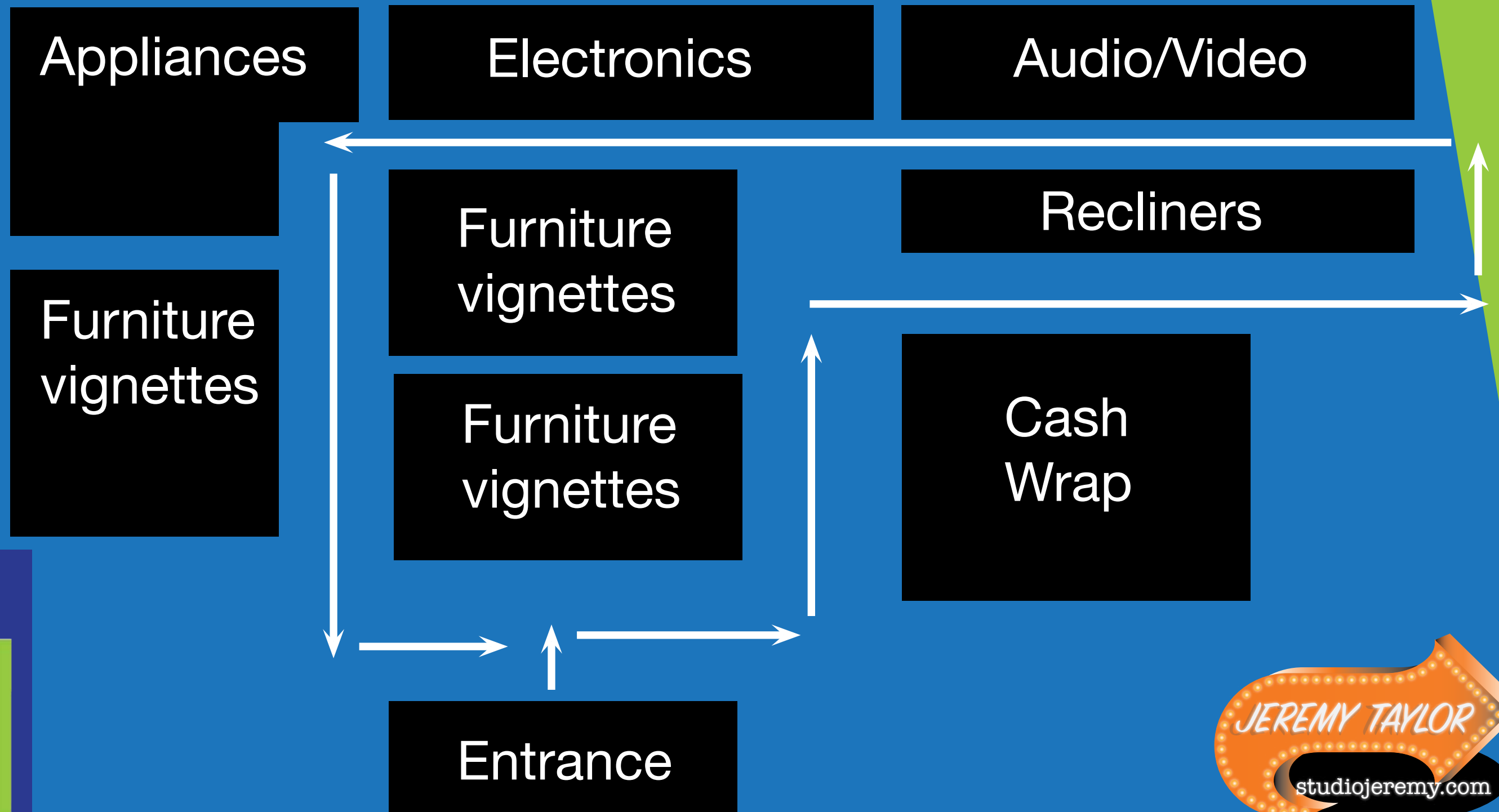
Note: Interior pictures were not taken per request of the manager.

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VISIT #1: 61 5th St. SE, Barberton, OH

Floor plan & Traffic Pattern



VISIT #1: Aaron's 61 5th St. SE, Barberton, OH



Repair brick damaged from previous store's label scar

Clean exterior brick

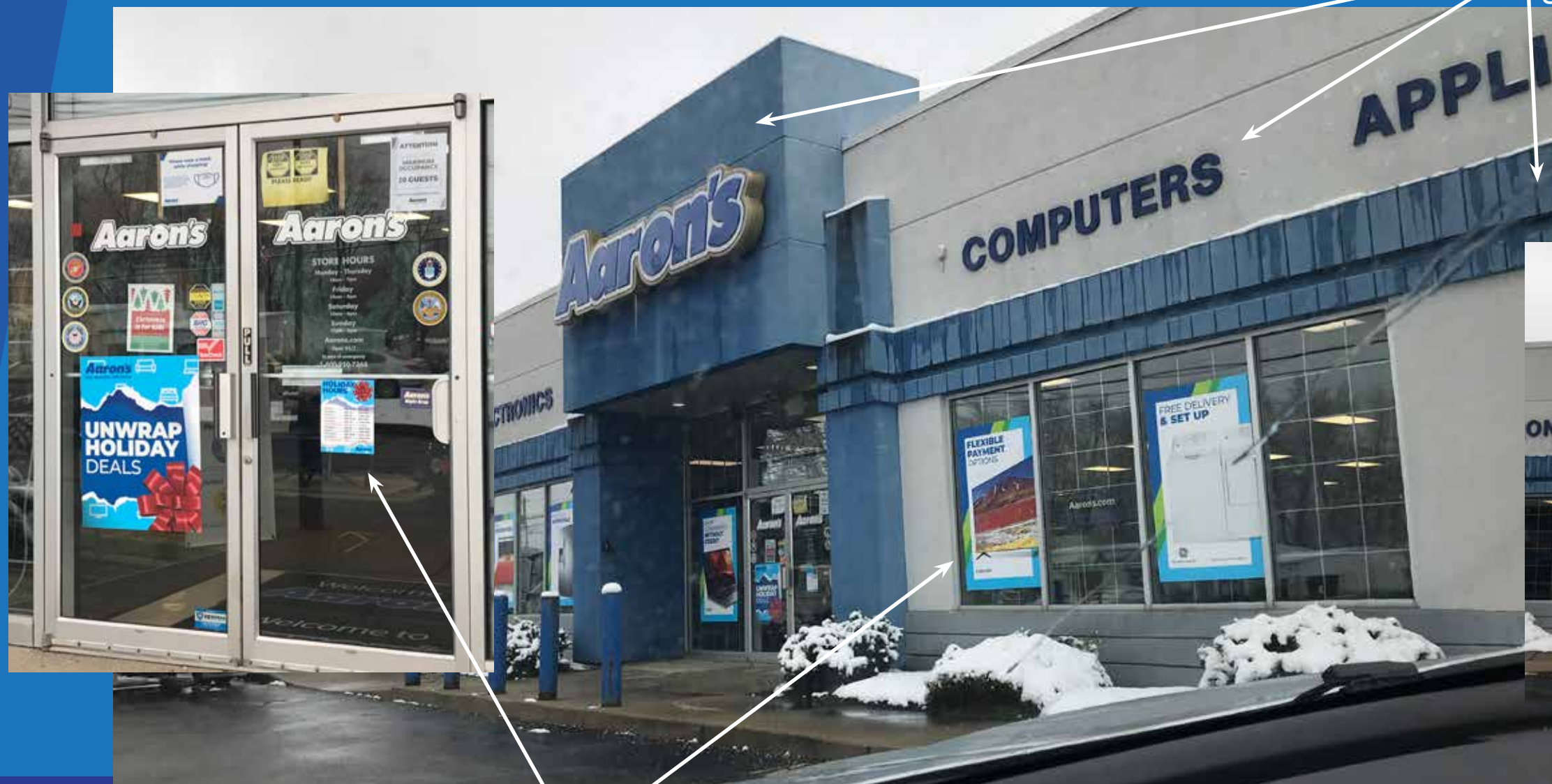
Consider placing additional way finding signage at Robinson Ave. entrance to drive traffic



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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Exterior Views



Facade showing considerable staining and wear



Exterior graphics stand out well but door graphics are cluttered

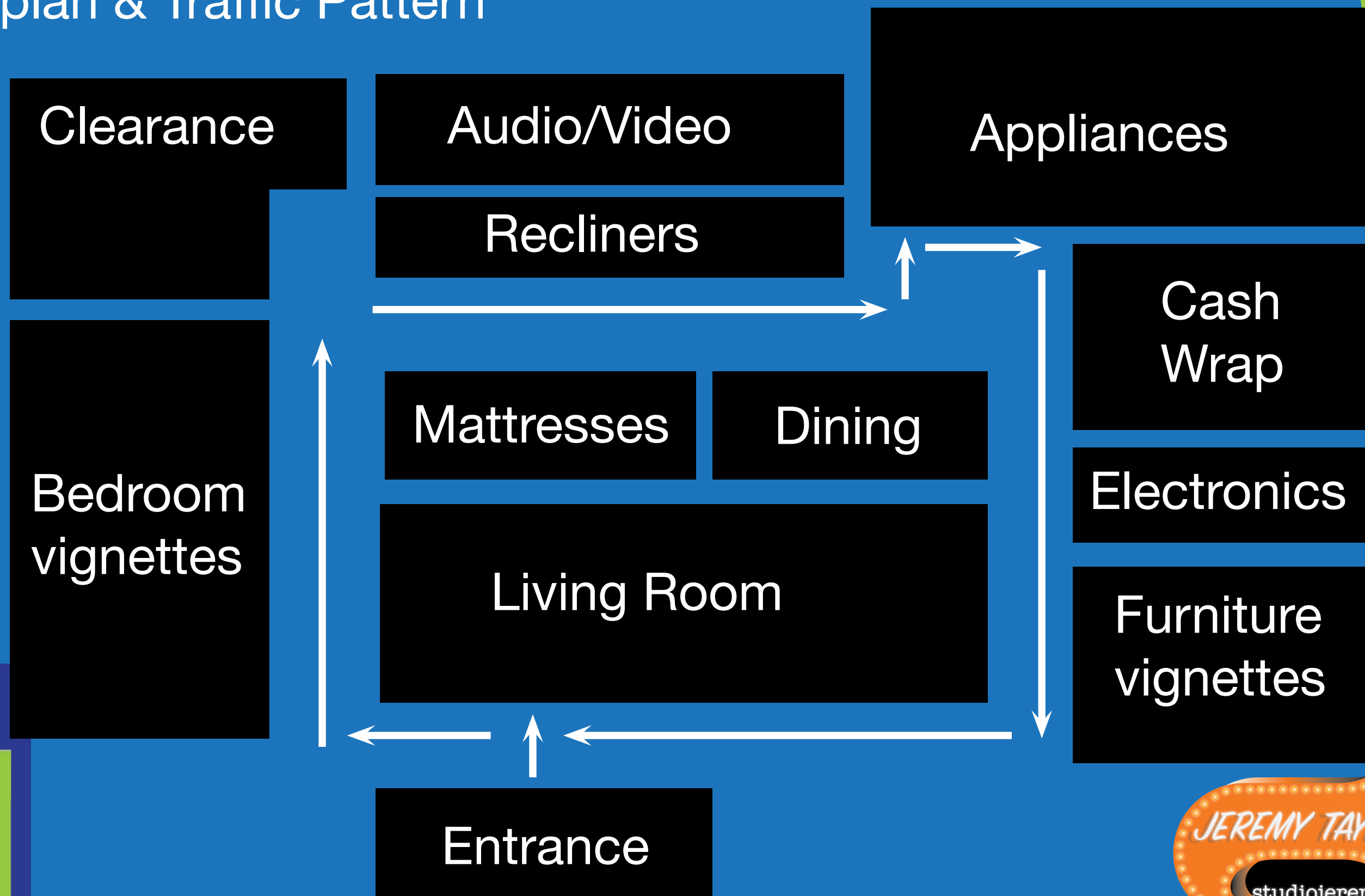
Largest of three visited locations, but also the oldest. Located in a college town, and perhaps caters more to students. Traffic on the street is relatively brisk, but it is located further away from Kent State University as you leave the city limits heading into rural parts of Portage County.

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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Floor plan & Traffic Pattern



VISIT #2: Aaron's 1850 OH-59, Kent, OH

Interior Overview

Lack of visual separation between living room vignettes.

Recommend applying space dividers to create separation for individual storytelling.

Ideal recommendation would be to introduce fixtures from next generation store design to create focus and maximize floor space.



Generally speaking, the store is merchandising product well and is creating good stories with their furniture presentation. Recommend reducing the density of merchandise to allow more separation between the vignettes.

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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Interior Views (Bedroom Vignettes)

Overall positive use of space for storytelling. Merchandise is modern and appears upscale.

Recommend replacing dated logo wall

Some logos have fallen off or been removed over time

May be difficult to maintain if brands change with any regularity



Recommend patching walls when damaged or replace with new wall decor



Recommend exploring reconfiguration of end table placement for better visibility

Recommend covering exposed mattresses with bed wrap or skirt as shown in this example



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VISIT #2: Aaron's 1850 OH-59, Kent, OH

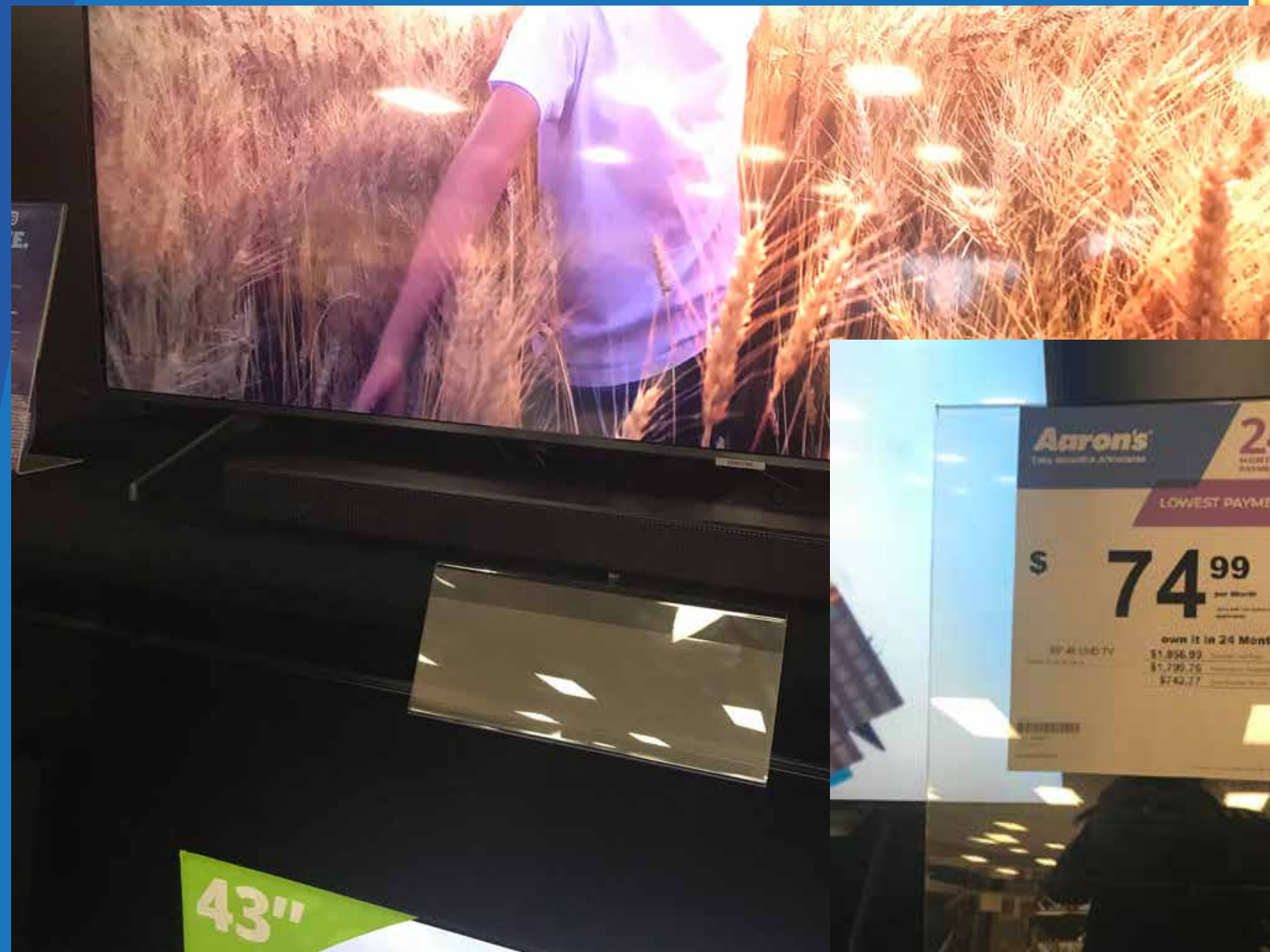
Clearance Area

In the rear left of the store near the restrooms is an area reserved for clearance televisions. The store has added Ohio State University football-themed decorations to the wall. This is a large space and has much more potential than how it is currently used. Recommend re-purposing this space and creating more storytelling opportunities as an area to showcase living room entertainment vignettes. Recommend discouraging stores from using decorations not provided by corporate.



VISIT #2: Aaron's 1850 OH-59, Kent, OH

Living Room Entertainment



Some signs in this area are missing or are in the wrong size sign holders

Recommend addressing

Living room entertainment is located rear center of the store. Recliners are oddly positioned at an angle to the TVs. Recommend orienting toward TVs.

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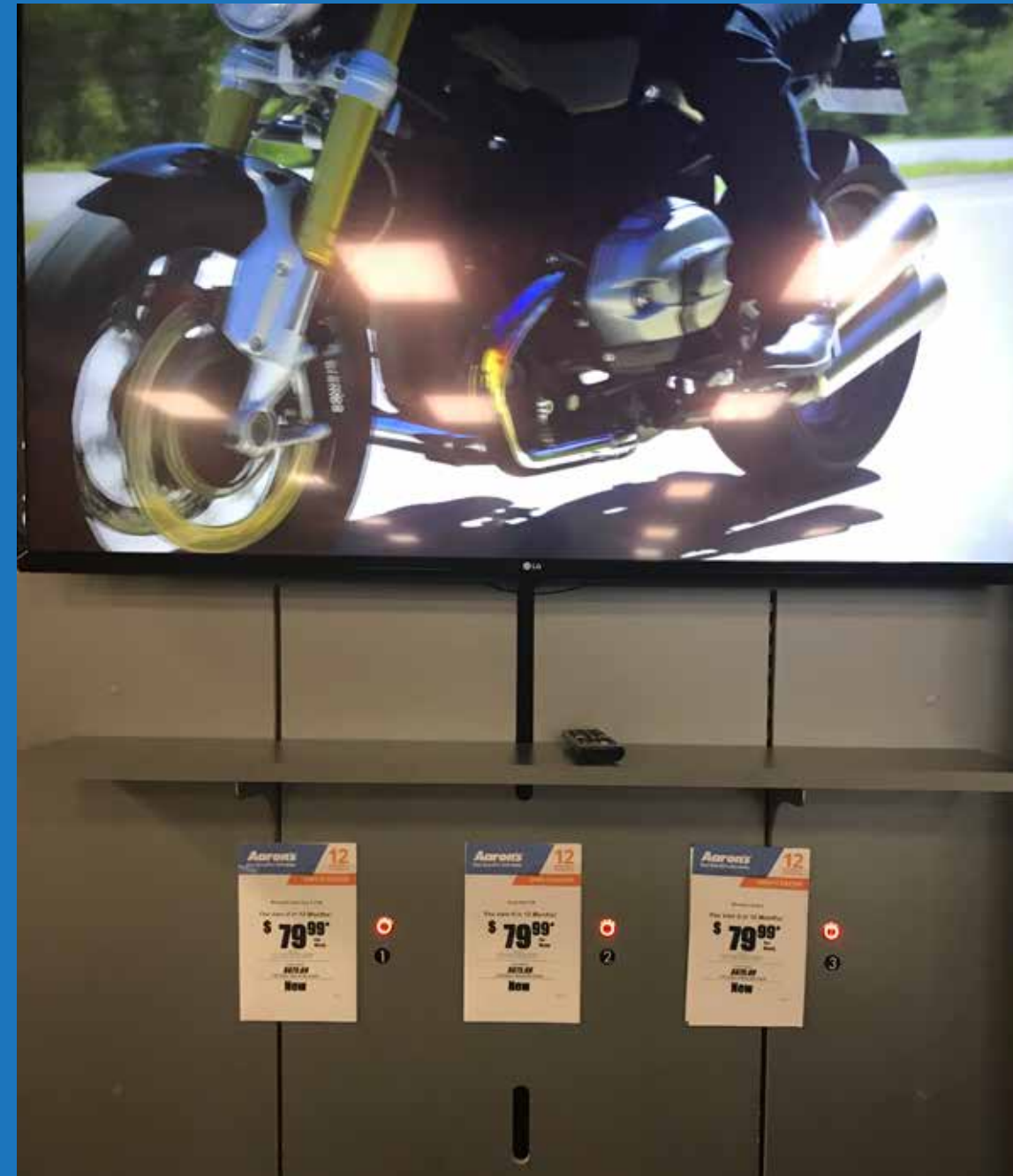


VISIT #2: Aaron's 1850 OH-59, Kent, OH

Living Room Entertainment



Modern POP signage is impactful and has potential to be used as vignette space dividers throughout store



This appears to be an interactive display (note 3 illuminated buttons) but it is unclear the purpose. When pressed, the buttons don't appear to do anything, and there is no explanation as to their purpose other than pricing signage located next to each button.

Recommend creating multiple interactive features throughout the store for more immersive experiences, but function and purpose must be clear and provide value to the shopper in their purchase journey

VISIT #2: Aaron's 1850 OH-59, Kent, OH

Appliances

Area is spacious and neatly merchandised. Recommend adding decorative elements to walls or adding POP advertising opportunities (perhaps leverage SEG graphics) to increase visual impact of space and make it more immersive.



Recommend taking advantage of open space between stoves as a POP signage opportunity



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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Cash wrap



Cash wrap area is cluttered with too many counter signs. Cash wrap should represent the store brand positively. Recommend creating a better messaging hierarchy of signage and limiting use to the top 2-3 messages necessary. Consider implementing electronic signage such as shown in example photo to rotate through needed messages.

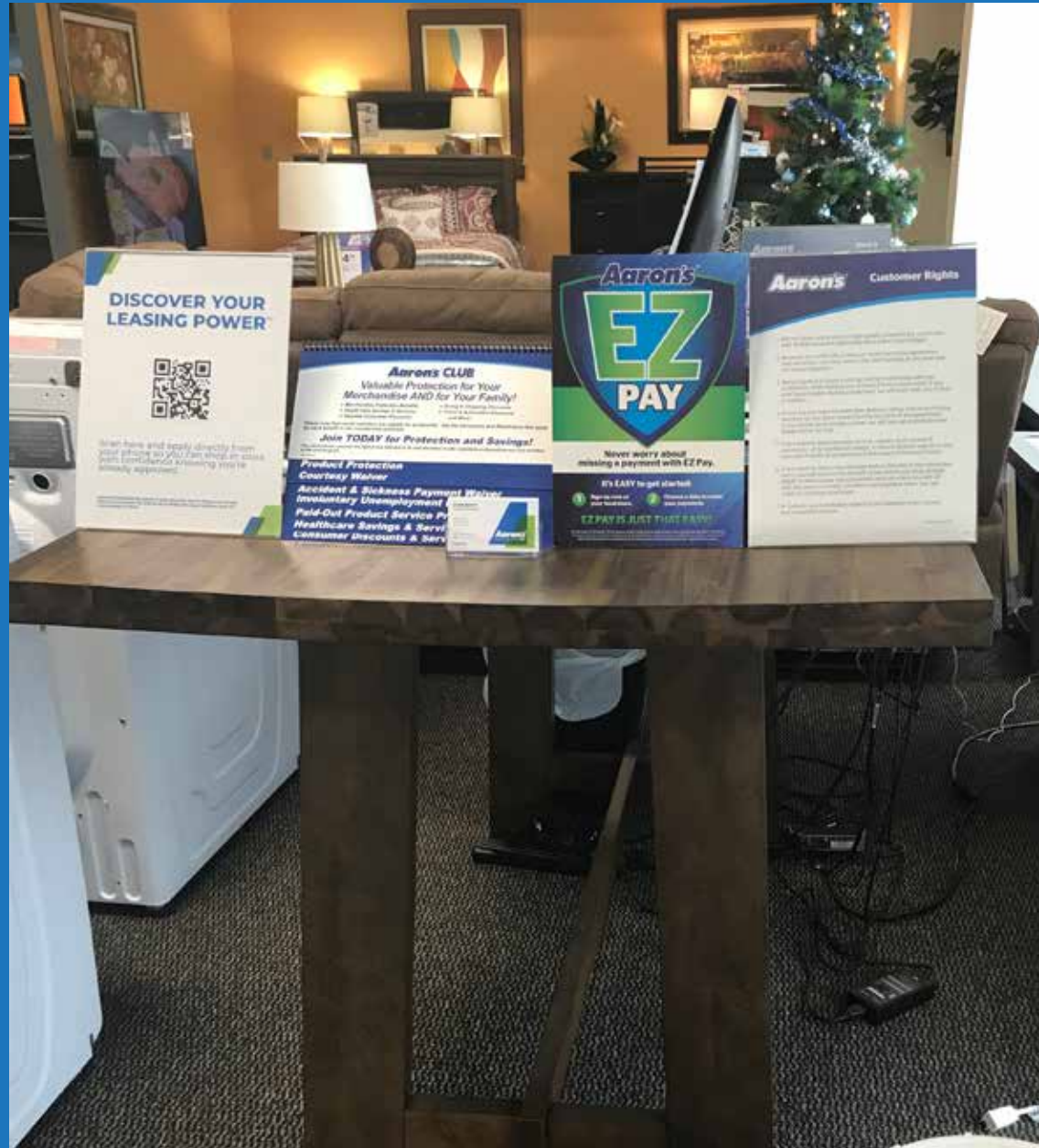
KAY Jewelers has struggled with this issue as well, and creating a signage hierarchy was extremely helpful to eliminating cluttered counters.

Also recommend eliminating store self-purchased decorations such as the bear, Christmas stockings, etc. Eliminate papers taped to walls as well.

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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Misc



See previous comments regarding quantity and usage of counter signs



Recommend always displaying merchandise unboxed to maximize aesthetic and selling opportunities

VISIT #2: Aaron's 1850 OH-59, Kent, OH

Electronic Signage



Consider converting to e-ink pricing signage. This allows for fast price adjustments (especially useful in the competitive appliances category) and eliminates paper sign clutter.

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VISIT #2: Aaron's 1850 OH-59, Kent, OH

Misc



For all stores, recommend eliminating dated holiday decor and replacing with POP graphics or updated decor



This space is weakly displayed. Recommend re-purposing and creating a more immersive use for the space. The idea the store had to use it as a holiday feature is good, but execution needs work.

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VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Location & Exterior View

This store is located in an economically depressed neighborhood, but the location is decent and has a high traffic flow.



Store exterior is the cleanest of the three

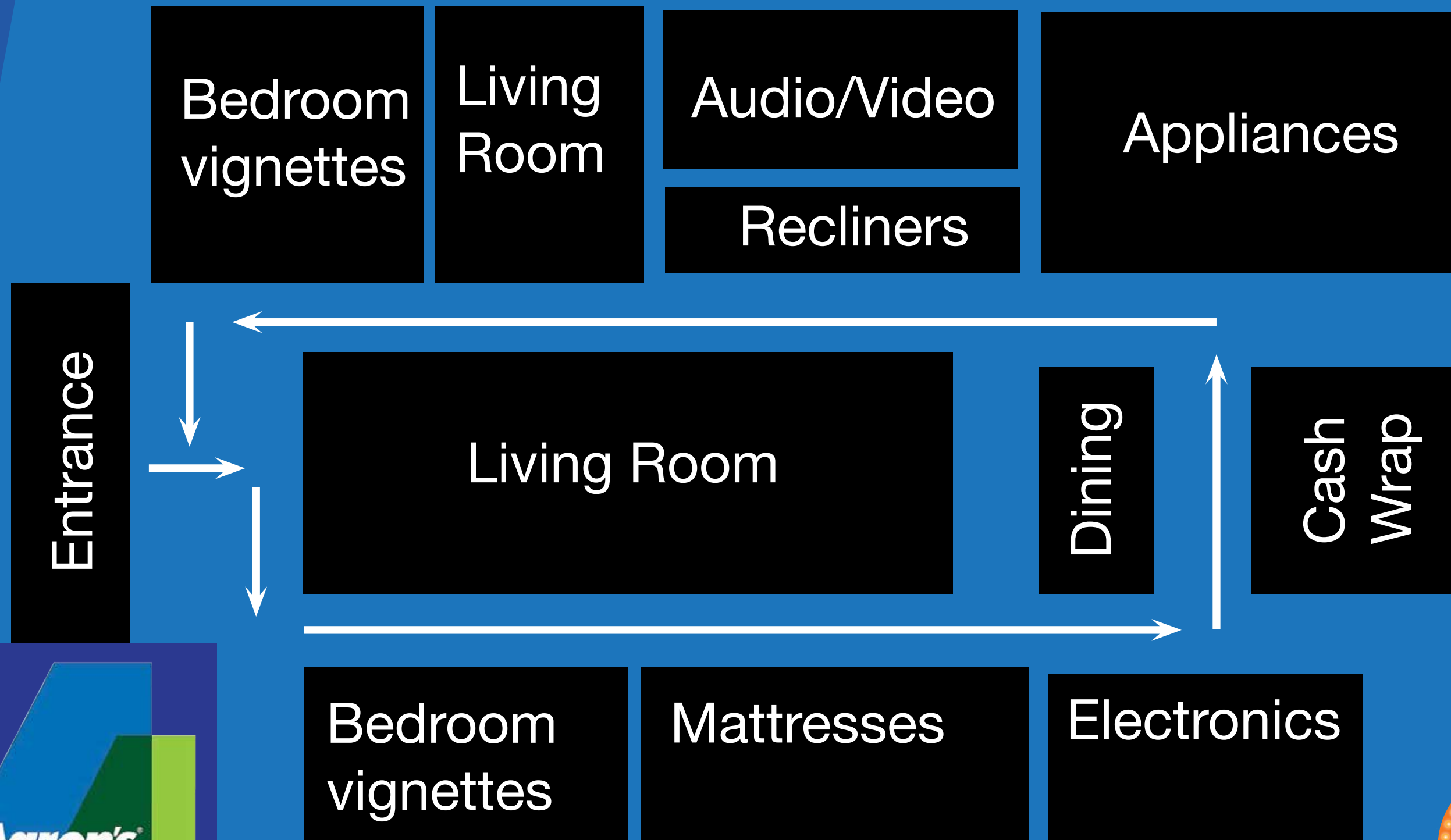
Window graphics were observed to be different designs from the other two locations

The entrance doors appear slightly less cluttered as compared to the other two locations



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Floor plan & Traffic Pattern



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Overview

This location is the mid-size of the three visited and is the cleanest and best organized overall. Remodeled approximately 4-5 years ago according to staff.

The store has ample room for the assortment size, and has done the best job of carving out furniture stories in the perimeter and the central sales floor.

Artificial plants appear dated, but help to create separation between vignettes.

Recommend replacing perhaps with collapsible POP graphic stands with appropriate creative. Alternatively, knee walls installed here and in other locations would create separation of spaces.



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VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Overview

The tall exposed ceilings in the space give it a warehouse vibe. Adding some spot lighting could help warm the space and make it more inviting.

Artwork or decorative elements such as the wood tone from the new store design added to the upper areas of the walls could also help warm the space. A warmer wall color would also be helpful.

Recommend regularly changing out SEG wall graphics perhaps leveraging them as a means to inject seasonality into the space. This is recommended for all stores in this store design (including Barberton).

Note that this store did not have any seasonal decor.



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VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Electronics

The electronics space in this location is much more upscale as compared to the other locations. It feels more modern and tidier.

Wall divider is not plumb. Appears to be sagging under weight of wall shelves. Recommend reinforcing for safety and aesthetic.



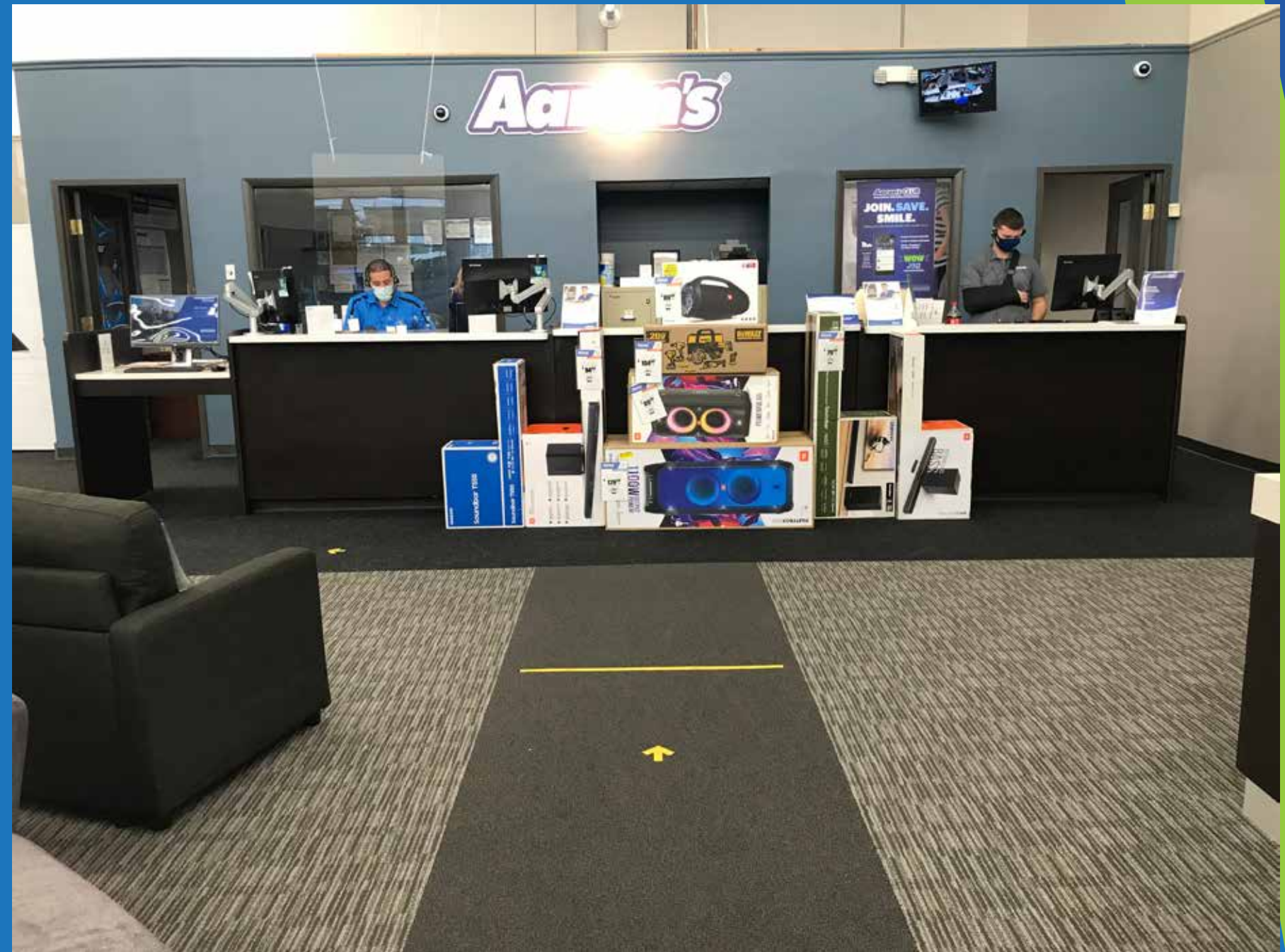
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VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Cash wrap

This location has by far the most tidy cash wrap. Small electronics presentation is organized and not crowded. Counter signage is still excessive but not as much as in Kent location.

Space is clean, open and far more modern/inviting than other locations.



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Appliances

Appliances area is appropriately sized to the assortment. It is spacious and easily navigable. The space is rather stark and adds to the warehouse feel. Recommend adding graphics or decor to improve shopping aesthetic and eliminate clinical feel.

Graphics could be added to doors as well.

As recommended for Kent store, there are further opportunities to promote branding & storytelling in this area via strategically-positioned POP signage.



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Kid's Feature

This area (right) is a missed opportunity to create a kid's feature vignette. Recommend merchandising the space with appropriate accessories how it is displayed on aarons.com (below).



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

Space Division

This store has used TVs as part of the strategy to divide room vignettes. This is another potential strategy for space division in other stores if inventory allows or if facsimile TVs can be obtained for this purpose.



VISIT #3: Aaron's 5430 Northfield Rd, Maple Heights, OH

SEG Graphics

Consider re-purposing the silicone edge wall graphics. Instead of lifestyle images, recommend creating art that is seasonal and also appears to be a part of the vignette. This serves two purposes. First, it makes the vignette more complete, and second, it creates seasonality in the space.

This store has no seasonality.



VISIT #4: RAC 5499 Warrensville Ctr Rd, Maple Heights, OH

Exterior

While this store is located only 4 minutes from the local Aaron's, it is in an exceptionally depressed location. The Aaron's store certainly has the competitive advantage.

Logo bulkhead shows excessive wear, and building maintenance appears to be minimal.

Store window graphics are easy to read and feature brand names like Ashley Furniture & Maytag.



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VISIT #4: RAC 5499 Warrensville Ctr Rd, Maple Heights, OH

Interior

Interior of the store is stark in comparison to Aaron's. Very little storytelling with furniture vignettes.

At most, they are only accessorized with table lamps. The lamp shades still have the plastic coverings on them.

Merchandising is generally very cluttered making the store feel more like a thrift store.

Wall graphics are relatively impactful and are the bright spot in terms of the store presentation. They are also spotlighted to warm up the space.



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VISIT #5: RAC 4922 Turney Rd, Garfield Heights, OH

Exterior

Of the two RAC locations, this one was more appealing from the outside. It is in a small shopping plaza with Cricket Wireless and other small shops. Across the parking lot is a Dave's Super Market. While still in general disrepair, the logo bulkhead and appearance of the exterior was much better than the Maple Heights location.



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VISIT #5: RAC 4922 Turney Rd, Garfield Heights, OH

Interior

The inside of the store was terribly displayed. Virtually no organization whatsoever beyond the placement of electronics.

The space was exceptionally dirty and cluttered in some places, and completely bare in others. The manager was very friendly, but readily admitted he has little inventory on hand. He said he would be happy to transfer any merchandise from other locations.

As with the other location, the only real positive aesthetic are the wall graphics.

If these 2 locations are any indication of the RAC brand in general, Aaron's has an incredible aesthetic advantage over the competition.

