

**Debt Delivered: The  
Predatory Inclusion of a Rent-to-Own Chain in  
the Treasure Valley**

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## ABSTRACT

This thesis is a study of customers at a rent-to-own (RTO) firm in Boise, Idaho, where I worked and collected data for nearly three years. RTOs are companies that offer higher-end electronics, appliances, and furniture to customers on a contract where the consumer receives the product immediately and pays a (usually highly marked-up) price over time by making small weekly or monthly payments. While predatory lending practices have long been studied by scholars from various fields, very little work has focused on the rent-to-own industry, which may have unique differences from payday lending and other similar businesses. This thesis centers the voice of the customers. I argue that the RTO industry makes money primarily through what sociologists Seamster and Charron-Chénier call *predatory inclusion*. Primarily associated with loans for education and homes, predatory inclusion is when marginalized people are allowed access to goods, services, and opportunities generally associated with the middle-class but the benefits of that access are significantly undermined by the unequal conditions of repayment. Furthermore, I expanded the conceptual understanding of predatory inclusion theory in a novel way by connecting it with *pecuniary emulation*, showing *how* consumer culture in the United States generates fertile conditions for expanding the second precondition of predatory inclusion—the opportunity for predation.

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# CHAPTER 1

## INTRODUCTION

Through stories, interviews with management, pictures, and extensive financial records, my research, to date (Cates 2021), narrates the workings of a rent-to-own (RTO) firm in Boise, Idaho, where I worked and collected data for nearly three years and returned to for the work detailed in this thesis. RTOs, offer higher-end electronics, appliances, and furniture to customers on a contract where the consumer receives the product immediately and pays a (usually highly marked-up) price over time by making small weekly or monthly payments. In a previous study published in *Contexts* (ibid), I explained how RTOs target low-wage workers and the disabled with high-interest contracts, overextend their credit, pile on fees, and deliver unsustainable debt, often creating a rent-confiscation cycle. In the thirty-five months of collecting and analyzing ethnographic data, I was able to elucidate the complicated and intimate processes that contribute to the perpetuation of poverty through the RTO industry (Cates 2019). While this previous work focused on the supply-side of RTO, this thesis focuses on the demand side and examines the customers.

My research currently explains that household goods come with a much higher price tag for the poorest poor and, through the RTO industry, the meager income of the poor is extracted to provide wealth in more affluent areas. By offering free delivery, free installation, no credit check, and low (or no) upfront costs, high-interest payment plans become attractive to financially distressed consumers and those with disabilities who lack the means to transport and install their furniture and appliances. In-store sales practices

actively focus on the most vulnerable people (e.g., management actively tells people to go elsewhere if they can afford to). Furthermore, the financial data I have gathered details a rent-confiscation cycle that contributes to the cycle of poverty in my community (Cates 2021). My study assumes that consumers know this but asks the question, "Why do people use RTO instead of cheaper options, and can we explain their choices by predatory inclusion and consumer culture?"

We live in an aspirational society where we are told that a set of consumer goods and access to the institutions required to get them are the well-earned spoils of hardworking people. This image often does not align with a reality where real wages have not increased for many in decades, a great deal of whom work full-time jobs for 40 or more hours a week. Consequently, going into debt has become a part of the "American Dream," with 80 percent of all Americans today having some form of debt (Pew 2015). Deregulatory policies gradually implemented in the financial sector since the 1970s have enabled this enormous growth in consumer debt (Antill et al. 2014), which today totals over \$14 trillion, higher than before the 2008 financial collapse (Catanzaro 2020). During this same historical period between the 1970s to the present, the rise of businesses that utilize high-interest contracts in the United States like RTO, payday loans, title loans, used car dealerships, and subprime mortgage lending, have grown in striking congruence with wage suppression and the unprecedented rise of consumer debt (Hudson 2015; Till-Retz 1997). However, it seems too simplistic to assume that people shop at RTOs because they cannot afford to shop elsewhere, so understanding consumer motivation is the purpose of my study.

### ***Predatory Inclusion in RTO***

Interestingly, while predatory lending practices have long been studied by scholars from various fields (Carr & Kolluri 2001; Hill & Kozup 2007; Rivlin 2010; Sarra & Wade 2020), very little work has focused on the rent-to-own industry, which may have unique differences from payday lending and other similar businesses. Although I have completed extensive fieldwork and even published the findings, missing from my previous work is the customers' voice. It is easy to assume that the RTO industry preys on poorly educated or less financially literate people who cannot understand the inflated prices, but as my previous research shows, the situation is much more complicated. I contend that the RTO industry makes money primarily through what Seamster and Charron-Chénier (2018) call "predatory inclusion." Initially associated with loans for education and homes, predatory inclusion is when marginalized people are allowed access to goods, services, and opportunities generally associated with the middle-class. But the benefits of that access are significantly undermined by the unequal conditions of repayment (ibid). Recently, Charron-Chénier (2020) has also extended *predatory inclusion* to include the unequal racial disparities present in payday loans. As far as I know, I am the only sociologist currently looking at RTOs as a case of predatory inclusion.

The case of rent-to-own shows that predatory inclusion extends beyond payday loans and other money lending instruments that promise inclusion through upward mobility. With its small ticket items and easy credit, rent-to-own shows that even the most modest daily life exclusions provide additional opportunities for predatory

inclusion. My previous case study of an RTO industry in Idaho, combined with updated qualitative interviews with customers, provides the empirical basis for extending predatory inclusion theory to include RTO. In this thesis, I use a historical process-tracing method inspired by Falletti (2016) to abductively expand predatory inclusion theory by showing how the historical embeddedness of *consumer culture*, the financial sector's growing reliance on credit scoring technology, and the continued wage suppression in the United States supports RTO's rapid growth, especially since the 1990s.

### ***Consumer Culture and Predatory Inclusion***

*Consumer culture* is the socially constructed conflation between expressing oneself authentically and purchasing commodities in the market (Campbell 1987). I hypothesize the embeddedness of consumer culture in the United States helps convince the working poor to sign usurious contracts from RTO stores rather than utilize less expensive methods for acquiring common household goods. Interviewing customers provides insight into how consumer culture plays into the effectiveness of predatory inclusion in the RTO industry. For example, televisions are the second-best source of rental profits for the RTO store I studied. They are commonly marked at 800 percent above the retail price, and televisions alone accounted for nearly \$15,000 in monthly revenue at only one of the four stores of this RTO chain (Cates 2019; Cates 2021). Today, the average American watches about 270 minutes of television a day (Statista 2018), with a growing percentage of that time dedicated to viewing advertisements trying to persuade customers to buy products and services (Flint 2014; Hariharan et al. 2015; Saxon 2017; Van Reijmersdal et al. 2017). In 2017, corporations spent almost \$200

billion selling the virtues of continually buying and encouraging demand for new goods, including to the 40.6 million Americans living in poverty (Statista 2017). My research explores how our technologically driven consumer culture creates fertile conditions for predatory inclusion and its role in creating a profitable RTO business. I demonstrate how at least one RTO business produces and capitalizes on manufactured demand, especially for high-end electronic consumer goods that people arguably do not need.

### ***RTO as Lender of Last Resort***

A recent study of the RTO industry argues that this kind of subprime lending business model should not be viewed as similar to other usurious models like payday loans, check cashing firms, and pawn shops (Jaggia et al. 2019). Their analysis asserts that even though there is a high rate of returned merchandise, RTOs "may be the only feasible way of acquisition" for common household goods that financially distressed populations need and want to consume (Jaggia et al. 2019: 1054). My research interrogates this assertion by examining the empirical evidence obtained from qualitative interviews with customers. On the surface, it appears that the RTO industry supports a narrative that they are providing a needed service to the poor while redirecting attention from many different local alternatives like secondhand stores and layaway programs that could provide similar consumer products, with delivery and installation, at a fraction of the RTO price. However, why are secondhand stores, consignment businesses, and not-for-profit resale stores not considered viable alternatives to RTO in the academic literature or in practice? No up-to-date academic literature exists directly asking

customers whether RTO is a lender of last resort and why secondhand stores or layaway were not used instead.

According to the Department of Commerce, over 25,000 secondhand stores in the United States generate over \$17 billion annually selling items including furniture, appliances, and electronics (U.S. Census 2018). According to the Association of Progressive Rental Organizations (APRO), an RTO industry trade group, over 70 percent of all merchandise obtained by customers at RTOs is either furniture (mostly couches) or electronics (mostly televisions), with less than 20 percent of purchases for appliances (APRO 2015). Secondhand, consignment and not-for-profit resale stores (and some big-box retailers offering layaway programs) provide similar consumer products at retail cost (or less), which are a fraction of the price offered at RTO stores. Of course, some would argue that buying cast-off goods secondhand and similar stores is quite different from buying new products. True, but while the market for used and new goods should be clearly delineated, RTO blurs the line between new and used. Many of the products acquired under RTO agreements—at least at the firm I studied—are used goods that have been repossessed or returned (Cates 2021).

### ***The Risk With RTO***

According to the theory of predatory inclusion, those who do not have the money (or the credit) to purchase at retail cost are frustrated by so many goods being just out of reach; RTOs and other subprime lenders that offer "easy" access to items that everyone is assumed to need can seem like salvation. Customers are told that if they have income, their credit does not matter. Moreover, customers are reassured that there are no negative

consequences if they ultimately cannot pay (except their inability to continue to use the item).

However, this is only partially true. RTO businesses can have customers who fall behind on their payments and do not return the merchandise promptly charged in criminal court in most states, even if they later return the merchandise (Highsmith & Saunders 2019). In my previous research working for the RTO industry, I delivered legal notices to customers for debts owed, even after repossession had occurred. In Idaho, as in many states, debt from previous unpaid weeks with the merchandise can be collected through the civil courts. This unpaid debt could result in customers having their wages garnished or jail time if they cannot pay.

My work is partially motivated by a two-decade-old study (Zikmund-Fischer and Parker 1999) based on interviews with RTO customers and economic researchers who claim RTO is not usurious because of the early "termination option" (Beales et al. 2012). The latter argue RTO is not usurious because poor people can quickly return merchandise without the obligation of repayment (Beale et al. 2012). Furthermore, Zikmund-Fischer and Parker (1999) found that RTO customers purchased on credit at usurious rates, rather than merely saving because they feared that having money in the bank would endanger their eligibility for housing or other benefit programs. However, these are outdated findings and assumptions that need to be revisited. I found that customers of this RTO chain based in Idaho primarily did not see this business as less risky because they could return merchandise easily without further obligation for payment. Instead, this feature of

easy return often had the opposite effect and caused participants various anxieties because most did not intend on giving back "their stuff" but ultimately did.

## CHAPTER 2

### LITERATURE REVIEW AND HISTORICAL BACKGROUND

The rent-to-own (RTO) business model provides goods to customers with bad or no credit who cannot afford a consumer good at retail prices, such as a bed, couch, appliance, or television. They typically provide access to these goods for a small down payment with delivery and installation included. The customer then pays weekly, biweekly, or monthly payments on the good until it is paid for with interest. Today, RTOs have grown into an industry that now consists of over 9,200 stores in North America that cumulatively generate over \$8.5 billion annually (APRO 2020). From a sociological perspective, the most striking feature of the RTO industry is the cost to the customer if they fulfill a contract. Previous work notes that, on average, most goods purchased through the RTO contract are purchased at a 200 percent annual interest rate (APR; Zikmund-Fisher & Parker 1999; Anderson & Jaggia 2009). However, it is unclear whether this APR is outdated since it is based on information from 100 stores in 46 states between 1991-2001. To date, there is no peer-reviewed literature investigating whether this average APR has changed.

In my prior ethnographic research working for an RTO business in Idaho between 2016-2019, I found the APR at that firm is much higher and regularly averages 300-400 percent (Cates 2019). The critics of high APR industries further note that these charges are disguised to coerce an assumedly less educated and poor population into an exploitive contract (Lewis 2001). By contrast, proponents of the RTO industry claim that customers are rational economic actors and, therefore, are not coerced into exploitive financial

contracts if they are given all relevant information upfront (Anderson & Jackson 2001). Much of the literature is sympathetic to the latter position, with a heavy reliance on a novel (yet outdated) survey done between 1998 and 1999 by the Federal Trade Commission about the RTO industry. This survey included 12,000 randomly selected U.S. households, in which 532 rent-to-own customers were identified and interviewed about their experience with RTO transactions. The findings claim that 75 percent of customers were satisfied with their RTO experience, 67 percent of customers initially intended to own the merchandise, and 87 percent of that group did end up owning the merchandise (Lacko 1999).

Contrastingly, a study done by Anderson and Jackson, using a unique data set of over 350,000 RTO transactions in 46 states between 1991 and 2001, found that only 22.67 percent of customers paid off their contract in full and ended up owning the merchandise they attained from RTO. The researchers claim this evidence "contradicts the perception of RTO contracts derived from small sample interviews of customers that the primary use of an agreement is acquisition" (Anderson & Jackson 2004: 15). Despite these contradictory findings, there is a consensus in the literature that the RTO business model heavily relies on targeting the "working poor," those with poor or no credit, and those who are experiencing significant financial precarity (McKernan et al. 2003; Kolodinsky et al. 2005; Anderson & Jaggia 2009; Anderson & Sibdari 2012). But this consensus has led to a staunch disagreement among scholars about the legitimacy of RTOs. Much of the debate centers on whether they are usurious like check-cashing firms, payday loans, and pawn shops by offering access to goods to those who would

presumably not be able to afford them otherwise (Hill et al. 1998; Stegman & Faris 2003; Highsmith & Saunders 2019), or whether they are needed because they are the only feasible way for disadvantaged populations to obtain common household goods that they need and want to consume (Anderson & Jackson 2004; Anderson & Sibdari 2012; Jaggia et al. 2019).

### ***The Legal Rationale for RTO***

For most of its history, the RTO industry has been plagued with lawsuits (Highsmith & Saunders 2019; Lewis 2001). By 2012, the large number of lawsuits called into question the legitimacy of RTOs as new regulations were imposed on the RTO industry. On June 29, 2012, H.R. 1588 (the Consumer Rental Agreement Act) was passed in Congress and signed into law. Before the bill's passage, RTO stores did not have to disclose the total price of an item if a customer fulfilled the contract to term. This bill federally mandated that all RTO stores in the United States fully disclose the final financial cost to customers utilizing RTO stores. Also, it forced all RTO businesses to describe the rental relationship as a lease, not a sales transaction, to reduce contentious litigations between parties about RTOs' business tactics regarding collections and repossessions. As the bill states, "H. R. 1588 will, for the first time, provide Federal consumer protections in the rent-to-own industry...they are lease transactions not sales transactions, and States will have the ability to regulate them accordingly if they choose to do so." (United States 2012: 11). Nonetheless, some stores, like the one I worked for, still advertise themselves as sales transactions by leaving "own" in their name. Furthermore, the top lobbying group for the RTO industry, the APRO, still advertises

itself as "The official voice of the rent-to-own industry" on their website (APRO 2021). This positioning of RTO transactions as primarily intended to be lease contracts and not sales contracts is disingenuous at best.

This bill did not pass without a fight from RTO industry lobbyists and one U.S. Congressman from Tennessee. In the Digital Public Library of America database, I found a transcript from a U.S. government hearing before the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Financial Services, U.S. House of Representatives dated July 26, 2011 (United States 2011). In this document, the debates between RTO industry spokespeople and congressional state representatives from various states are transcribed, and Congress introduced a proposal for H.R. 1588. An RTO industry spokesperson argued that any new regulatory disclosures about the total cost of products attained from RTOs would hurt "ma and pa" businesses and ultimately result in a "loss of jobs." However, U.S. Congresspersons argued that new laws mandating full price disclosures would increase business sales and job growth in the RTO industry because it would better legitimize its business practices to the community.

The congressional hearings transcript reveals how policymakers and RTO industry leaders both myopically view these businesses as "necessary." Expressly, they both agree RTOs provide poor people with commodities they are presumed to "need" and that they presumably could not attain in any other way. An RTO industry spokesperson at the hearing even stated that RTO businesses epitomize the importance of small businesses and that RTOs are "part of the economic backbone of our Nation" (United States 2011: 6). Both sides narrowly focused on how the existence of RTOs positively

affected job growth, and neither side addressed the fairness of high-interest RTO contracts in the first place. Instead, they suggested that the high-interest contracts were not an issue if customers knew precisely how bad they were. Still, this narrow focus on price disclosure does not address why RTOs charge so much in the first place and relieves the RTO industry from further scrutiny by shifting all the responsibility onto the customer.

Moreover, both sides assumed that RTO customers would act "rationally" and not use RTO as a sales transaction, only as a lease transaction, if given all the facts about the full price of the RTO contract. This distinction of full price disclosure is crucial for the legality of RTO because, as previous scholars have pointed out, "If RTO are sales, then the industry has avoided traditional consumer protection measures/mechanisms such as the Federal Truth in Lending Act or the Consumer Leasing Act" (Kolondinsky et al. 2005: 120) since its inception. The hearing concluded with a near-unanimous agreement (former Congressman Stephen Fincher from Tennessee was the only exception) that the *Consumer Rental Agreement Act* was needed to ensure "transparency" in RTO contracts and stop the increase in contentious litigations across the United States. No new legislation regarding the validity of RTOs has been presented to Congress since H.R. 1588 was signed into law in 2012.

### ***The Slow, Then Rapid Rise of RTO***

Although much literature traces the origin of RTOs in the U.S. to the 1960s (Anderson & Jackson 2004; Anderson & Jaggia 2009; Anderson & Jaggia 2012), RTOs have their historical roots in the 1950s (Aaron's 2020; Pederson 2002). However, they did

not become popular nationwide until the early 1990s (Pederson 2002). The RTO industry is highly fragmented. Nonetheless, it is dominated by two major corporate franchises: Aaron's Rents and Rent-A-Center. Currently, these two corporate franchises make up a large majority share of the RTO market (Boyd 2014), despite industry lobbyist assertions that these are primarily "ma and pa" businesses. Aaron's and Rent-A-Center were founded by the two most influential figures in RTO history and are credited with leading the way to the now multi-billion-dollar industry.

First, the founder of Aaron's Rents, Charles Loudermilk, started renting out excess chairs in his Army surplus store for ten cents a day in the early 1950s. This rental product's popularity inspired Loudermilk to create his first Aaron's Rents store in Atlanta, Georgia, in 1955, focused chiefly on renting medical equipment and party supplies (Aaron's 2020). Although Loudermilk's rental scheme quickly gained local popularity in Atlanta, it spread relatively slowly on a national scale, and the option to buy was only available for a few select items for decades. It would not be until 1982 that Aaron's Rents would adopt the rent-to-own model for a wide variety of household items. By the 1990s, Aaron's Rents became a publicly-traded company that would eventually progress into a franchise corporation that now generates nearly \$4 billion in annual revenue, seeing its highest profits in 2020 (Statista 2020).

However, according to Pederson (2002), the most influential figure in RTO history is J. Ernest Talley (Pederson 2002). In the 1950s, Talley was a small business owner running an appliance store in Wichita, Kansas. Talley's business became threatened by local banks tightening access to credit, limiting his ability to sell

merchandise to cash-strapped customers. Pederson asserts this inspired Talley to begin renting appliances to customers with the option to buy if they made all the payments. This way, if a customer could not complete all the payments, Talley could repossess the merchandise and re-rent it to someone else for continued profits.

This profiteering scheme (that would later epitomize how all RTO stores operate) saved Talley's business from insolvency and, by 1963, led to him creating a chain of RTO stores called Mr. T's. According to Pederson, Tally's Mr. T's chain of RTO stores grew to 14 stores by 1974. Nevertheless, despite Tally's relative success, RTO remained a struggling fringe industry, and before 1975 Tally sold ownership of Mr. T's to focus on real estate in the Dallas, Texas area.

After a real estate market crash in Texas during the 80s, Pederson details how Tally returned to the RTO industry in 1987 and began buying up struggling RTO chains. As Pederson explains, many RTOs in the late 1980s was "hurt in large part by a strong economy that made rent-to-own a less attractive option" (Pederson 2002: 367). By 1993 Talley expanded his market share by acquiring over 100 RTO stores under the name Renters Choice. This early investment in the RTO industry proved to be a profitable endeavor for Tally eventually. According to Pederson, the period between 1991 and 1994 is when RTO began to accelerate its reach in the United States. As Pederson states, "[annual] Revenues that stood at \$15.8 million in 1991 would soar to \$74.4 million in 1994" (Pederson 2010: 366).

A key causal mechanism Pederson highlights for Tally's notable success in establishing the RTO industry is what he calls "the Talley turnaround procedure" (TTP).

As Pederson (2002: 366) explains:

*Talley paid higher wages than his competitors, both for store clerks and managers. The company also attempted to weed out management trainees that harbored repressed hostilities or forced their personal philosophy on others...Behind this effort was an understanding that many customers turned to rent-to-own stores because they could not afford the outright purchase of a luxury item, like a big-screen T.V., or had poor credit because of frequent job changes, and they would not respond well to employees who appeared to be judgmental. Because customers came into the store on a weekly basis to make their payments, it was inevitable that managers would develop some kind of personal relationships with them. Talley preferred that those relationships be positive, especially since it led to repeat business. Managers were granted considerable latitude on deciding if a customer was worth the risk, but at the same time, computer programming allowed the main office to monitor rental payments on a nightly basis. Accounts even a day late would be questioned. In short, Renter's Choice developed a tightly run organization that gave it an edge in a highly fragmented industry. Of the approximately 8,000 competing establishments [in 2001], many were small, poorly run operations ripe for acquisition and the Talley turnaround procedure.*

The TTP that focuses on competitive wages for employees, friendly and flexible customer service, offering "luxury" items to financially struggling customers, and adopting computerized accounting methods to quickly and accurately show who is late on their payments, is a standard operating model adopted by most RTOs (including Aaron's Rents) today. Pederson clarifies that TTP is a necessary but by itself an insufficient causal mechanism explaining how RTOs have become the nationwide multi-billion-dollar industry it is today.

Another root cause of RTOs growth into a multi-billion-dollar industry was the continued acquisition of struggling RTO businesses by Tally. In the late 1990s, many RTO businesses struggled because many were facing multiple litigations for undisclosed interest rates. Tally used this opportunity to acquire an additional 1,400 struggling RTO stores in 1999 using the profits derived from his turnaround procedure (Pederson 2002). After this acquisition, Tally adopted the Rent-A-Center name and implemented TTP in all of his RTO stores. Tally's relentless acquisition of struggling RTO businesses combined with TTP helped spread RTOs across the United States, and by the year 2000, there were about 8,000 RTO stores nationwide (APRO 2015).

Pederson (2002) points out that Tally still needed an additional tactic besides TTP and the continuous acquisition of more stores to keep RTO's profits growing. He began a new advertising campaign directed at increasing television commercials to expand his market share. In 1999 Tally signed the Hall of Fame football coach and famous television football analyst John Madden to serve as the public face of Rent-A-Center, which proved to be another very profitable decision for Tally. This new advertising campaign, which

heavily promoted getting big-screen televisions and luxury furniture for "the Big Game," was the additional causal mechanism that helped boost Rent-A-Center into becoming the first RTO company to generate over \$1 billion in annual revenue.

### ***The Hegemony of the Credit Score***

The APR one pays on goods and services is often due to their credit score and is a prominent causal mechanism in determining who views RTOs as a tempting option for common household goods (Anderson 2014; Jaggia et al. 2013). Credit scoring started in 1956 when engineer Bill Fair teamed up with mathematician Earl Isaac to create a standardized, impartial credit scoring system to reduce discriminatory lending practices and make credit more widely available (Brown 2019). Before creating credit scoring technology, banks offered credit on a more subjective basis and were susceptible to the prejudices of individual bankers (Lewis 1992). The introduction of the credit card in the 1960s reduced default rates by 50 percent among those banks that adopted the credit scoring system (Thomas 2000). However, it was not until the passage of the Equal Credit Opportunity Act of 1974 and its amendment in 1976 that credit scoring was adopted on a large scale by all U.S. lending institutions, not just banks (Act 2018: 129-130; Klein 1976).

By 1989 the widespread use of credit scores led to creating a data analytics company called Fair, Isaac, and Company, otherwise known as FICO, that developed the most well-regarded system for scoring people's creditworthiness (Lewis 1992). This same year, three national credit reporting agencies (Equifax, Experian, and TransUnion) were established to report a person's creditworthiness based on their FICO scores (Brown

2019). FICO scores range roughly between 300 (the worst credit score) and 850 (the highest credit score; USAGov 2020). All major lending institutions now use the FICO score determined by the three major credit reporting agencies to establish what interest rate to apply to all credit types or if an individual is "worthy" of any credit. However, a recent study by the Federal Trade Commission found that of the 1,001 participants who reviewed 2,968 credit reports, 1 in 4 found errors in their credit scores (Federal 2019). This rate of error is troubling since not only does a person's credit score often determine how much someone pays for a good or service, but it can also affect one's ability to obtain adequate employment. For instance, almost half (47 percent) of employers surveyed in 2012 conducted credit checks on job candidates to determine their employability (Shrm 2017).

In many ways, the United States is divided into two different economies, one for those who have access to affordable credit and one for those who do not. For example, someone with an excellent credit score (720 and above) can expect a 13 percent annual interest rate on a credit card, often with introductory periods of little to no interest (McCann 2020). However, those with a subprime credit score (between 560 and 620) can see an annual interest rate on a credit card nearly triple that amount (Fernando 2020). In the United States, 51 percent of all credit users fall into this "subprime" category (Federal 2020).

Nevertheless, RTOs do not target those who have the money to purchase at retail price or those with access to a credit card, even one with a high annual APR of around 30 percent. Instead, RTOs target and lure those with low wages who cannot get a credit card

at all because of a very poor FICO score (560 or below) or no FICO score at all. Today, about one in five adults have no credit history or credit score at all (Meni 2016). This divide amounts to roughly 45 million adults in the United States that are either "credit invisible," meaning that they have no established credit history with any of the three major credit reporting agencies, or they are "unscorable," meaning they lack the credit history to be given any credit score at all (Brevoort et al. 2015).

### ***Targeting the Working Poor***

Overwhelmingly, people using RTOs are low-income working mothers with children, according to statistics released by the Association of Progressive Rental Organizations (APRO 2015). Since it is well-established that the working poor is RTO's primary customers, the history of wage suppression in the United States is an additional causal mechanism that helps explain how RTO has increased its attractiveness to poorer customers since the 1970s. Today, the real wages for most workers in the United States have hardly budged since the 1970s (Levy & Kochan 2012). A recent study done by the Economic Policy Institute found that wages for the typical worker rose only 11.9 percent between 1978 to 2018, while CEO pay, on average, rose 1,007.5 percent during the same period (Mishel & Wolfe 2019). Some economic researchers have calculated that if the minimum wage were to have kept pace with inflation since 1968, it would be around \$12 an hour today (Baker 2020, January). Furthermore, according to the Center for Economic and Policy Research, if the minimum wage had kept pace with productivity gains, as it did from 1938 to 1968, it would be \$24 an hour (Baker 2020, February).

Instead, it currently sits at \$7.25 an hour and has not been increased for over twelve years, which is the most prolonged period without increasing since the minimum wage became law (Baker 2021). Today, about 1 in 4 working adults in the United States make less than \$35,000 a year (Duffin 2020). Additionally, a recent survey (performed before Covid-19) found that 40 percent of U.S. citizens could not cover a \$400 emergency payment (Stavins 2021). So, RTOs have a large pool of financially distressed workers to entice and target for their high-interest contracts, and RTOs are all too happy to take advantage of this highly precarious and unequal economic situation.

Moreover, states with a large population of working poor people provide an ideal setting for RTO businesses. According to a collaborative study done by United Way called the ALICE project, working families in Idaho who are asset limited and income constrained have increased since the end of The Great Recession. Roughly one out of every three households in Idaho are either in poverty or struggle daily to pay their bills (United 2018). The most financially desperate people in this expanded population are the ones these RTO businesses openly target by offering "luxury" items with little to no upfront cost, "free services," and no obligation to complete a contract (Cates 2019).

### **CHAPTER 3**

## **THE EMBEDDEDNESS OF CONSUMER CULTURE AND PREDATORY INCLUSION**

At RTO, customers have a wide variety of products to choose from, including everyday necessities for contemporary life in the United States, like refrigerators, washers, dryers, and stoves. These items are on the same showroom floor as more lavish everyday items for contemporary living, such as a wide variety of furniture sets and bed sets to choose from, both in-person and online. Furthermore, every store is covered wall-to-wall with extravagant big-screen televisions and stereos surrounding all the other items at this RTO chain in the Treasure Valley. This wide variety of arguable necessities for modern life, combined with the unnecessary luxuries RTO provides, makes understanding customers' motivations rather complex. Still, it is not difficult to imagine the motivation of a single parent living paycheck to paycheck whose refrigerator goes out suddenly or whose washer and dryer quits working and uses RTO temporarily. On the other hand, it is quite a bit more challenging to understand customers' motivations in dire financial and personal circumstances who use RTO to attain unnecessary luxuries at the expense of their material well-being.

On many occasions as a delivery driver for RTO, I witnessed customers returning some of the products from their initial order to reduce their payments. However, often what customers sacrificed first were not superfluous extravagances attained from RTO like big-screen televisions, stereos, or gaming systems. Perplexingly, customers repeatedly sacrificed commodities that provided some practical material benefit first, like a washer and dryer, bed, or a refrigerator, and kept the extravagant electronics. In the

nearly three years as an employee, I completed 388 deliveries and took part in 157 repossessions. Overwhelmingly, the television, which provides little practical benefit beyond immaterial entertainment and requires an additional monthly cost for cable or satellite services, was often the last item people were willing to return.

Likewise, on many different occasions working for RTO in Idaho, I was sent to deliver luxury items like big-screen televisions, gaming systems, and large, expensive furniture sets to people in troubling and impoverished situations. In one alarming example, I was sent to deliver a 50-inch television to a younger couple who were living in a camper attached to a full-size pickup truck. The woman was pregnant. That they were spending money on a large television signaled how much they valued an expensive entertaining distraction.

There is no doubt that without items like big-screen televisions, stereos, and gaming systems, and popular brand-name furniture sets, the RTO industry would struggle to remain profitable. As admitted by the APRO, 25 percent of all items attained from RTO stores around the country are "electronics" (not including computers) which are overwhelmingly televisions, and 37 percent are top brand furniture sets primarily intended for people to watch television comfortably (APRO 2015: 6). Not once in my 388 deliveries had I ever delivered a couch, loveseat, or furniture set that was not centered around a television; usually one attained from our RTO store. With less than 19 percent of all national RTO sales going toward appliances like stoves and washers (APRO 2015: 6), which are demonstrably more useful for daily life, it is safe to say that

more than half of all RTO contracts in the US facilitate costly and often unnecessary luxuries to those who could not afford them otherwise.

However, my consistent experiences with customers returning modern necessities and keeping unnecessary luxuries while working at RTO pales compared to "Nick's," an eleven-year employee for the chain of stores where I worked. Nick (a pseudonym) worked exclusively as a delivery driver and "Driver Manager" (meaning he was responsible for training new delivery drivers) for his entire employment and worked at all four store locations. Considering the high employee turnover rate at this RTO chain in Idaho, Nick's vast experience with this perplexing phenomenon is rare and invaluable. In an interview, Nick disclosed an encounter that captures how this phenomenon often plays out,

*So, we go do a repo, again, we've overextended this family, they only make so much. They can only pay \$100, and they owe \$300. So, we show up early in the morning. By law, we can't be out at somebody's house before eight [am]. But we were there about a quarter after. We catch this guy, he's out in his garage, hammering down beers. I say 'Hey, Chad, we got to pick up something.' So, out of the TV, the child's bunk bed, and the refrigerator, he had us pick up the refrigerator and the child's bunkbed. But he kept his large screen TV. And the kid is going [Nick puts his hand on his head in frustration], the kid is literally freaking out. Because what's this kid going to sleep on now? He knows his bed is going. He knows the refrigerator is going. I felt really bad, but there is not much I can do about it. That one will stick with me.*

Nonetheless, some scholars argue situations like this are rare in the industry and can be chalked up simply to customers who have "less education" and who are "irrationally" trying to own items instead of merely leasing them through RTO (Anderson & Jaggia 2009; Jaggia et al. 2019; Kolondinsky et al. 2005). So, I followed up by asking Nick if this was just an isolated incident; he said,

*It's not an isolated incident. I mean, I've delivered TVs to places where there is nothing else but the TV or a gaming system. Gaming system and a TV and there is no place to sit, no dining room table, nothing. The kids are sleeping on the floor but got to have that TV. Got that PS4 going on.*

Findings like these have inspired me to look for a deeper explanation of why RTO customers prioritize gratuitous wants over functional life-reproducing goods rather than simply blaming it on supposedly uneducated and "irrational" customers. For instance, RTO undoubtedly facilitates luxurious wants over material needs by the ease and speed at which poor and disadvantaged people can attain various high-end products from their stores.

Moreover, the frequency of this phenomenon on the ground in Idaho confounds arguments made by prominent RTO scholars who assume most customers chiefly intend to use RTO "rationally" as a lease simply because a small percentage of customers pay the full term of the contract and own the merchandise (Jaggia et al. 2019). It could just as easily have been the case that most customers initially wanted to own the items but were unable to as the interest on the contract piled up, so they returned merchandise. Just as the previous FTC study has shown, more than two-thirds of all customers surveyed claimed

they initially intended to own the items (Lacko 1999). So, to presume those who intend to own items by completing an RTO contract to term are simply an uneducated minority is sheer conjecture and highly elitist in its assumptions. Furthermore, assuming most customers primarily intend to use RTO as a lease and not a sales transaction conveniently relieves the RTO industry from any significant responsibility, legal or otherwise, for the negative consequences caused by the high interest it charges (Cates 2021; Highsmith & Saunders 2019; Till-Retz 1997). My research directly confronts these assumptions by directly asking customers if they intended to own the items they attained from RTO. Additionally, my nearly three-year experience working at RTO, extensive qualitative interviews with management, and the myopic and speculative assumptions of some prominent RTO scholars, inspired me to look for a more comprehensive explanation of why some RTO customers so heavily prioritize luxuries in Idaho. Specifically, my research explores how the historical development of consumer culture and its current embeddedness in the United States contributes to the rapid growth of RTO since the 1990s.

### **Embedding Consumer Culture**

My research explores a fundamental question: Why don't RTO customers utilize secondhand stores rather than sign the high-interest contracts of RTO? Suppose customers are found to not use secondhand stores because of a perceived social stigma attached to used goods, like a supposed degrading of one's dignity for not getting something "new," or simply because of a perceived outdated aesthetic. In that case, this could reveal how the historical *embeddedness* of consumer culture is a fundamental

causal mechanism that allures the poor, credit disadvantaged, and marginalized groups into signing high-interest RTO contracts. *Embeddedness* is a well-established concept in sociology coined by Polanyi (Block 2013; Gough & Olofsson 1999; Polanyi 1944;). As Olofsson (1999: 38-39) explains:

*Polanyi's category of 'embeddedness' focuses on both the relations between parts of society, and the socio-political as well as socio-cultural forms of social integration. The everyday world of family life and consumption (and the whole field of social relations) is linked through the labour market to the economy. Thus 'embeddedness' incorporates the analytical ambitions of both social and system integration. It is also, for a central area in modern societies, a solution to the micro-macro link, in that it points to the specific ways in which the processes of social and system integration are linked through the embedding of economic processes in socio-political and socio-cultural institutions.*

Embeddedness is uniquely suited for adequately describing how consumer culture increases the attractiveness of RTO by connecting broader structural pressures in society with individual behaviors.

A significant way consumer culture became embedded in the United States is how previous frugal consumption habits were targeted and changed to better fit the high productivity of capitalist production, especially after World Wars I and II. As Max Weber famously argued in 1905, Protestantism's influence was crucial in helping the capitalist mode of production achieve large-scale stability (Weber 1905). However, Protestantism's prioritization of frugality did not view the consumption of luxurious wants as a virtuous

quality (Delacroix & Nielson 2001). The shift away from this parsimonious ethic of frugality in the United States was famously highlighted by Veblen (1899). For example, one of the most well-known concepts of Veblen is the idea of *conspicuous consumption*. Veblen referred to conspicuous consumption as the upper-class's behavior to spend lavishly on unnecessary luxury goods and services to impress others in industrial society. Veblen observed that "Conspicuous consumption of valuable goods is a means of reputability to the gentlemen of leisure (Veblen 1899: 37). According to Veblen, conspicuous consumption by the rich also had the peculiar effect of garnering them more respect in society the more they openly displayed this consumption in an impractical manner. He stated, "Unproductive consumption of goods is honourable, primarily as a mark of prowess and a prerequisite of human dignity; secondarily it becomes substantially honourable in itself, especially the consumption of the more desirable things." (Veblen 1899: 69). He argued that this was an absurd and wasteful form of consumption behavior. There are many contemporary examples to expose how conspicuous consumption is still alive and well today. Like the fact that in the United States nearly 13 million tons of municipal solid waste in 2018 came from discarded clothes and shoes alone (EPA 2020), with a large percentage simply to keep up with fashion trends that constantly change (Claudio 2007; Whiteley 1987).

Nonetheless, according to Veblen, the wasteful conspicuous consumption of the upper class was not the exclusive behavior of the rich. On the contrary, Veblen argued that nearly everyone in industrial societies often implicitly mimicked their leisure class's

conspicuous consumption habits to boost their self-image as well. Veblen referred to this phenomenon as "pecuniary emulation." He states:

*Indirectly, therefore, by imposing a scheme of pecuniary decency and by withdrawing as much as may be of the means of life from the lower classes, the institution of a leisure class acts to conserve the pecuniary traits in the body of the population. The result is an assimilation of the lower classes to the type of human nature that belongs primarily to the upper classes only. It appears, therefore, that there is no wide difference in temperament between the upper and the lower classes; but it appears also that the absence of such a difference is in good part due to the prescriptive example of the leisure class and to the popular acceptance of those broad principles of conspicuous waste and pecuniary emulation on which the institution of a leisure class rests (Veblen 1899: 121).*

One of the most egregious examples of *pecuniary emulation* in contemporary culture is the conspicuous consumption of electronics. Today, many people joyfully throw away and replace electronics that still work to get a slightly updated model (McCollough et al. 2018; Baig et al., 2017). This wasteful behavior is what some scholars call *perceived obsolescence*, which is a way of amplifying the phenomenon of pecuniary emulation by manufacturing the perception of real obsolescence through the use of marketing strategies aimed to "keep the consumer dissatisfied," even if what they have still worked (Spinney et al. 2012).

Consequently, this pecuniary emulation of electronics, further advanced by *perceived obsolescence*, has contributed significantly to large amounts of electronic

waste (e-waste). According to a recent United Nations report, a new world record was set in 2019 for creating an unprecedented 53.6 million metric tons of e-waste, a 21 percent increase in the last five years, with roughly only 17.4 percent being recycled, and a growing amount is simply cellphones, including nearly half a million being thrown away each day (United Nations 2020; Electronics 2016). The US provides one of the most glaring examples of this trend generating nearly 7 million tons of e-waste in 2019 alone, roughly averaging 46 pounds of e-waste per person every year, and only recycling around 15 percent (Earth911 2021). All of this e-waste, especially from big-screen televisions, contain valuable and hard to mine precious metals that are often extracted using child and highly exploitive labor (Frankel 2016).

### **US Frugality Consumed**

Despite Veblen's best efforts to warn against the exploitive and wasteful consequences of pecuniary emulation, the intense saturation and customer targeting of the sumptuous commodities produced by capitalist industries are far more advanced today than he could have ever imagined (Zuboff 2019). Even so, consumer culture as we know it today did not become embedded broadly in the United States until after World War I, when capitalist industries dramatically increased their technical ability to produce commodities (Stearns 2018). Soon after the Great War, capital owners began funding extensive advertising campaigns to manufacture dissatisfaction with materially modest lifestyles and to extend conspicuous consumption beyond the upper class to everyone (Ewen 1976). With the US government's support, these corporate advertising campaigns were intended to shift the pervasive frugality mentality in the United States toward a

more selfish individual materialism that could better meet corporate leaders' profit interests (Häring & Douglas 2012). As Paul Mazur, a Lehman Brothers executive who helped construct the New Deal ominously wrote in 1927,

*We must shift America from a needs to a desires culture. People must be trained to desire, to want new things even before the old have been entirely consumed... We must shape a new mentality in America. Man's desires must overshadow his needs. (Häring & Douglas 2012: 21).*

Furthermore, the Great Depression of the 1930s called into question the integrity of capitalism as a viable economic model (Rothbard 1972). In congruence, the technical capacity for commodity production increased even further leading up to World War II (Hounshell 1985). During this time, heads of both industry and government became increasingly worried about the losses in profits stemming from slowing economic growth and employment numbers, and the role of the "purchaser consumer" was heavily marketed to revitalize the perception of American capitalism and "fight communism" (Cohen 2003). As Cohen (2003: 3) states:

*Wherever one looked in the aftermath of war, one found a vision of postwar America where the general good was best served not by frugality or even moderation, but by individuals pursuing personal wants in a flourishing mass consumption marketplace. Private consumption and public benefit, it was widely argued, went hand in hand. And what made this strategy all the more attractive was the way it promised a socially progressive end of social equality without requiring politically progressive means of redistributing existing wealth.*

The advertising campaigns at the turn of the 20<sup>th</sup> century were influenced heavily by the ideas of Edward Bernays, who is considered the father of public relations in the United States (Tye 1998). Bernays got mainstream recognition after helping expand the profits of tobacco companies by appealing directly to women. For example, Bernays infamously helped take advantage of the taboo on woman smoking and woman's liberation movements at the turn of the 20<sup>th</sup> century by helping the American Tobacco Company create a marketing strategy in which several young women marched down 5<sup>th</sup> Avenue in New York during the 1929 Easter Day Parade and protested women's inequality by smoking "torches of freedom" (Amos & Haglund 2000). This event was broadcasted nationally on radio and published in newspapers across the country and made Bernays a highly sought-after marketing strategist for US corporations. Bernays, who happened to be the nephew of Sigmund Freud, borrowed heavily from psychology's understandings at the time to help US corporations manipulate the public into accelerating pecuniary emulation patterns among everyone. As Bernays stated after his successful cigarette campaign, "Age old customs, I learned, could be broken down by a dramatic appeal, disseminated by the network of the media" (Amos & Haglund 2000: 6).

Bernays unabashedly felt that manipulating the public through the media to increase pecuniary emulation was his most important civic duty as an American. He leaves no ambiguity about these intentions in his book *Propaganda* when he brazenly states:

*The conscious and intelligent manipulation of the organized habits and opinions of the masses is an important element in democratic society. Those who*

*manipulate this unseen mechanism of society constitute an invisible government which is the true ruling power of our country. We are governed, our minds are molded, our tastes formed, our ideas suggested, largely by men we have never heard of." (Bernays 1928: 9)*

Bernays laid the foundation for what would later be notoriously called "the American Dream" (Chomsky 2017). It is an American dream that was molded by the advertising tactics inspired by Bernays to fit what Chomsky and Herman call a capitalist *propaganda model* by idealizing indulgent materialism and masquerading it as a need for everyone (Herman & Chomsky 1988). Creating a US culture that is, today, constantly bombarded and targeted with messages to buy increasing amounts of commodities, whether they can afford them or not (Schor 1999; Zuboff 2019).

RTO enables pecuniary emulation among poor and credit disadvantaged workers for unnecessary luxuries like electronics and high-end furniture sets and bed sets that they could get cheaper elsewhere. As I will show in Chapter 5, finding out why customers chose not to save or utilize a cheaper alternative like a secondhand store for the commodities RTO provides reveals how consumer culture's historical embeddedness is a vital causal mechanism for RTO's profitability. Specifically, my research demonstrates how RTO's allure stems from its (predatory) inclusion of the working poor and those with bad or no credit into the embedded consumer culture by enabling pecuniary emulation, for which they would otherwise be excluded. In this way, RTO is profiting handsomely from this historical shift from frugality to the embedded consumer culture of today by

facilitating pecuniary emulation among the working poor and those with bad or no credit, especially since the 1990s.

### **The Introduction of Predatory Inclusion**

*Predatory inclusion* is a theory first introduced by Seamster and Charron-Chénier (2017). The authors define predatory inclusion as "a process whereby members of a marginalized group are provided with access to a good, service, or opportunity from which they have historically been excluded" (Seamster & Charron-Chénier 2019: 199). In their article, the authors argue that predatory inclusion is a significant causal mechanism behind the persistence of racial inequality in educational debt patterns in the United States. According to the authors, between 2001 and 2013, educational debt tripled for Black households in the United States, despite having lower amounts of debt than Whites in all other household debt types, although an overall increase in Blacks pursuing a secondary education is suggested by the authors as a likely explanation. The author's findings found instead "that educational attainment and household socioeconomic characteristics do not account for the racial gaps in student debt in any of the years considered [2000 to 2013]" (Seamster & Charron-Chénier 2017: 203).

The authors offer an alternative explanation for the increasing racial inequity found in US student loan debt. The authors contend the tremendous increase in for-profit colleges and universities, along with an increase in high-interest private student lending, have played critical roles in increasing the racial inequality found in US educational debt. For instance, the authors highlight how "Attendance at for-profit degree-granting institutions increased almost tenfold between 1995 and 2010 from 240,000 to 2,018,000

enrolled students" (Seamster & Charron-Chénier 2017: 204). Furthermore, the authors found that private student borrowing also nearly tripled during this time and that Blacks were predominately targeted for such high-interest loans. They conclude that student debt represents a new and ongoing example of predatory inclusion because "for black households, growing student debt burdens could likely reduce or even eliminate the hoped-for-financial stability a college degree is traditionally seen as providing" (Seamster & Charron-Chénier 2017: 205).

The findings of predatory inclusion in US educational debt could initially appear tangential to its relevance to RTO. Nevertheless, what if RTO customers are found to be in dire financial circumstances (i.e., poor credit scores, inability to save, less available cash) because of their student debt; thus, they could not afford to shop elsewhere. In that case, this could reveal how the predatory inclusion found in for-profit institutions of higher learning, and the private student loans for which they depend, are helping drive more people toward the high-interest contracts of RTO because student debt prevents them from financing a lower interest option or purchasing something cheaper elsewhere. For the participants I interviewed, many said they only chose to use RTO after their credit score became damaged from overlapping issues related to a sudden divorce, medical debt, and student debt. In other words, my study shows how predatory inclusion in one institution provides more opportunities for predatory inclusion in others.

### **Predatory Inclusion and RTO**

Charron-Chénier (2020) recently expanded and clarified four essential components of the predatory inclusion process. The first component of predatory

inclusion is the exclusionary practices that disproportionately restrict access to goods and services for members of marginalized social groups. The second component to the predatory inclusion process is how an "alternative" provider steps in and offers a close substitute for the restricted good or service. As Charron-Chénier clarifies, "This alternative provider typically frames itself as expanding access to a valuable opportunity, and consumers indeed experience at least some initial benefits from the alternative product" (Charron-Chénier 2020: 372). The third component of the predatory inclusion process is how alternate providers specifically target the excluded social group directly through advertising and indirectly by geographic locations. The fourth component is the negative consequences that come with using the alternative provider. More specifically, as Charron-Chénier describes, "Despite any initial advantage it may provide, the alternative product carries significant costs and risks that, in the long term, are expected to negate the benefits [of] inclusion for consumers"(Charron-Chénier 2020: 372).

These four component processes of predatory inclusion, as clarified by Charron-Chénier, strongly indicate RTO is another form of predatory inclusion. First, Charron-Chénier shows that predatory inclusion in payday loans is primarily due to financial exclusions that "occurs in consumer credit markets" (Charron-Chénier 2020: 373). Similarly, RTO's primary customers are often those first denied traditional financing options and do not have the money to purchase at retail. My qualitative research with RTO customers interrogates whether their choice to use RTO is based on being excluded from conventional financing options before becoming an RTO customer. I found that eighteen of the nineteen participants interviewed initially chose to use RTO after being

excluded from standard financing options. These findings provide initial evidence that RTO should be understood as a form of predatory inclusion.

The second component of the predatory inclusion described by Charron-Chénier, in which prior exclusion from credit markets creates opportunities for payday loans to present its short-term benefits as a viable alternative, also accurately describes the RTO process. For instance, the RTO industry is considered a "viable alternative for subprime customers" (Jaggie et al. 2019: 1025), and customers are often satisfied with the short-term benefits (Lacko 1999). All participants were found to initially benefit from RTO after being previously excluded from other means of acquisition, further signifying RTO as predatory inclusion.

The third component of predatory inclusion is how payday loans target those excluded from other financial means through direct commercial marketing and indirectly from close geographic proximity to marginalized groups. Comparatively, previous RTO researchers have shown that RTO stores are located disproportionately in more impoverished neighborhoods and specifically target marginalized groups, finding that nearly "3 in 5 [RTO customers] are racial or ethnic minorities" (Highsmith & Saunders 2019: 2). According to the National Consumer Law Center (NCLC), RTO's marketing:

*...typically appears in Black and Latinx media, on buses, and in public housing projects. This marketing emphasizes features that are attractive to low-income consumers: quick delivery, weekly payments, no or small down payments, quick repair service, no credit checks, and no harm to one's credit rating if the transaction is canceled" (Highsmith & Saunders 2019: 7).*

Similar to the findings by the NCLC, the RTO store I worked for is located near low-income trailer parks and apartment complexes. For example, there is a trailer park complex less than one block away from that RTO store, for which I completed numerous deliveries and repossessions, as well as multiple deliveries and repossessions to three different low-income apartment complexes within a mile radius. I found that fifteen of the nineteen participants primarily discovered RTO through visible proximity or from commercial advertising. These findings show RTO is highly compatible with the third component of predatory inclusion.

The fourth component of predatory inclusion is how significant consequences in the long-term offset the short-term benefits that alternatives like Payday loans offer (Campbell et al. 2012; Melzer 2011; Skiba & Tobacman 2019). Correspondingly, my previous research found that RTO often creates a rent-confiscation cycle that increases the poverty of those already impoverished (Cates 2019; Cates 2020). Furthermore, the NCLC exposes how RTO has also used the criminal justice system to intimidate, fine, arrest, and charge customers with felonies for late-payments and unreturned merchandise (Highsmith & Saunders 2019). Nearly every participant (17 of 19), in varying degrees, described hardships and negative consequences essentially nullifying the initial benefits, exposing the predatory inclusion of this RTO chain based in Idaho.

## CHAPTER 4

### METHODS

Data for my study comes from 19 interviews with customers of a single RTO firm headquartered in Boise, Idaho. Initially, under a previous human subjects-approved protocol, 47 customers from this RTO chain in the Treasure Valley were solicited with a customer consent mailer (Cates 2019). The consent mailer included a brief description of the study and an email address to contact if they decided to participate. However, only 22 out of 47 customers replied via email, and none could be interviewed under the previous human subjects-approved protocol due to time constraints. Under a new human subjects-approved protocol, I contacted those 22 customers and then additional customers by giving my contact information to participants for snowball sampling. After 19 customers replied, interviews were conducted via phone. Ideally, I would have met with the respondents face-to-face; however, since Covid-19 has created a unique set of ethical problems associated with qualitative interviews, all the interviews were performed and audio recorded via phone. After the interview was over, all email responses and contact information was erased.

A crucial element of my research design was to create an in-depth qualitative interview guide. Previous research on RTOs assumes that customers are "rational" economic actors, and therefore it is not necessary to ask them in-depth, open-ended questions about their motives (Anderson 2014; Jaggia et al. 2019; Kolondinsky et al. 2005). However, uncovering whether a *consumerist ideology* by RTO customers shapes their consumption habits, especially when faced with insecurities in their financial and

personal lives, would significantly challenge the assumption made by previous researchers in a novel way. I used the qualitative methodology and theoretical framework developed by Pugh (2013) which was established to uncover how consumer culture influences people to adopt a "consumerist ideology" based on individual choice, authenticity, and replaceability. Fundamental features of a *consumerist ideology* are feelings of social inferiority and status anxiety that are relieved through the purchase of commodities (Schor 1998; De Botton 2004). Previous research has well established how consumer culture legitimizes and reinforces itself by promising to solve various social anxieties by purchasing commodities (Hochschild 2003; Gabriel 2004; Williams 2006; Willis & Schor 2012).

All completed interviews were transcribed by the automated service Temi and prepared for coding by me. I changed all participants' names in the transcriptions to pseudonyms to protect confidentiality. The initial coding and analysis of qualitative data were performed with the computer software QDA Miner. QDA Miner is a well-regarded software specially designed for the kinds of analysis and coding needed for the qualitative data I have gathered.

Overwhelmingly, people claimed to use RTO only after their "credit score took a hit" because of issues related (and sometimes overlapping) to divorce, medical debt, and student debt before choosing to shop at RTO. These findings came out of the interviews organically, and specific questions regarding divorce, medical debt, and student debt were not included at the outset. However, after the second interview, I adapted the

interview guide and included direct questions about divorce, medical debt, student debt, including many others.

### ***Historical Process Tracing***

The qualitative approach to identifying consumerist ideology inspired by Pugh (2013) is complemented with chronologically detailing *how* the embeddedness of consumer culture, the ascendancy of the financial sector, and wage suppression since the 1970s supports the rapid growth of the RTO industry since the 1990s. I used a historical process-tracing method to sequence how the creation and embeddedness of an idolized image of the "American Dream," the financial sector's growing reliance on the statistical technology of credit scores, and the continued wage suppression in the United States supports RTO's growth by making high-interest contracts enticing to low wage workers and those with poor or no credit scores. The causal mechanisms revealed through chronological process tracing will provide the foundations for further developing predatory inclusion theory concerning RTOs.

Process tracing is described as "an analytic tool for drawing descriptive and causal inferences from diagnostic pieces of evidence—often understood as part of a temporal sequence of events or phenomena" (Collier 2011: 824). However, to build upon predatory inclusion theory explaining how RTO's have flourished because of changes in consumer culture, the financial sector, and wage suppression, I draw upon the work of Falletti (2016). Faletti argues that an "intensive" inductive process-tracing method, combined with an "extensive" deductive process-tracing method, is best suited for abductively developing a theory by linking sequential historical events with their

mediating causal mechanisms (Falletti 2016). Falletti contends that *intensive* process tracing exposes causal mechanisms best by sequentially detailing the events between cause and effect. According to Falletti, *intensive* process tracing should clearly describe interceding relationships between a recognized cause and the outcome of interest but do not include the triggering cause or outcome. As Falletti (2016: 459) explains:

*[T]he extensive and intensive terminology refers exclusively to whether the originating cause and the final effect are included as part of the process to be traced. The distinction does not refer to issues of complex causality, which might characterize both types of processes...In intensive processes, the causal mechanisms connecting the events of the sequence or underlying process explain the how of causation... extensive process is more likely to be used to test hypotheses or theories... intensive processes is more likely to inductively generate theory.*

Moreover, *intensive* process tracing requires what Falletti refers to as a "backward-looking" approach to exposing causal mechanisms. As Falletti further explicates, a researcher adopting an *intensive* process-tracing method "moves backward from the effect to the cause, and then, I add, zooms in the temporal and causal analysis of the mediating and transformative intensive process that accounts for the effect" (Falletti 2016:459).

In contrast, *extensive* process tracing focuses on specific causal variables that intervene and lead to a specific outcome or effect in the future, not *how* they come about. Falletti illuminates that "Extensive processes are those that connect cause and outcome

through one or more intervening variables. The process tracing starts with the cause and moves toward the outcome, while looking (or testing) for the (hypothesized) intervening steps" (Falletti 2016: 458). Falletti argues that this "forward-looking" *extensive* process-tracing approach reduces complex social and political processes to single intervening causal variables meant to predict a specific outcome, instead of describing all the sequential events that created the variable.

I used an *extensive* process-tracing method to pinpoint specific causal mechanisms and then used an *intensive* process-tracing method to "zoom in" and describe the sequential historical events that enabled the rise of the RTO industry. These historical sequences are compared with the empirical data from my ethnographic research in Idaho at an RTO store. According to Falletti, combining intensive process tracing with extensive process tracing is best suited to explain *how* historical sequences produce a causative effect, thus best suited to develop theory abductively (Falletti & Lynch 2008). As maintained by Falletti, "the greatest potential and comparative advantage of process tracing as a social science method lies in the analysis of intensive processes in order to uncover causal mechanisms" (Falletti 2016: 460). Therefore, this historical process-tracing approach that includes both inclusive and extensive methods provides the insights needed to develop predatory inclusion theory abductively.

### **Study Limitations**

This study is highly limited in its ability to make broad conclusions due to the small sample of RTO customers interviewed. Nonetheless, the evidence presented in this study is a near-perfect fit with predatory inclusion theory. I hope that the findings

presented in this thesis will encourage researchers to investigate other RTO stores as a form of predatory inclusion in the future.

## CHAPTER 5

### PREDATORY INCLUSION AND THE ALLURE OF RTO

The purpose of my study is to understand why people use RTO instead of availing themselves of lower-cost options and whether or not their actions can be explained by predatory inclusion and consumer culture. Toward this end, I interviewed 19 customers at one Idaho-based RTO firm. I find that RTO is an ideal fit for Charron-Chénier's (2020) predatory inclusion model. I also expand the boundaries of Charron-Chénier's model by linking it to pecuniary emulation (Veblen 1899). Moreover, I show how consumer culture creates the second precondition of predatory inclusion—the opportunity for predation.

Contrary to the most current literature regarding RTO customers' motivations, which asserts that customers primarily intend to use RTO as a lease and not a sales transaction (Jaggia et al. 2019), nearly every respondent interviewed (the one notable exception [William] was a participant intending to use RTO as a lease while in the Navy) claimed they intended to own everything they acquired from RTO. However, these findings stand in congruence with the FTC's previous survey that found most RTO customers intend to own what they obtain from these stores (Lacko 1999). In fact, except for the one previously mentioned (who later used RTO with the intent to own), every respondent interviewed fit all four components of predatory inclusion in varying degrees, as I will show in chapters 5 and 6.

Predatory inclusion involves 1) exclusion from the traditional means of acquisition; 2) opportunities for predation; 3) targeting a vulnerable audience; 4) initial access followed by long-term problems. This chapter will show that customer experiences illustrate how RTO follows the first two components of the predatory

inclusion model and *how* it utilizes the embedded consumer culture in the United States to attract disadvantaged social groups into signing high-interest contracts over choosing cheaper options. Chapter 6 will show how the last two components of predatory inclusion, targeting disadvantaged social groups and long-term problems outweighing the short-term benefits, describe nearly all participants' experiences.

### **Exclusion from Traditional Means of Acquisition**

According to Charron-Chénier (2020), the first component of predatory inclusion is exclusion from standard means of acquisition for goods and services. As illustrated in Chapter 3, one means of exclusion is through credit scoring. Correspondingly, every respondent except one claimed they used RTO either because they were first excluded from traditional credit markets or did not have the cash to purchase at retail cost or some combination of both. However, twelve of the nineteen respondents specifically said that "bad credit" was the primary reason they initially chose to shop at RTO. Only three respondents claimed that their credit score was damaged by "poor decisions" when they were younger. Overwhelmingly, people claimed their "credit score took a hit" because of overlapping issues related to a sudden divorce, medical debt, and student debt before choosing to shop at RTO.

#### ***Divorce Leads to RTO***

The most common reason for having bad credit that participants said lead to using RTOs was a "nasty divorce." Eight respondents specifically pinpointed divorce as the main reason why that, as one respondent (Gretchen) put it; their "credit sucks balls." For instance, Tina, a single mother working as a certified nursing assistant, who first acquired

a refrigerator, complete king-size bedroom set (including a headboard, bed frame, mattress, nightstands, lamps), and 55-inch big-screen television with an entertainment center from RTO, provides a clear example of the first process of predatory inclusion in RTO. Tina disclosed that the primary reason she chose RTO for these items instead of going somewhere else was that "I had gone through a divorce and tried to rebuild my credit. That's kinda, you know, a messy thing, and I really just didn't have the money up front to pay for something like that." Tina claimed that not only did her husband take most of the furniture when they got divorced, but he also took the refrigerator. I asked Tina how the divorce ruined her credit score and prevented her from getting these items from someplace else, and she divulged that "I took the house here in Boise, he took the house in Rupert [Idaho]." (Boise and Rupert are about three hours apart, and Boise is a significantly higher cost of living city.) Although Tina was initially happy about getting one of the two houses in the divorce, she found herself responsible for the entire mortgage payment, which caused her to get behind on credit card payments they both had accrued during their marriage. Tina said her ex-husband "made six figures" and paid for most of the bills before the divorce, causing her to struggle financially without his income after the divorce. She explains:

*Well, because when you go from my ex-husband who, he's a long-haul truck driver, when you go home from a very large income to just myself, which I didn't make nothing, like less than \$15 an hour, been at the same job for a lot of years, and then trying to, you know, pay my mortgage. I still had credit cards, you know, that I needed to pay.*

Because of the financial stress from the divorce, Tina said she stopped making payments to the credit cards, which damaged her credit score. She rationalizes, "I just kind of prioritized, you know? Paying the mortgage and having food and the gas and electric, you know?" Of course, this prioritization of using RTO over cheaper options also has to do with a middle-class lifestyle she admits to having before the divorce that RTO allows her to maintain even though her finances cannot support it anymore. Because, as she explicates, going through a divorce is "extremely hard and when you go from somebody making over a hundred thousand dollars a year to now you're, you know, making poverty." As Tina's example shows, a messy divorce can make it increasingly difficult to prevent a credit score from being damaged in ways that make RTO seem like an attractive alternative, especially for people used to a comfortable lifestyle.

To help with the bills, Tina's moved her elderly mother in with her, but surprisingly this pushed her to use RTO more rather than less. For example, Tina got an additional "power" recliner and couch equipped with an electric motor that can adjust the furniture in different positions at the touch of a button. She said she had to replace her mother's previous living room furniture because:

*...when someone's older, the recliners [she already had] weren't, didn't work for her [mother] to be able to, she had surgery so she couldn't push the flip part down to make it click in with her legs because her knee doesn't work real well. So, we had to go to something else. And that [RTO] was kind of our option right at the moment was, you know, based on finances was a recliner and a couch.*

These power furniture sets, which include power bed sets, were popular among the elderly and disabled when I worked at the RTO chain in Idaho and were the store's most expensive furniture items. Tina's personal and financial precarity provides an obvious example of how the many complex problems that come with going through a "messy" divorce can exclude people from using traditional credit markets and severely limit their ability to save the cash to buy items at retail cost. In turn, making RTO an increasingly attractive option, the more personal and financial precarity grows. As revealed by Tina when I asked her if she would have still used RTO if she had never gotten a divorce, she said, "Nope. We wouldn't have because we did RC Willey [a retail furniture chain]. We paid cash."

Unfortunately for Tina, divorce was not the only reason she struggled financially and had difficulty rebuilding her credit. As Tina explains, "I had ankle surgery in October. I haven't worked since the middle of August, although I'm making more on unemployment than I am working my full-time job, when I was working a full-time job. So, there's that." Tina's implicit indictment against her employer that she is being paid more in unemployment than at her full-time job is evidence that wage stagnation plays a role in reducing her options to shop elsewhere. However, more explicitly, Tina's story shows that financial exclusions from traditional credit markets can not only arise from people having damaged credit scores associated with divorce but also from those struggling to pay their medical debt.

### ***Medical Debt Leads to RTO***

Four respondents described their medical debt as playing a critical role in pushing them to use RTO. In one particularly clear case, Rick, a "type one diabetic," used RTO after recently getting married and acquired a complete dining room set, bed set, living room set (couch, love seat, and recliner), 80-inch television, and a computer. Rick, who is now twenty-five years old, explains:

*So, when I found out I was diabetic, I was 20 years old living on my own. I didn't have a decent job, you know? I had a lot of doctor bills that piled up on my credit just because I was young and didn't have a good paying job. The very first year that I found out I was diabetic, I could not use my health insurance for it because it was a pre-existing condition. So yeah, my credit score took a hit there.*

Nevertheless, just like with Tina, Rick's story plainly shows how medical debt from a condition entirely out of his control has also excluded him from traditional credit markets and pushed him toward using RTO. For example, the damage to Robert's credit score stems from his "doctor bills going to collections because I'm not able to pay it," which is further amplified by more recent medical problems. As Robert explains, "I also have a fused wrist, which was also something kind of like, I couldn't help it. It wasn't like I went out and broke my wrist. It was a weird thing; one of my bones in my wrist died. And so, I've actually had like four surgeries on it now." These surgeries, plus prior bills stemming from his diagnosis of type one diabetes, have put Rick in a highly precarious financial situation that has excluded him from using cheaper financing options. As Rick makes clear, "I probably wouldn't have been [an RTO customer] if I wasn't a diabetic."

### ***Student Debt leads to RTO***

Three respondents said that student loan debt was also responsible for damaging their credit score, further excluding them from cheaper financing options. Such as, Charlene, a single mother of two with "one on the way" who recently finished nursing school, said that her credit was damaged from "x-rays and stuff, and I didn't have insurance" and that she "can't get a credit card to jump my credit up." Charlene disclosed that she has been struggling to pay her medical bills for "The last like four years, five years, for x-rays." However, Charlene, who got a washer and dryer, "a whole living room set," bed sets for her kids, and a laptop from RTO, said that the main reason she had bad credit was that "I have student loans that affect my credit really bad and a lot of places that I have applied for that run on credit I get denied because my credit." For illustration, Charlene describes what happened when she tried to get items at a big-box retailer. She said, "I couldn't get a bed. I couldn't get anything there. And I was like, well, what am I supposed to do? So, going through [RTO], you know, they don't go off of credit and stuff like that. They go off of income. So, I'm like, that works a lot better." These findings strongly indicate that seemingly unrelated debts from divorce, medical debt, and student loans can push more people toward the high-interest contracts of RTO by excluding them from cheaper financing options for the same items that they cannot afford to pay for with cash.

### ***Living Paycheck-to-Paycheck Leads to RTO***

Every respondent agreed they were living "paycheck to paycheck" and that the RTO payment plans are "convenient" because it easily conforms to their employer's

payment schedule. For example, Roxanne, a married mother with four kids, said, "they have the payment plans, so, you know, it works with when you get paid and how often you get paid." This convenient payment plan was also referred to as "affordable" by most respondents. Of course, as will be explained in later sections, these payment plans only appear affordable in the short-term, not in the long term. Even so, as Roxanne explains, "in this circumstance we were in, you know, we were able to get what we needed and making those payment plans was the biggest option for us, you know? As a young married couple with little kids, you know, being able to use that option for us was the biggest pull." For all respondents, living paycheck-to-paycheck means their daily struggle is defined by constantly trying to meet short-term needs and not "having time" to pay much attention to long-term needs.

This hyper-focus on meeting short-term needs caused by living paycheck to paycheck manifested in the way most respondents described their inability to save. One example is Heather, a twenty-four-year-old postal worker and married mother of five who got a washer and dryer, couch, and a laptop from RTO asserted her inability to save was because, "Basically, just working paycheck to paycheck, taking care of kids. It's hard to save for much of anything for us right now." Moreover, this constant servicing of short-term needs that defines living paycheck-to-paycheck is further magnified when one's "credit sucks." This one-two punch of bad credit and living paycheck-to-paycheck are the primary mechanisms found in the data that excluded everyone interviewed from utilizing a cheaper financing option or purchasing at retail cost. As Heather divulges, "Honestly, they were all high dollar purchases, and at the time, we were in a really bad

credit situation, so we couldn't buy from a store. We didn't have the credit to go buy from the store, and we didn't have the cash. So, the payments were a good option." When I asked Heather if she would still use RTO if she got a raise or had better credit, she said, "Obviously, with most rent-to-own type things, the products are obviously more expensive than if you just bought outright. If I had the cash, I would just go buy the product outright." Heather's story embodies many of the respondents' stories, in which her exclusion from conventional credit markets and lack of savings from living paycheck-to-paycheck pushed her to pursue RTO as a viable alternative.

Moreover, all nine respondents who explicitly identified how divorce, medical, and student debt ruined their credit in various ways claimed they would not have used RTO if they had not gotten divorced or had medical and student debt. These findings leave little doubt that for these respondents, exclusions from traditional credit markets, often caused by a sudden blow to their previously established lifestyle, such as divorce, medical, and student debt, which define the first process of predatory inclusion, are fundamental mechanisms supporting their initial use of RTO. Perplexingly, however, only twelve of the nineteen (about 63%) respondents said that if they had better credit or better wages, they would no longer use RTO. As will be described in more detail later, this near even split is due to how RTO is perceived as beneficial to the participants, especially if it helps them re-establish (frequently temporarily) the comfortable lifestyle they had become accustomed to before the divorce, medical debt or student debt damaged their credit score.

## **Opportunities for Predation**

According to Charron-Chénier (2020), the second process of predatory inclusion is characterized by how after the exclusion, "an alternative provider enters the market and offers a close substitute for the original good or service. This alternative provider typically frames itself as expanding access to a valuable opportunity, and consumers indeed experience at least some initial benefits from the alternative product" (Charron-Chénier 2020; 372). My findings also support Charron-Chénier's (2020) framework by illustrating how RTOs create opportunities for predatory inclusion. However, my work extends the previous findings of predatory inclusion in student debt (Seamster & Charron-Chénier 2017) and payday loans (Charron-Chénier 2020) by illustrating *how* the inclusion RTO provides stems from its ability to include those excluded from traditional credit markets and struggling with a paycheck-to-paycheck existence into the embedded in the US consumer culture by enabling *pecuniary emulation*. For example, shocks to an established lifestyle that excludes people from traditional credit markets, like the previously shown exclusions caused by divorce, medical, and student debt, provide prime opportunities for RTO to swoop in and help them re-establish a comfortable lifestyle by enabling pecuniary emulation. The linking of predatory inclusion to pecuniary emulation is a novel contribution of my research.

### ***The Initial Benefit of RTO***

One way to show how RTO benefits customers, especially in the short term, is by illustrating how modern necessities are acquired quickly by people who could not afford them otherwise. Nicole, a single mother of two, who first utilized RTO for a "school

laptop," decided to also use RTO for a washer and dryer when the apartment where she lived at did not provide her one. Nicole explains, "I'm a single parent on a budget. I needed a washer and dryer because where we lived didn't come with one, and trying to rally up two kids and go to a laundry mat is like impossible."

As she later put it, Nicole is like most other respondents living, "paycheck-to-paycheck," who first used RTO to fulfill an immediate need they could not otherwise afford, but after using it, went back because they had a good initial experience. She clarifies:

*I got a computer, like a laptop, and I rented the laptop for almost a whole year. So, I ended up like putting in money on it right before taxes hit and then paid it off during tax season. So, I didn't actually have any interest on it. And that's the only reason I went back to them for the washer and dryer at that time. And I thought that I could do the same thing.*

Oddly, Nicole's perceived initial benefit from RTO is partially predicated on the false assumption she paid no interest because she only paid on it for a "whole year." However, even if Nicole bought her school laptop for the supposed "same as cash" price (usually set around ninety days) with her tax return, every laptop at the RTO store I worked (even the used ones) was marked well above the retail price. Nevertheless, this seemingly good experience is what brought Nicole back for a washer and dryer when her landlord failed to provide her with access to one.

Nicole's story reveals how people living paycheck-to-paycheck are squeezed in numerous ways, making them lead candidates to see RTO as a viable alternative. As Nicole illuminates:

*If you think about it, the timeframe of rallying up two kids [to go to a laundromat], one of my kids on the spectrum. So, just to get his attention, you know, it's hard and just to get him to sit down and put a seatbelt on and then, you know, putting everything in my vehicle. And at one point I didn't have a vehicle, also.*

Nicole is a prime example of how a single mother with two kids living paycheck-to-paycheck, who is constantly preoccupied with meeting her and her children's immediate needs, can initially benefit from RTO by helping her in a desperate time of need. Even so, as will be shown in more detail later, this initial view of RTO as helping in desperate times of need will drastically change for most respondents the longer they struggle to complete the high-interest contract. In Nicole's case, she ended up having to return the washer and dryer after paying on it eight months and ultimately regretted ever using RTO.

### ***RTO Enables Pecuniary Emulation***

The most striking finding among the respondents was how their shopping experience at RTO compared to shopping elsewhere allowed them to avoid feeling like a "second-class citizen." For every respondent, except for Nicole, shopping at RTO is attractive because it makes them not feel poor by facilitating the *pecuniary emulation* of getting "new" modern products, especially if it means avoiding getting "out-of-date" and

"gross" used products from secondhand stores. This near-unanimous finding of pecuniary emulation among respondents is found in both how the act of shopping itself at RTO, compared to when they shop at big-box retailers and traditional furniture stores, makes respondents, in varying degrees, avoid feeling like a "lower-class citizen" after being excluded from financing cheaper options. Also, respondents displayed pecuniary emulation in the way they saw RTO as rescuing them from feeling like a "second-class citizen" for having to use the "gross" secondhand store by enabling them to have access to "high quality," "new" items, that "match," and were "up with the times" instead of having to rely on "somebody else's junk." In these ways, the predatory inclusion of RTO takes advantage of the pecuniary emulation of its customers to increase profits.

### ***Spuriously "New" Furniture Peddled by RTO***

At the RTO store I worked at, we continuously delivered used furniture (including mattresses) to unsuspecting customers after Dan, a sixteen-year manager would deceptively tell them it was new. Anytime Dan could get away with it, he would tell employees to "make this look new" by having delivery drivers like myself clean used furniture and mattresses with a power washer, saturating it with Febreze. Likewise, we often had to scrub appliances by hand with paper towels and cotton swabs to clean stains and foodstuff saturated inside the nooks and crannies of used appliances. Usually, the first thing Dan would ask us after returning from delivery of a used item peddled as a new item was, "Did they notice?" Of course, some customers did notice the item was used upon delivery and called Dan immediately to complain, but Dan always tried to act like it was "a mistake" and then proceeded to bargain with customers by offering them a

discount on the used item until they were satisfied. Often, the customers reluctantly kept the used item. This dishonest tactic was seen as a success to Dan and to the delivery drivers I worked with because the overall backstock of used merchandise was frequently more substantial than this store could physically hold. During the over thirty months I worked at this RTO store, I was routinely told to relocate multiple sets of overstocked used furniture, including dining room sets, bedroom sets, and living room sets, to a storage facility a few miles away because the backroom was "full," or to dispose used merchandise at the local dump. Moreover, this RTO chain had multiple storage units all around the Treasure Valley stocked with a plethora of used merchandise.

Furthermore, most delivery drivers I worked with were happy if Dan "sold" something used instead of something new because a new item would require us delivery drivers to unbox and assemble furniture creating an obnoxious amount of trash from packaging, making the delivery far more labor and time-intensive. During my employment, no driver, including myself, told customers something was used if Dan instructed us not to do so. Embarrassingly, it was a running joke between us drivers how many times Dan had gotten away with pulling such a trick on trusting customers. Nevertheless, this RTO chain gave these respondents the feeling this merchandise was "new," regardless of whether it was or not.

### ***The Indignity of Exclusion***

Take, for example, Rose, a married mother of two who is an unemployed student that "never really had the greatest credit because I have student loans" and has been a customer of RTO for over three years. Rose has "supplied an entire apartment from

[RTO]," including appliances, multiple different sets of living room furniture, multiple bed sets, and several televisions. When I asked Rose if shopping at RTO was different from shopping elsewhere, she replied, "[at RTO] You weren't treated like a lower-class citizen just because you needed somewhere to go to make a payment with it because you couldn't buy it in the store because you had bankruptcies or no credit cards or no savings to fall back on. That's the biggest difference." Although Rose is not treated like a "lower-class citizen" when shopping at RTO, she admitted having completed "less than half" of the contracts and eventually returned most of the merchandise acquired from RTO. Nonetheless, this sentiment of not being treated like a lower-class citizen when shopping at RTO compared to a big-box retailer or traditional furniture store was echoed, in varying degrees, by nearly every (n=18) respondent.

An additional example is Judy, a senior citizen who has been a customer of RTO for five or six years, and, like Rose, has gotten numerous items from RTO; some items she paid in full and now owns, some items she willfully returned, and some were repossessed. Still, when I asked Judy what she currently has from RTO, she said, "Well, right now I have two televisions, I have a fireplace, I have a power recliner, a power love seat, a freezer, a washer, and dryer." When I asked her how shopping at RTO for these items is different from shopping elsewhere, she replied, "They [other retailers] just seem like, 'Oh, excuse me. Can I help you?' with their nose up in the air, you know? Well, 'Oh, well, I just don't think we can help you cause you just ain't got enough class, lady.'" For most respondents, this belittling feeling of not having "enough class" to shop elsewhere is relieved when RTO enables their pecuniary emulation through the immediate

gratification of quickly acquiring "new" products. As Judy explains, "I'll be honest with you, I was raised in a good home with a well-to-do mom and dad. And so, when I wanted something, I got something, and that's still ongoing. When I want something, I want it now, then I wait and try to figure out, oh shit, how am I going to pay for that?" Judy's pecuniary emulation surprisingly represents most respondents' overall attitude. This evidence indicates that a big part of RTOs allure is not simply derived from giving those in precarious personal and financial circumstances access to goods and services they otherwise could not afford. RTOs attraction is also about how it enables pecuniary emulation among those social groups excluded from the broader embedded consumer culture in the US without it.

### ***Secondhand is Second-Class***

According to most (n=18) respondents, RTO also enables their pecuniary emulation by saving them from relying on the "poor quality" merchandise at secondhand stores once used by supposedly "unhygienic" locals that make them feel "a little bit less than if that makes sense at all." For example, seventeen of nineteen respondents claimed they refused to use a secondhand store for furniture because, as one respondent (Jason) stated, "you don't know what people have done on it." According to the APRO, furniture comprises the largest percentage of the merchandise acquired from RTO stores across the US (APRO 2015). The other two respondents said they never thought about using a secondhand store for furniture. However, in various ways, all respondents expressed how shopping at a secondhand store made them feel, as one participant (George) put it, "like a second-class citizen, so to speak (laughs)."

For example, most respondents revealed that RTO enables their pecuniary emulation by allowing them to get new products that were "up with the times" and avoid the "ugly" and "out of date" used items at the secondhand store. To illustrate, Gretchen, a middle-aged single woman who initially used RTO because of bad credit from a "nasty divorce" and "a lot of medical debt," and has been an RTO customer for "a long time," said the reason why she did not look for cheaper items at secondhand stores instead of shopping at RTO was that, "We don't have that many secondhand stores [in Ontario, Oregon]. And when we do, you don't find that quality. You find more of the true secondhand, ugly \$40 couch with flowers all over it or something, you know? You don't find what I was buying there [at RTO]." Gretchen's dismissive attitude toward the "ugly" used \$40 flower couch at the secondhand store represents the overwhelming consensus among respondents. The only exception to the pecuniary emulation expressed, in varying degrees, by the participants was Nicole, who got "the cheapest washer and dryer that would fit in her apartment" and insisted she did not care what kind it was or whether it was new or used. In this way, she was accurate, telling me she would be "the most frugal customer you will probably talk to."

### ***RTO Enables the New American Dream***

Many scholars agree that "building a family" and purchasing a home are fundamental to chasing the increasingly illusory mystique of the "American dream" (Hacker 2019; Moen & Roehling 2005; Rohe 2007), historically based on idealizing indulgent materialism and masquerading it as necessary for all (Chomsky 2017; Herman & Chomsky 1988; Cullen 2004). Moreover, the near-unanimous refusal by the RTO

customers I interviewed to see the used goods from secondhand stores as a viable alternative indicates that today's American dream also includes buying new, "high quality" furniture and electronics, regardless of financial or personal cost. Rick's story, for instance, provides the clearest example of how secondhand stores are often not compatible with the respondents' version of the American dream because they only carry "out-of-date" used items. (Incidentally, out of all the respondents, Rick is the only respondent that claimed never to have given back merchandise and owns everything he got from RTO.)

When I asked Rick why he did not look at a secondhand store rather than shop at RTO, he said, "I just felt better about buying new instead of getting used." As Rick, who, as previously stated, acquired an 80-inch television and laptop and furnished his entire house with furniture from RTO, explains, "we had just bought our first house, so we were looking for something that was new." I followed up with Rick by asking him why he did not try to get some of this furniture at a secondhand store. He said, "You know, with couches and loveseats. You're not going to get a set at a secondhand store. I mean, you can go to a furniture secondhand store and get probably an out-of-date furniture set, but you're still not going to get one that complete." I pushed back by asking, "What about the money it would save you?" Rick retorted, "It's [Secondhand store] probably a little bit less, but it [RTO] offers the payment plan, so." For Rick, like most other respondents, the pecuniary emulation of getting new, "complete," and modern commodities that "conveniently" fits his paycheck-to-paycheck routine was far more important than saving money by going to a secondhand store.

Rick also implies that the pecuniary emulation enabled by RTO is necessary to achieve not just his version of the American dream but the one he shares with his new bride. For instance, when I asked Rick what his new wife would say if he suggested going to a secondhand store, he replied, "She probably would have said 'really?' and then we would have went to [RTO]." For families in situations similar to Rick's, who are struggling with various kinds of personal and financial troubles, excluding them from traditional credit markets (in Rick's case, unpaid medical debt), RTO enables the pecuniary emulation necessary to feel like people have achieved their American dream no matter the long-term cost. However, it is worth repeating that RTO is still considered less than ideal by the customers who use it. As Rick confessed, "I probably wouldn't have been [an RTO customer] if I wasn't a diabetic."

### ***Secondhand is Sickening***

In another near-consensus finding, seventeen respondents claimed that they also did not shop at secondhand stores because they were worried they only had unsanitary products. Returning to Gretchen's story, who over the years said she has obtained, "Living room furniture, refrigerators, beds, dressers, rug, wall clock. I can't tell you all, I mean, probably if you see my living room furniture, probably multiple sets, multiple times. A washer and dryer, a few refrigerators, a lot of things" from RTO. When I asked her, "Why was a secondhand store not a good place to find at least some of these items?" she replied, "The cleanliness of it and the condition, because I want certain things. And not that I didn't ever buy things there [RTO] that weren't slightly used, but, like, for the most part, you want it, like new, especially a bed and certain things, you want the

condition to be good." This perceived lack of cleanliness and poor quality found at secondhand stores was reverberated, in varying degrees, by nearly all respondents.

Perhaps the most stunning example of how many respondents viewed secondhand stores as being "unclean" is how four respondents specifically were afraid of infecting their home with bedbugs and lice if they used a secondhand store. For example, Sherry, a married mother working as a correctional officer, who has used RTO for her family's "whole household furniture at some point in time (laughs)," says, "I won't buy anything at secondhand. You know, call me stuck up or whatnot, but something about the possibility of bedbugs or body lice or head lice or any of that kind of stuff." For respondents like Sherry, RTO provides them a way to avoid the "nasty stuff that goes around" that is supposedly hyper-present in their neighborhoods. As Charlene, the single mother of two who had her credit damaged from student loans and who lives in the same town as Gretchen puts it, "I don't know if you've been Ontario, Oregon? It's not the cleanest place. There's like, there's bedbugs, lice. It's bad." Regardless of how much evidence there is to justify these respondents' fear of bedbugs and lice, there is no doubt that RTO is a place that relieves their fears of feeling like a second-class citizen for having to shop at a "gross" secondhand store by enabling the pecuniary emulation of getting new merchandise. Because as Sherry insists, "Yeah, I'm a very hygienic person."

### ***Secondhand is Junk***

For many participants, there is another fear relieved by RTO that "scares" them about secondhand stores, which is the *perceived obsolescence* of products from secondhand stores. William, for example, first utilized RTO to fully furnish an apartment

when he was in the Navy with the intent, as he stated, "to rent, I didn't want to own." Nevertheless, this initial good experience that allowed William to "have a social life" for the eight months he was stationed in Florida is what prompted him to use RTO later when he finally came back to Idaho. William said when he came back "as a civilian," he fully furnished his new apartment in Boise from RTO, including getting a 60-inch television, washer and dryer, and a laptop. When I asked William why he did not purchase some of these items at secondhand stores before going to RTO, he said, "I would never take something that's been used by somebody else." After I probed, "Why?" he confessed, "I would be scared. I was very scared at the time thinking, nah, I don't want somebody else's junk. How old is that? That could break down. Is there any guarantee? I am really skeptical about used things." I persisted in following up with William by asking him if he was sure the items he got from RTO were new. He said, "Hell, now that you mentioned that, I never saw the washer and dryer come out of the box. It certainly looked new. There was no scratches on it. But for sure, I cannot tell you whether the TV or the washer and dryer were brand new, the condition on 'em. were like new, you know, you're right. I have no way of knowing whether they were [new]."

Nonetheless, similar to William, most respondents felt RTO gave them, as William put it, "peace of mind" that the supposed new products from RTO would not "break down," unlike the used products at the secondhand store. Furthermore, every respondent said that RTO was appealing because they would "fix" or replace anything that broke before the contract was paid in full. In this way, the perceived obsolescence of used goods at the secondhand store can make the pecuniary emulation enabled by RTO

an attractive option for financially excluded groups who want that "peace of mind" that comes with "new" products so that consumers do not have to rely on "somebody else's junk." Unfortunately for William, it did not matter how good the quality of the new merchandise was at RTO, or whether they would fix or replace it if it broke, because he had to return all the merchandise within a year, including the 60-inch television and the laptop, which were the last items he returned.

For almost all respondents, the pecuniary emulation enabled by RTO gives them a way to relieve (at least initially) their various insecurities and fears that start once they become excluded from traditional credit markets and navigating the daily grind of living paycheck-to-paycheck. The evidence from these respondents demonstrates that a fundamental causal mechanism for the effectiveness of predatory inclusion found at this RTO chain in Idaho is how it enables the initial benefit of having "peace of mind" afforded by the pecuniary emulation of attaining supposedly "new" products. This finding is particularly evident in how the fear and insecurities of shopping at a "gross" local secondhand store or being treated like they "don't have enough class" at a traditional furniture store or big-box retailer are relieved by shopping at RTO. This relief comes primarily from the way respondents avoid getting "out-of-date" and "gross" used "junk" from a secondhand store and how RTO enables them to obtain "new" and "matching" merchandise, they would otherwise not be able to afford. Although admittedly a tiny sample of RTO customers, these nineteen interviews reveal some reasons *why* certain people use RTO instead of a secondhand store. Nevertheless, precisely *how* RTO utilizes the embedded consumer culture in the US to make pecuniary emulation not just "easy"

but tantalizing for those excluded from cheaper financing options and living paycheck-to-paycheck is still opaque.

### **The Seductiveness of Pecuniary Emulation at RTO**

To further clarify *how* this RTO chain takes advantage of the embedded consumer culture in the US to create opportunities for predatory inclusion, my findings highlight how the relief RTO provides by enabling pecuniary emulation has much to do with how this business also empowers customers to express their *consumerist ideology*, for which they would otherwise be excluded. As detailed by Pugh, a "consumerist ideology" is based on a worldview in which "individual desire fuels the quest for its perfect satiation" with commodity purchases (Pugh 2013: 302). According to Pugh, this consumerist ideology, based on the pecuniary emulation of satiating personal desires through commodity purchases, is best revealed by how the *choice, authenticity, and replaceability* of commodities (including people) in a capitalist market growingly defines "what it is to be human in a consumer society" (Pugh 2013: 311), especially in the United States.

Pugh found that among fifty families living in metropolitan areas of Washington, DC, and Virginia, the more entrenched they were in the United States' growing "insecurity culture," the more they tried to solve their fears and anxieties by embracing a consumerist ideology. As Pugh explains, "The rise of 'insecurity culture' – through the spread of job and relationship insecurity– increases the uncertainties that consumer culture must assuage" (Pugh 2013, p.297). Remarkably similar to the conclusions by Pugh, my findings also uncovered how "People immersed in insecurity culture... were

similar in the degree to which they called on the consumerist ideology" (Pugh 2013:311). At the RTO chain that I investigated (primarily in Idaho, but in eastern Oregon as well), virtually all respondents called upon the consumerist ideology to solve their various anxieties after being excluded from the embedded consumer culture in the United States by traditional credit markets and the perpetual precarity from maintaining a paycheck-to-paycheck existence. In other words, the consumerist ideology uncovered by Pugh on the east coast of Virginia and Maryland is in strong congruence with the consumerist ideology I found with RTO customers in Idaho and Oregon in the West.

### ***The Primacy of Choice***

According to Pugh, the "primacy of choice" is the first way the consumerist ideology relieves anxieties through commodity purchases in the embedded consumer culture of the US. Pugh clarifies *the primacy of choice* "relies on the notion that individuals should have choices, should be able to choose and that their choice has a certain sacredness, because it is theirs to make" (Pugh 2013, p. 301). In the case of RTO, eighteen of the nineteen respondents described in elaborate detail how RTO gave them the greatest range of choices in their commodity purchases and thus was best suited to solve their insecurities and fears of being excluded from the embedded consumer culture. In other words, the first component of the consumerist ideology uncovered by Pugh with US families on the east coast in Maryland and Virginia is in almost perfect congruence with the data I have gathered from RTO customers near the west coast in Idaho and Oregon.

For example, Barbara, a single mother of two who works at Walmart and has been an RTO customer for five years, said what she liked most about RTO was that "if I wanted to, I could go on a little shopping spree for the kids since I can make monthly payments." Barbara disclosed that she currently is paying for three separate bedroom sets for herself and her children, a 55-inch television, a PlayStation, and an Xbox from RTO. Barbara said that she started using RTO because her credit became damaged after her divorce and that the father of her children provides "no child support" to help raise their children. Furthermore, Barbara said she had difficulty saving because "Working at Walmart after being there for five years I only bring \$2000 home monthly." However, Barbara did try to get cheaper financing options through a traditional furniture store before going to RTO, but, as she explains:

*I got denied. So it kinda sucks, you know, going in having a job and thinking you're able to get things that you want, but some companies are really strict on their policies and stuff like that. And, I feel like these guys [RTO] really made it easier and as far as getting what I need and want.*

Representative of most respondents, Barbara's story shows how RTO accommodates the primacy of choice for commodity purchases after being denied access to cheaper financing options.

Ironically, when I asked Barbara how shopping at RTO was different from other places, she said:

*You go into Walmart, and you ask them like, 'Hey, where's this, that?' And they'll direct you. But as far as going into those kinds of furniture stores [RTO], you*

*know, they ask you questions. You know, when I was getting the bedroom set, for instance, you know, they asked what kind of style I like or color. And, at that point, and I didn't know what I wanted or what color I wanted. I just wanted an upgrade from a queen to a king. And they just, from there, you know, they just showed me a bunch of pictures that they had, that they didn't have on the floor. And I ended up liking one of the selections that they had available, and we went from there.*

Once again, representative of eighteen out the nineteen respondents, Barbara felt that the best aspect of RTO, unlike traditional furniture stores and big-box retailers, is how it easily accommodated her ability to choose "what I need and want."

### ***The RTO Promise of Unlimited Choice***

However, what Barbara's story also reveals is how people subjected to the growing insecurity culture of the United States, who see RTO as a viable alternative, are further enticed by how RTO does not limit their choices to what they can find on the showroom floor. Gretchen, for example, explained that "traditional furniture stores have a lot of merchandise there, but I feel like even though [RTO] has a smaller showroom floor, I have a bigger showroom floor by looking online and seeing what I really want." For Gretchen, Barbara, and most other respondents, not being limited in their commodity choices by only what they see on the showroom floor, and being able to shop online for more options, is a vital way RTO attracts those who would be excluded from the embedded consumer culture without them. Those who are not excluded from the traditional credit market can shop a range of furniture stores that will offer multiple fabric

choices and a whole line of online goods that can be ordered. But for the RTO customers, whose alternatives are secondhand and (sometimes) big box stores, only RTO offers them a wide range of goods.

Moreover, RTO facilitates the primacy of choice in the market by not even limiting its customer's options to what they find on the showroom floor or online. As many respondents described, RTO also facilitates their primacy of choice by increasing their options beyond what any particular RTO store they happen to be close to has in stock. As one participant (Kiki) illuminates, "I mean, they have stores all around, so one store doesn't have it, I can go to another store and see if they have something." Additionally, the primacy of choice at RTO is further expanded by special ordering whatever a customer wants. As Judy disclosed, "I love leather, and so I asked them if they happen to have a leather power love seat, and they said, 'No, but we can get you one.' So, they did; they got us one." Hence, whether or not an RTO customer finds what they want on the showroom floor or online, for most respondents, RTO facilitated their pecuniary emulation by making it "easy," in various ways, to choose what they wanted whether they had it in the store, at another store, or if they had to special order it. While this special-order feature, similar to online ordering, is not unique to RTO, these options are obviously out of reach for those who lack the funds or credit to explore other possibilities. Otherwise, as fourteen of the nineteen participants admitted, they would not use RTO if they could "afford" to go someplace else.

Included in the various ways RTO makes it "easy" and alluring to get whatever customers desire is the sheer speed of attaining items at RTO. For all respondents,

including Nicole, the "instant gratification" of receiving commodities is an integral part of how RTO accommodates and maximizes the primacy of choice for their customers. Exemplified by Rose, who said what she liked most about RTO was "the fact that it was easier and quicker for faster gratification of having it." All respondents agreed that the quickness of delivery and installation was an essential part of the attractiveness of RTO and increased their primacy of choice in the market, thus appealing directly to a consumerist ideology. In all of these ways, RTO entices those victims to the growing insecurity culture in the United States by accommodating the primacy of choice for commodity purchases in ways other department stores, whether traditional furniture stores, big-box retailers or online furniture stores, often do not for the credit and cash poor. So, for these respondents, RTO enables their stress-relieving pecuniary emulation by maximizing the primacy of choice integral to the consumerist ideology in the embedded consumer culture for which they would otherwise be excluded.

### ***The Fealty of Authenticity***

Still, the prevalence of this first component of the consumerist ideology with the participants I talked to only represents one way the predatory inclusion of RTO uses the embedded consumer culture in the US to facilitate and make attractive pecuniary emulation to increase its profits. Another way the predatory inclusion of RTO takes advantage of the embedded consumer culture by enabling pecuniary emulation is how it appeals to the second component of the consumerist ideology, "authenticity," as described by Pugh. Pugh expounds that *authenticity* in the embedded consumer culture of the United States is when:

*...individuals are thought to make a good choice when they know their own unique desires, an outgrowth of their identity. The pursuit of self-knowledge is thus integral to the market; the expression of that self-knowledge through choice is a fundamental tenet of the consumerist ideology. Consumer culture marries the drive for the authentic self to its expression in commodities (Pugh 2013: 301).*

In the case of RTO, the authenticity that marries a "good" commodity choice with how that expresses one's "authentic self" is first evident in the way the previously discussed "friendly" customer service aspect of the Talley turnaround procedure (TTP) made respondents feel, as one respondent (Barbara) poignantly stated, "like I was an actual consumer, a human being." Secondly, RTO also was found to appeal to respondents' authenticity by the way they help make their home "feel like a home," as another respondent put it.

### ***You're an Authentic Human Being at RTO***

Heather, who is the previously discussed married mother of five who works as a postal worker, told me that when she first entered the RTO store, "They had somebody immediately greet us, came around, walked around with us, showed us the options they had. One of the times we were in there, I believe it was for the washer and dryer, they showed us a couple of their online products, too, that they didn't have in stock at the store to kind of give us more options. So, I mean, they were, as far as their customer service, before the sale, they were great." However, the customer service at this RTO was not so great after the sale, as described earlier. Heather reiterates that soon after receiving the washer and dryer, couch, and laptop from RTO, she got behind on payments. As soon as

she got behind, RTO was "Not as helpful. Once I had issues, had late payments, then they were pretty on top of us about it to get it in." Nonetheless, nearly all respondents (n=17) talked about how much more "accommodating," "friendly," and "personable" the customer service staff was (primarily only before becoming a customer) and how that was so much better (largely only initially) than shopping at other places which, as Heather put it, " just kind of ignored us."

For some respondents (n=7), such as Gretchen, the fact that at RTO, "they know you, they know about you, they call you by name, they know who you are" is worth any hardships that may come with trying to keep up the high-interest contracts, or the worry that you might lose "your stuff" if you get behind on payments. Barbara, who represents the strongest example of how RTO appeals to her authenticity as an individual, said that the customer service at this RTO chain makes her feel like "I wasn't just a dollar sign to them. I felt like I was an actual customer, a human being." Gretchen and Barbara are two of the seven respondents who insisted that they would still use RTO even if they had better credit or better wages. Even though all seven respondents described, in varying degrees, several hardships caused by trying to keep up with the high-interest payments, they all felt it was completely worth it because of how RTO respected their authenticity as an individual. As Gretchen says, "I don't mind paying a little extra just because of the way that you were treated when you walked in, how good they were about taking care of things." And Barbara piles on that "I think that's what's more important is that they see me as a person and a friend is how I'm seen, instead of just a dollar sign." However, this RTO store's "friendly" customer service, inspired by the aforementioned TTP, is just one

way the predatory inclusion of RTO entices poor and disadvantaged people to express their authenticity in the embedded consumer culture through pecuniary emulation.

### ***RTO Speciously Authenticates Poor Families***

A second way that the predatory inclusion of RTO utilizes the consumerist ideology of authenticity to entice pecuniary emulation among those who would be excluded from the embedded consumer culture otherwise is how RTO helped the participants express their authenticity as a family unit. For example, Amy, a twenty-year-old waitress who recently got married after having a baby, got a 60-inch television and a "fancy" couch that was "more updated" because it "had, like, recliners in it." She decided to use RTO because "it's the only option to do a big kind of purchase together, I guess, as a family and went there knowing that we would be approved." For Amy and all other married interviewees, RTO did not just help them express their authenticity as an individual but also as a family.

Overall, seventeen out of nineteen respondents described in intricate detail how the customer service at this RTO chain in Idaho, inspired by TTP, was (primarily only initially) "amazing" because they made them feel like "a human being" and also enabled them to make "the big family purchase." The evidence from these seventeen respondents in Idaho and Oregon shows that the predatory inclusion of this RTO chain relies heavily on appealing to the second component of the consumerist ideology, authenticity, to entice poor and disadvantaged people into the pecuniary emulation that will include them in the embedded consumer culture.

### ***The Replaceability of Responsibility with RTO***

The last component of the consumerist ideology that helps RTO enable pecuniary emulation among those with bad or no credit and living paycheck-to-paycheck and further seduces them to sign their high-interest contracts (most often to their admitted long-term detriment) is through what Pugh calls *replaceability*. The author explains:

*The consumerist ideology relies on Marx's notion of commodity fetishism, or the rendering invisible all the particularities of place, history and the relationships that serve to create the individual [or commodity]. The replaceability of people [and commodities] is based on the obliteration of the contexts that shape produce us, as consumer culture unmoors prior relationships, norms and obligations in service to the constant choosing of the new (Pugh 2013: 301).*

Besides the obvious benefit of "fixing" or replacing the merchandise RTO provides when something breaks down during the contract. The replaceability component of the consumerist ideology among the respondents was revealed most plainly by twelve of the nineteen interviewees who described how RTO let them replace merchandise if "they didn't like it" or if they wanted to "experience something new" by allowing them to transfer payments already made on one commodity to another. For these twelve participants, this replaceability feature offered by RTO seemingly "obliterates" their "responsibility" to consider the overall cost, the labor involved with pickup and delivery, the production necessary to create new products, or the storage and disposal of used merchandise.

Tina, an example, who is the previously discussed single mother working as a CNA (certified nursing assistant), told me that if, at any time during the contract, "If you don't like it," in her case, "it" means either the refrigerator, bedroom set, entertainment center, 55-inch television, power recliner, or power sofa she got from RTO, "you can have them come and get it and they will credit your stuff towards something else." This aspect of replaceability, in which payments are allowed to be transferred from one commodity toward another commodity if "you don't like it," was an attractive quality of RTO according to twelve of the nineteen respondents. As Rose explains, "when we would take and send something back because I wanted to upgrade, I usually always got a portion of what I paid in back." Rose said the reason why she wanted to "upgrade" was because "we would do it to experience something new, like, you know, a different type of TV, or we would do it to experience a new type of couch or, you know, it was an easy way to experience something without having to be responsible for a \$1,200 couch immediately." Gretchen reiterates that "I got one couch, and I'm like, just not, it's not comfortable, it's not working out, and they were great with coming in finding me a different one." In these ways, and others, RTO supports the consumerist ideology of replaceability that makes the pecuniary emulation of these respondents not only possible but highly attractive because, as Rose highlights, she can "experience something new...without being responsible for a \$1,200 couch" for which she otherwise could not afford.

Although the evidence of the third component of the consumerist ideology, replaceability, was less prominent among the respondents I interviewed compared to the

other two components, there is, nonetheless, a striking similarity between Pugh's findings with families near the East Coast and my findings with RTO customers in the West.

Thus, this evidence strongly indicates the primary method for *how* this RTO chain creates opportunities for predatory inclusion and attracts those living-paycheck-to-paycheck and who are excluded from cheaper credit options into pecuniary emulation is by appealing to the consumerist ideology embedded into the United States' consumer culture.

## CHAPTER 6

### THE CONTENTIOUS PREDATORY INCLUSION OF RTO

In this chapter, I will demonstrate how RTO fits the third component of predatory inclusion by revealing how all participants were targeted in various ways, including direct methods like flyers in the mail, driving by highly visible billboards explicitly soliciting the cash and credit poor, and living close to an RTO store. Moreover, many participants also described incidental styles of targeting like television commercials and RTO hosting "parking lot sales" that offer free food, drinks, and "great deals" to anyone in the vicinity.

I will further show that RTO corresponds with the fourth component of predatory inclusion by disclosing how the long-term costs of RTO undermined the initial benefits of its use, according to most participants (n=12). For example, the long-term use of the high-interest RTO contract caused some participants to put off more essential bills like utilities to make the "convenient" payment to RTO. Other participants experienced significant anxiety and fear about the possibility of "losing their stuff" if they got too behind on payments. Linked with these expressed anxieties and fears were constant "harassing" phone calls when they eventually became late on a payment. However, what connected all the negative aspects and escalated the longer most participants attempted to complete the RTO contract, was explicit and implicitly expressed feelings of disrespect when RTO eventually came "beating down their door" to either collect a late payment or repossess merchandise.

The data I gathered also confronts literature insisting RTO is not predatory or usurious because it is a "lender of last resort" (Jaggia et al. 2019) and poses little risk since people can easily return merchandise without further cost (Beales et al. 2012). I found most participants (n=16) did not consider RTO a lender of last resort and instead was primarily a way to express their consumerist ideology through pecuniary emulation rather than the last refuge to fulfill object needs for modern survival. Furthermore, most respondents (n=15) did not see RTO as less risky because nearly all (n=18) claimed they initially wanted to own the merchandise they obtained but were unable. Additionally, for a few participants (n=4) RTO's easy return policy only marginally reduced some of their risks while increasing other risks that manifested into hardships that made most respondents (n=12) regret ever using RTO. These findings expose the predatory inclusion of this Idaho-based RTO chain and give credence for further investigating RTO as a form of predatory inclusion in other areas.

### **The Targeting of RTO**

Similar to findings by the National Consumer Law Center (Highsmith & Saunders 2019), the RTO store I worked for is located near low-income trailer parks and apartment complexes. For example, there is a trailer park complex only one block away from that RTO store, for which I completed numerous deliveries and repossessions, as well as multiple deliveries and repossessions to three different low-income apartment complexes within a mile radius. Furthermore, all participants except for four claimed to be introduced to RTO through local advertising, television commercials, or simply being close to an RTO store. The four exceptions were respondents first introduced to RTO by

family members who were already RTO customers; two of the four said they first heard about RTO from their mother. These findings are consistent with the third component of predatory inclusion, in which "alternative providers specifically target the social group(s) experiencing exclusion" (Charron-Chénier 2020: 372) through both explicit and implicit commercial advertising. For instance, eight participants said they first heard about RTO through some variation of "TV, news ads, paper ads," with most of those stating they also "got, like, a little brochure in the mail."

### ***Driving into the Predatory Inclusion of RTO***

Seven respondents specifically said proximity to an RTO store is how they first found out about it, and every respondent agreed they "lived close" to an RTO store. For example, George, a recently divorced single father, got a 65-inch television and an entertainment center with "a little fake fireplace heater in it" for himself and a PlayStation for his son who, as he put it, "needed things to do" when he came to visit. George explains he "just drove by it [RTO] every night on the way home from work," and using RTO "was kind of a spur of the moment, quick, easy fix. Going through the divorce, I also didn't have the cash to just go out and buy those things." Not unlike George, many respondents stated they were introduced to RTO when they were "Driving by, saw that they really don't do a credit check. So, that's what got me into it." Consistent with other RTO stores around the United States, this RTO store in Idaho is located in a predominantly low-income area where those working paycheck-to-paycheck and those experiencing various personal and financial troubles, like credit damage from divorce, medical debt, and student debt, can be directly targeted (Highsmith & Saunders 2019).

### *Tacitly Targeted by the Predatory Inclusion of RTO*

My findings also show how nearness to RTO is not the firm's only reach. Eight of the nineteen respondents also said they heard about RTO from television commercials. This finding is not shocking (nor very interesting) since, as discussed earlier, basically everyone in the United States is subjected to the encompassing influence of the embedded consumer culture. However, more interestingly, this RTO chain also tacitly targets locals with "parking lot sales" in which merchandise (often previously used) is prominently displayed in the parking lot during the spring and summer months. These parking lot sales regularly include barbeques that offer potential and current customers free food and drinks regardless of whether they leave with any merchandise. For four of the participants, such as Gretchen, these parking lot sales attracted them to the RTO store even though they were not shopping for anything specific. As Gretchen states, it is "like a big party with food and drinks, there was the stuff out on the sidewalk on sale like really cheap, and they [RTO] will make you a deal on it." In my experience at this RTO store in Boise, parking lot sales often attracted many nearby residents to this RTO store, even though most did not leave with any merchandise.

However, during my time working at this RTO store, on many occasions, I would witness some people come to these parking lot sales for the free foodstuff and to "check out the deals," only to leave with something they did not originally intend to get. As Amy underscores, "So, we didn't necessarily go in there for the 60-inch TV," nor did she originally intend on getting such an "updated" and "giant" expensive couch. Amy said she and her new husband first decided to shop at RTO after driving by "Like a parking lot

sale, blowout thing. So, they had everything sitting out." After pulling in to check the sale, she said they initially looked at a previously used couch on display for "\$150 bucks or a couple hundred." However, once they looked inside the store, she admits, "I just remember feeling like excited." After looking at the other options inside, she reveals, "I was like, 'Oh my gosh, I'll have that in my house?' Like cool." Instead of getting the cheaper previously used couch from RTO, they decided to get the "big, giant thing of a couch" and a 60-inch TV because "It was just kind of almost impulsive." I followed up by asking her if they already had a TV. Amy said, "We already had a TV, so it was just kind of like a big thing as a family, impulsive. We moved out together on our own, had our baby thing." Unfortunately for Amy and most other respondents, this excitement did not last forever. As Amy confessed, "I wouldn't do that [shop at RTO] again, knowing, I guess kind of the repercussions of it." The repercussions Amy is referring to include giving back the "cool" couch after paying on it for "a good year." However, like many of the RTO customers that I dealt with while working for this RTO chain, Amy chose to pay off the TV with her tax returns and give back the couch. In a strange twist of fate, and a great example of the rent-confiscation cycle that I documented in my previous work (Cates 2019; Cates 2020), Amy explains that the couch they gave back was obtained from RTO by their neighbor in the same apartment complex. She discloses, "It was funny because it [couch] actually ended up being my upstairs neighbors, which was so weird, but it was, it was a cool couch, and it was like kind of up with the times." Amy's story shows well how RTO can not only directly target the cash and credit poor through geographical proximity, flyers by mail, and giant billboards assuring them that "this is the

store for you" (Cates 2021). But also, indirectly through the hegemony of commercial advertising in the US and, more intriguingly, through parking lot sales offering free food and drinks, creating more opportunities to target nearby cash and credit poor residents with the allure of pecuniary emulation.

### **The Contested Predatory Inclusion of RTO**

All participants explained in elaborate detail the many ways that using RTO caused hardships in their lives, with most participants (n=12) regretting ever using RTO. These findings are a near-perfect description of the last component of predatory inclusion. As Charron-Chénier elaborates, the fourth component of predatory inclusion is how "Despite any initial advantage it may provide, the alternative product carries significant costs and risks that, in the long term, are expected to negate the benefits [of] inclusion for consumers" (p.372). Most participants (n=12) expressed how continuing to pay the ostensibly "convenient" and "affordable" payments plans offered by RTO eventually nullified the initial benefit causing them to regret using RTO in the first place.

#### ***The Sacrifice of Convenience***

One way in which using RTO eventually negates the immediate benefit it provides is how the seemingly "affordable" payment plans offered by RTO eventually caused many customers to sacrifice paying other bills to pay the "convenient," yet relentless, weekly cost. As George explains, in order to keep up with his payments:

*I had to put my power bill off, you know, and it got to the point it was almost disconnected. So, there was definitely things, you know, putting other bills off to make sure that's paid because you don't want them beating on your door. So yeah,*

*there were a lot of things that I put off to make sure that payment was made, and then I told myself, 'yeah, I'll try to figure the other stuff out later.' You know, then next week the payment was due again, and so there was never a later that you were able to figure that stuff out.*

For all respondents, living paycheck-to-paycheck made the small initial payments seem affordable and convenient, but for most, the interest attached to the product became increasingly challenging to handle. For instance, only four participants claimed they completed the ninety-day same as cash deal on an item (but not on every item), and all customers said they tried to on every item. Furthermore, like eighteen of the nineteen respondents, George had to return merchandise because he could no longer afford it. Although George is only one of three (Kiki & William) respondents who claimed they "lost everything [they] put into it" and had to give back all merchandise obtained from RTO, only one respondent (Rick) said they ended up owning everything they acquired from RTO.

### ***The Fear of Repossession***

RTO also creates problems that often outweigh the initial benefit by how participants explained being constantly "worried" that RTO could come "beating on your door" and repossess the merchandise if they got behind on payments. For example, Kiki, a single mother who obtained a laptop, washer and dryer, a complete queen-sized bedroom set, and a dresser for her daughter from RTO, divulged that what she disliked the most about RTO was "just like the worrying about making the bill on time or else you might get your stuff taken back, which is not a good feeling (laughs). So, just worried

about making the payment on time and budgeting every single paycheck you get to make all of the bills." Unfortunately, for Kiki, like George, she had to return everything she got from RTO. As I have shown in my prior research, RTO often creates a rent confiscation cycle in the poorest parts of town that put a tremendous amount of stress on already strained cash and credit deficient workers and the disabled (Cates 2019; Cates 2021). Nevertheless, instead of showing how the stress from the high-interest contracts affects customers from the supply side, Kiki's story embodies how this feels on the demand side.

### ***The Harassment of Affordability***

Connected to respondents' worries about repossession from late payments is the constant bombardment of collection attempts that accompany it. Heather, the previously mentioned postal worker and mother of five, describes how when she got behind on a payment:

*...they kept calling me and I didn't answer because I was at work. And they immediately called my husband afterwards and after they didn't get what they needed from him, they called me back again. It was more just pushy, 'Hey, we need our payment. We can you make a payment? You have until this day to make a payment' kind of thing.'*

She further elaborated that this made her feel "Worried is the best word for it. It's not fun thinking about having your furniture repoed."

For others like Nicole, these constant phone calls about late payments were not just "pushy," as Heather described, but harassment. She expounds:

*Here I am getting all these harassing phone calls. 'Are you going to be in'" you know? Like the countdown for the whole week, it was like a daily phone call until that payment came in. And I just, I got so overwhelmed with it cause I was like, do I just block their number and then just go in and pay him when I, you know, when I'm due? Or, you know, what, if there's a recall? Then how are they going to reach me? You know? It's just the things that you have to think about. Do you really want the added stress of, of bad customer service, like consistently on you? Or do you want to just give their stuff back and just call it a day?*

Nicole, like Heather, ultimately decided the annoyance of constant phone calls was too much and gave back the washer and dryer that she had been paying on for eight months because RTO "started to get more combative than trying to help."

### ***The Disrespect of Falling Behind with RTO***

Although not explicitly stated by Heather or Nicole, these collection tactics employed by RTO often make these participants feel belittled, along with feeling anxious, fearful, and annoyed. In my own direct experience as a delivery driver, these obviously impolite and sometimes harassing level of phone calls customers experience were also accompanied by "trips," as it was commonly called at the RTO store where I worked. Trips are when a delivery driver is sent to a customer's house to collect late payments in person after persistent calls fail. Besides the additional "trip" fees attached to an already late payment, these trips had the implicit, but almost always, the explicit threat of immediate repossession if no money was obtained on the spot at the door. On most occasions, when customers answered the door instead of blatantly ignoring my knocking,

I had frustrated and angry customers yell and scream at me when I was sent to their residence to either collect payment or repossess "their stuff." On one notable occasion, after knocking on a customer's door to try and collect a late payment on a 50-inch television, the customer threw the television at me after someone else abruptly opened the front door for them. As a delivery driver, angry and frustrated customers became an expected outcome the longer a customer had the merchandise. Besides putting me, as the delivery driver, under tremendous stress, knowing I had to confront angry and frustrated customers repeatedly with trips. The contempt customers felt after being threatened with repossession was readily apparent, although only tacitly expressed, among most participants interviewed, especially the longer they were customers of RTO.

For instance, Melanie, a mother of four who works as a full-time caregiver and as a "property manager of a trailer park," asserts she has "paid probably 15 accounts off through them [RTO] over the last three or four years, from furniture on down the line." Further declaring, "at one point I was putting over \$1,300 a month into their store." Melanie exemplifies how those participants living paycheck-to-paycheck, who are obviously highly vulnerable to any unforeseen situations that could suddenly threaten their tenuous circumstances, can feel slighted when RTO threatens repossession without immediate payment. For example, in Melanie's case, the unexpected shock of Covid-19 caused her to become late with payments to RTO, compounding her anxieties and causing her to feel angry and disrespected when they threatened to repossess without payment. She explains:

*So, when the pandemic hit, I lost work because I'm a caregiver, and I came in contact with COVID. I did not get it, but you know, I work with the highly, you know, the susceptible ones. I work with the elderly. So, therefore, if there's a chance that I've been, you know, close to it, then I have to take the time off in quarantine and all that. And I couldn't make my payments. So, I told them, I said, listen, I'm going to be late on this payment. And he told me he was going to come and get my furniture. And I said, if you show up at my doorstep, I'm going to shoot you, plain and simple. I'll just shoot your ass because honestly, I've been with you guys for this long, and you can't even give me five minutes?*

Similar to Melanie, a few (n=4) other respondents also said that Covid-19 amplified their worries that RTO would repossess "their stuff," and in most cases (n=3), they did. Even so, Melanie's threat that she would "shoot" anyone from this RTO chain who tries to "get [her] furniture" is clearly an implicit admission of feeling insulted for RTO not giving her "five minutes" to make a late payment. This tacit yet ubiquitous feeling of disrespect after signing the RTO contract, typified by Melanie's story, was expressed by most participants in various ways and became further pronounced for those who were long-time RTO customers.

### ***Long-Term Costs of RTO Outweigh the Short-Term Benefits***

Aligning with predatory inclusion theory, most of the participants I interviewed (12) would not recommend RTO to a first-time customer. At the same time, only two participants would advise people to "steer away" from using RTO for "computers and electronics." However, most respondents agreed with Melanie, whose advice to possible

first-time customers of RTO was, "Don't do it. Don't do it. I'm telling you, I am, like, struggling to pay all these accounts off in a quickness because, by the time you pay everything off, you're getting ripped off." The evidence provided by these participants exposes the predatory inclusion of this RTO chain based in Idaho and suggests the need to investigate other RTOs as firms engaged in predatory inclusion.

### **The Role of RTO in the US Economy**

#### ***RTO as Lender of Last Resort for Pecuniary Emulation***

Previous scholars have pushed back against framing RTO as a predatory industry because they assert it is a "lender of last resort" for those excluded from standard payment options (Jaggia et al. 2019). However, my findings directly confront this assertion by asking customers if they felt RTO was a lender of last resort. Out of these nineteen interviewees, thirteen claimed they did not consider RTO as a lender of last resort (LOR) for any item they obtained, three felt it was only a LOR for the appliances, and just three felt it was LOR regardless of the item acquired. Overall, most participants (n=16) admitted they could have utilized cheaper options for televisions and furniture, but, as Judy sums up, the "want was more than the need." Although the participants I interviewed only represent a small portion of the millions of other RTO customers nationally, they provide contradictory evidence to the LOR theory put forth by economists currently researching RTOs in the United States. Most of the RTO customers I talked to confessed they used it primarily to express their consumerist ideology through pecuniary emulation, rather than temporarily facilitating their only way to meet the object needs for modern survival.

### *Is RTO Less Risky, Thus Not Usurious?*

Some scholars also dispute findings like mine by claiming that RTO is a rental company, and the ability to give back merchandise at any time makes the RTO transaction less risky for customers than payday lenders or cars-for-cash schemes and, therefore, RTO is not usurious (Beales et al. 2012). However, as stated in Chapter 5, every respondent, with one partial exception, wanted to own everything they acquired from RTO, but only one participant (Rick) did. When I asked these participants if the ability to give back the merchandise quickly made choosing RTO less risky, fifteen said it played no role because they planned on owing everything but could not. Because as Sherry highlights, "I wasn't planning on ever letting them go back," but after paying "\$1300" for a washer and dryer for "about a year," Sherry could not afford it anymore and did reluctantly return it. However, of those four that did see the ability to give stuff back as risk-averse, they viewed this aspect of RTO as only a post hoc benefit of not further damaging their already damaged credit after they could not keep some (or all) the merchandise they first acquired from RTO.

Furthermore, seventeen participants claimed they fully understood the risks associated with the long-term cost of completing an RTO contract but still used it to purchase, not lease. While again, these participants represent a small amount of the overall pool of RTO customers, this evidence contradicts the current theory on customer motivation regarding RTO put forth by economic scholars who assume that RTO is primarily used by customers to rent, not to own, and thus less risky and not usurious (Jaggia et al. 2019). Furthermore, this evidence indicates that the passing of the

Consumer Rental Agreement Act passed in 2012, forcing RTOs nationally to fully disclose the long-term cost of its contract, had little impact on averting these participants from the risk posed by the predatory inclusion of this Idaho-based RTO chain. The overall findings from this study expose, despite objections to the contrary, the predatory inclusion of this RTO chain based in Idaho and will hopefully inspire others to investigate other RTO stores for predatory inclusion in the future.

## CHAPTER 7

### CONCLUSION

This study explores why people use RTO instead of cheaper options by investigating whether their choices can be explained by predatory inclusion and consumer culture. I found that this RTO franchise located in the Treasure Valley is an ideal type of all four components of the predatory inclusion model, as recently laid out by Charron-Chénier (2020). Furthermore, I expanded the conceptual understanding of predatory inclusion theory in a new way by connecting it with pecuniary emulation (Veblen 1899), showing *how* consumer culture in the United States generates fertile conditions for expanding the second precondition of predatory inclusion—the opportunity for predation. These participants revealed how prospects for predation in RTO go beyond simply offering cash and credit poor populations access to middle-class goods and services. This study shows how RTO also makes pecuniary emulation seductive by appealing to the consumerist ideology embedded in U.S. consumer culture, thus generating more opportunities for predatory inclusion.

This study also challenges literature assuming RTO is not predatory because customers primarily use it as a lease, not a sales transaction; it is less risky because customers can quickly return merchandise with no further cost; and is a lender of last resort for distressed populations. Contrastingly, most participants in this study did not fit any of these assumed "rational" approaches to using RTO, thus exposing the predatory inclusion of this Idaho-based RTO chain.

## **The Four Components of Predatory Inclusion**

Table 1 (Appendix A) displays the four essential components of predatory inclusion found at this RTO chain in the Treasure Valley. In the first column, the findings for the first component of predatory inclusion—exclusion from the traditional means of acquisition—are listed. All participants (n=19) stated they were excluded from traditional means of acquisition before choosing RTO. The primary exclusion methods are found to be from "bad" credit, damaged mainly by divorce, medical debt, and student debt. Furthermore, every participant claimed to be living paycheck-to-paycheck, which made it difficult to save.

In the second column, the findings for the second component of predatory inclusion—the opportunity for predation—are listed. While nearly all (n=18) participants used RTO for a need (such as for a bed or washer and dryer), they also used RTO for pecuniary emulation in various ways. However, even when participants used RTO to meet a need, they admitted that they could have purchased the item more cheaply at a second-hand (and sometimes a big box) store but chose not to. Primarily, participants were shown to express pecuniary emulation in the way RTO allowed them to feel like they were getting "high-quality" "new" products and avoid feeling like a "second-class citizen" for having to rely on a "gross" secondhand store. Connected with this finding is the way most participants (n=18), in varying degrees, described the shame of feeling like a "lower-class citizen" for being denied credit at traditional furniture stores. Additionally, most respondents who were married (see Table 2 Appendix B) expressed pecuniary emulation by how RTO supported their version of the American dream by providing

them with "new," "complete," and modern commodities that "conveniently" fit their paycheck-to-paycheck routine.

Lastly, an additional finding of pecuniary emulation among most participants (n=15), although less pronounced, was how RTO relieved their fears and anxieties of perceived obsolescence by promising to "fix" or replace anything that breaks during the contract and enabling them to avoid getting "someone else's junk" from a secondhand store.

In the third column, the findings for the third component of predatory inclusion—targeting a vulnerable audience—are listed. All participants were targeted both directly and tacitly by RTO. Eleven participants stated that they were linked to RTO through some combination of proximity, visible signs, or flyers in the mail. Of that group, proximity was the most dominant method identified by the participants (n=8), consistent with the current writing on predatory inclusion. Four participants also claimed they were steered to RTO by friends and family members; two by their mother. Eight participants claimed to have also been tacitly targeted by commercials, and four participants said they were offered free food and drinks to come "check out the great deals" during a "parking lot sale" in the warmer months.

In the fourth column, the findings for the third component of predatory inclusion—initial access followed by long-term problems—are listed. In varying degrees (see also table B-2), all participants experienced problems the longer they were an RTO customer. These problems ranged from putting off more essential bills (utilities, rent, doctor bills, etc.) to pay RTO, making several payments on an item that is ultimately

repossessed, various anxieties from struggling to make payments (see table B-2), including causing one pregnant participant to feel ashamed for being late on a payment (see Brenda, B-2), ultimately causing most participants (n=12) to regret ever using RTO.

Table 2 (Appendix B) summarizes how predatory inclusion impacted each of my participants. This table provides six columns highlighting each participants' overall experience with RTO. In column I, the participants' pseudonyms, gender, marital status, and children are listed. Fifteen of the nineteen participants were women, and seven were single mothers. Of the four male participants, one was a single father. In column II, the items obtained by the participants are listed. All participants got multiple items, with one participant (Nicole) representing the only participant who reported using RTO solely to fulfill an objective need for modern living rather than primarily for pecuniary emulation. In column III, the various overlapping exclusions participants experienced are listed. Overall, these findings show how all participants were not just excluded from traditional payment options in one way but multiple ways. In column IV, the methods of targeting each participant are listed. In correspondence with column III, most respondents were targeted in multiple ways, not just one. In column V, the multiple problems participants described are condensed, codified, and listed. RTO created several long-term problems for all participants that resulted in all but one participant (Rick) returning merchandise at least once due to the inability to afford the payments. It is worth noting that although participants talked about "returning" merchandise, it is likely that at least some of these items were repossessed during "trips." In column IV, those participants who regretted using RTO are listed. Most participants (n=12) regretted ever using RTO, with an

additional two participants (Sherry and Rick) contradictory stating they did not regret it but later stating they would avoid RTO if possible.

For all participants, RTO is (at least initially) attractive because of speciously "affordable" or "convenient" payment plans that lure poor and disadvantaged groups toward their business with the various charms of being included into the embedded consumer culture of the United States. Every respondent claimed they intended to pay off the merchandise within the introductory ninety (sometimes hundred and twenty) day "same as cash" timeframe and my previous work show that the sales staff push that narrative (Cates 2019). If they do not—and because most of the people I interviewed were economically vulnerable due to health conditions, lack of savings or other wealth, and because they work insecure jobs and often found themselves in a different economic situation after the "sale"—the amount owed inflates significantly and could only be described as usurious. Only four participants reported that they paid off an item during the introductory "same as cash" price (often using their tax returns), and every participant except one (Rick) disclosed they had to return at least one item because they could no longer afford it.

Surprisingly, I found that this increasingly usurious price past the "same as cash" window did not deter most participants from continuing to make payments but eventually giving back merchandise they had obtained from RTO. Instead, it only increased the pressure on most customers to pay the usurious price because they did not want the shame of "losing their stuff" and "wasting all that money" on payments only to return (or have repossessed) merchandise with nothing to show for the amount of money expended.

For all participants, the eventual confiscation of the goods caused stress (through aggressive collection practices), hardships (such as losing a washer or a bed), and additional financial difficulties (such as owing "trip" fees). Furthermore, my findings reveal that RTO is not simply attractive to people earning low wages; instead, most respondents claimed they only used RTO because their credit had been suddenly damaged from divorce, medical debt, and student debt. This finding reveals how sudden life shocks produce debts from other areas of social life that can push people into using RTO to maintain an accustomed lifestyle, only to have then RTO gouge them with further debt compounding an already difficult situation.

### **The Broader Implications**

A broader examination of the RTO industry that includes the various ways consumer culture creates opportunities for predation by appealing to the consumerist ideology that makes pecuniary emulation attractive would provide more meaningful information to policymakers charged with regulating lenders of all kinds. For instance, the previously discussed legislature passed in 2012 regarding RTOs focused solely on regulating the industry's supply-side by forcing full disclosure of its high-interest contracts to its customers and assumed less predation in RTO would follow (United States 2012). Moreover, some scholars focus on the demand side by suggesting that targeting of cash and credit poor people by RTO works primarily because of a lack of financial literacy among its customers, asserting that if they were more educated to "make rational economic decisions," they would not use RTO for sales transactions (Kolodinsky et al. 2005: 119). However, in one of the most shocking findings coming out

of the interviews with RTO customers, seventeen participants claimed they were fully aware of the terms of the contract, and knowing the long-term cost did not sway them from choosing to use RTO. In other words, the lure of a lifestyle coupled with reassurances of affordability outweighed the possibility of long-term problems.

In contrast, two participants (Roxanne and Kiki) claimed not to look closely at the long-term cost before signing the contract. The seventeen respondents who were aware claimed (in different ways) that they "knew what they were getting into." At the same time, six (Rose, Aubrey, Rick, Kiki, Barbara, Tammy) justified the high interest of RTO contracts by comparing them with "inevitable" high-interest charges they pay with car payments or mortgage loans, while two participants compared RTOs with interest charged for payday loans (William, Sherry). It is worth noting that while many car loans are not high interest, they would likely be for the RTO customers I interviewed.

This evidence is, admittedly, only a tiny sample of all RTO customers, but it challenges those scholars and lawmakers who assume that if people were more educated and better informed of the long-term cost, they would not use RTO as a sales transaction. While consumer advocates often push to include more financial literacy and more stringent regulation as a solution to the predation found in the RTO industry (Kolodinsky et al. 2005; Lewis 2001), my work provides an additional perspective that also indicts the rampant materialism and vanity embedded in the capitalist consumer culture of the United States that survives only by constant expansion. The findings from this study suggest that financial literacy is not by itself sufficient to reduce the effectiveness of RTO targeting with high-interest contracts for most of these participants. Of course, more

financial education among all Americans and more regulations regarding RTO are desirable, but my findings show that my participants' attraction to RTO is far more complicated. As Martin Luther King, Jr. once said, maybe what is needed is that "we as a nation must undergo a radical revolution of values," along with more education and regulation of the RTO industry.

### **Recommendations for Future Research**

I would argue that the RTO I studied is a typical case regarding how the firm functions within the RTO industry. However, it is worth noting that my case is taken from a particular location (western Idaho and eastern Oregon) that is not representative of the entire country. For example, the demographic composition of this region of the United States is mainly White and Latinx. Additionally, the constraints of the Covid-19 limited my ability to recruit and interview customers. Consequently, some questions remain unanswered.

### ***Racial and Ethnic Inequality in the RTO Industry***

Previous literature has uncovered how RTO unequally targets racial and ethnic minorities in the United States (Highsmith & Saunders 2019). Moreover, the APRO also admits that a disproportionate number of customers nationally are ethnic and racial minorities (APRO 2015). Due to the exceptional limitations Covid-19 presented, this study was unable to address if this is also true in the Treasure Valley. Additionally, my case selection limited studying racial differences because this RTO was located near a predominantly White neighborhood. But even further study of this RTO firm would likely only reveal White-Latinx differences. One question I have is whether or not Latinx

residents have access to additional means for acquiring inexpensive but new furniture, such as from *la pulga* (flea markets that target a Spanish-speaking customer base; see Conley 2009). Future research should focus on these cases.

### ***Does Worker Alienation Create More Predation Opportunities for RTO?***

For the average worker, labor in the United States has become increasingly more specialized, bureaucratized, and alienating in many ways, especially since the turn of the twentieth century (Graeber 2015; Sweet & Meiksins 2020). For instance, the largest group of workers in the United States today are employed in service sector jobs (O'Neill 2020). Despite the recent rhetoric that many of these service sector jobs are "essential," many of the lowest paying U.S. jobs are service sector jobs and are predominately done by women (Suneson 2019; Rho et al. 2020). Many scholars have done extensive studies about how the bulk of these service sector jobs demand emotional suppression, are subject to mind-numbing routinization, and deskill workers through specialization demanded by scientific management protocols aimed at profit maximization (Ikeler 2016; Leidner 1993; Martimianakis et al. 2009; Rai et al. 2021; Ritzer 2007; Williams 2006). Congruently, this kind of pervasive "scientific management" has consistently been shown to create a deep sense of alienation both physically and emotionally in a wide variety of different service sector professions (Kang 2003; Shantz et al. 2014; Hochschild 2012; Moen et al. 2013; Wingfield 2010).

For the many millions of people living paycheck to paycheck, who are RTO's prime demographic customer base, coming home is their refuge away from the drudgery of daily work life. As shown in this study, RTO gives poor workers the chance to

experience lavish furniture sets, big-screen televisions, and top brand appliances that they would not be able to afford otherwise, all with the ease and quickness rivaling any big box retailers' best efforts. Future research on RTO should investigate whether RTO creates more opportunities for predation by giving its customers a sense of control in their lives that is lacking at the workplace. Previous RTO researchers have yet to explore if physical and emotional alienation from one's labor in a capitalist society is a means of attracting the poorest poor toward RTOs high-interest contracts.

For instance, it is no secret that many people do not like their job, and many count the minutes until they can go home to watch Netflix and "chill," for example (Stoll 2021). In a 2013 Gallup poll, nearly 70 percent of Americans said they were unfulfilled with their job (Gallup 2017). In a report by the Harvard Business Review, a survey of 12,000 professionals in the United States found more than 50 percent reported they felt their job had no meaning and significance (Bregman 2017). This societal trajectory toward meaningless and socially pointless jobs in capitalist societies is well-articulated by Graeber (2018). Graeber estimates that over half of all work in capitalist industries is socially pointless and becomes increasingly psychologically destructive when combined with the historically rationalized Protestant work ethic (Graeber 2018; Weber 1905). Evidence such as this, combined with the findings in this study, suggests a need for determining if RTOs profit from opportunities that may arise from the immense amount of alienation poor workers experience living paycheck to paycheck in this vastly unequal U.S. economy (Horowitz et al. 2020; Wiryomartono 2021).

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**Appendices**  
**Appendix A**

Table 1. Essential Components of RTOs Predatory Inclusion

<b>Essential Components of RTOs Predatory Inclusion</b>			
<i>Exclusion from Acquisition</i>	<i>Opportunities for Predation</i>	Audience Targeting	Long-Term Problems
<ul style="list-style-type: none"> <li>• “Bad” or no credit score</li> <li>• Divorce</li> <li>• Medical debt</li> <li>• Student debt</li> <li>• Low-Wages</li> <li>• Inability to save</li> </ul>	<ul style="list-style-type: none"> <li>• Pecuniary emulation                             <ul style="list-style-type: none"> <li>○ Appearance of newness</li> <li>○ Enabling their “American dream”</li> <li>○ Perceived obsolescence</li> </ul> </li> <li>• Consumerist Ideology                             <ul style="list-style-type: none"> <li>○ The Primacy of Choice</li> <li>○ The Fealty of Authenticity</li> <li>○ The Ease of Replaceability</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Directly                             <ul style="list-style-type: none"> <li>○ Proximity</li> <li>○ Visible Signs</li> <li>○ Mail flyers</li> <li>○ Word-of-mouth</li> </ul> </li> <li>• Tacitly                             <ul style="list-style-type: none"> <li>○ TV Commercials</li> <li>○ Parking lot sales</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Putting off more essential bills.</li> <li>• Making several payments on an item that is ultimately repossessed.</li> <li>• Anxieties from struggling to make payments.</li> <li>• Regret for using RTO in the first place.</li> </ul>

## Appendix B

Table 2. Predatory Inclusion Findings

<b>Participant(s)</b> <b>(I)</b>	<b>Items acquired</b> <b>(II)</b>	<b>Exclusions</b> <b>(III)</b>	<b>Ways targeted</b> <b>(IV)</b>	<b>Long-term problems</b> <b>(V)</b>	<b>Regret using RTO?</b> <b>(VI)</b>
Roxanne, young married mother of four.	Full bed set, child’s bed set, Full living room furniture set, multiple TVs, stereo system.	Low-wages and “poor” credit.	“Maybe mainly just commercials.”	Unable to pay introductory price, returned merchandise, anxiety from paying the high APR, late fees, and trip fees.	No
Barbara, middle-aged single mother of two.	Multiple bed sets, child’s bed set, stereo system, multiple TVs, PS4, Xbox.	Low-wages and damaged credit from divorce.	“Facebook” and “Barbeque parties.”	Unable to pay introductory price, returned merchandise, anxiety from paying multiple late fees, trip fees, and phone calls. She also admitted to feeling, “a little shameful, not making my payment for December when I was pregnant.”	No
Gretchen, middle-aged single woman.	Multiple living room furniture sets, multiple refrigerators, multiple bed sets, washer & dryer, rugs, wall clock, “a lot of things.”	Low-wages, damaged credit from a “nasty divorce” and “a lot of medical debt.”	“It was just obvious it was on a main road” and “parking lot sales” and went to a “cook-out sale.”	Unable to pay introductory price, returned merchandise, anxiety from paying late fees, trip fees, and phone calls.	No
Aubrey, middle-aged married mother of six.	75-inch TV (“I got that for my husband for a Father’s Day gift.”), washer & dryer, sectional couch.	Low-wages and “bad” credit score.	Recommended by her mother.	Unable to pay introductory price, returned merchandise, put off other essential bills, anxiety from possible repossession, “The long-term cost,” paying late fees, trip fees, phone call, and felt belittled for being a “problem customer.”	Yes
Charlene, middle-aged single mother of two.	Full living room set (“Couches, stands, lamps”), bed sets for both children, laptop, washer & dryer.	Low-wages, damaged credit from student loans and medical debt.	Recommended by her mother.	Unable to pay introductory price, returned merchandise, anxiety from possible repossession, late fees, trip fees, and phone calls causing her to feel a tacit disrespect, explaining “it drives me crazy.”	Yes
Nicole, middle-aged single mother of two.	“School laptop” and washer & dryer.	Lives on social security making for a “tight budget,” and has “bad” credit.	“I actually live by [RTO].”	Unable to pay introductory price, returned merchandise, anxiety from possible repossession, late fees, trip fees, “harassing” phone that implied feeling disrespected.	Yes

Table 2 continued

Rose, middle-aged married mother of two.	Multiple refrigerators, washer & dryers, living room furniture sets, bed sets, both for her and the children, dining room sets, several televisions.	Unemployed and damaged credit from student loans.	“TV, news ads, paper ads.”	Unable to pay introductory price and returned merchandise (both willingly and reluctantly).	No, but does warn first-time customers to “not to get themselves in a financial payment ride” by completing an RTO contract past the introductory period.
Melanie, middle-aged married mother of four.	Multiple refrigerators, washer & dryers, multiple living room furniture sets, dining room sets, multiple bed sets.	Low-wages and self-excludes using credit cards because “credit card debt is killing our government, our United States.”	“My husband's niece.”	Unable to pay introductory price and returned merchandise (both willingly and reluctantly), anxiety from possible repossession, late fees, trip fees, phone calls (amplified by Covid-19), clearly felt disrespected by RTO threatening to take “her stuff.”	Yes
Jason, middle-aged married father.	Couch and loveseat.	Low-wages and does not “have any credit established.”	“Television, word of mouth, advertising, drive by.”	Unable to pay introductory price and returned merchandise (just loveseat), sacrificed essential bills to pay RTO because the “interest rate is nuts.” He also felt RTO is “predatory lending, in my opinion.”	Yes
George, middle-aged single father.	TV, entertainment center, PlayStation “for his son.”	Low-wages and damaged credit from a “messy” divorce.	“TV advertising” and “there's one close to my home and I just drove by it every night on the way home from work.”	Unable to pay introductory price and returned (all) merchandise, sacrificed essential bills to pay RTO, anxiety from possible repossession, late fees, trip fees, phone calls and felt tacitly disrespected when RTO “put a bad taste [his] my mouth,” after threatening to “pick up stuff” if he did not make an immediate payment.	Yes
Kiki, young single mother.	Washer and dryer, full bed set, laptop, and a dresser for her daughter.	Low-wages and “bad” credit.	“Driving by, saw that they really don't do a credit check. So, that's what got me into it.”	Unable to pay introductory price, returned (all) merchandise, sacrificed essential bills to pay RTO, and anxiety (amplified by Covid-19) from possible repossession, late fees, trip fees, and phone calls. She even claimed RTO made her pay an extra week because “they wouldn't even pick stuff up” after she told them she might have Covid-19.	Yes
Tammy, middle-aged single mother of five.	Multiple TVs, laptop, washer & dryer, Xbox, PlayStation, full Living room furniture set, bed sets for all five kids, a bed set for her.	Low-wages and “crappy” credit from “bankruptcy.”	“[RTO] It's close by where I live, so I always pass it” and “commercials and stuff.”	Unable to pay introductory price, returned merchandise, and anxiety (amplified by Covid-19) from possible repossession and late fees.	Yes

Table 2 continued

Rick, twenty-four-year-old married without children.	“Complete” dining room set, full bed set, full living room set, 80-inch TV, and a laptop.	Low-wages and damaged credit from medical debt.	“Probably TV” and attended “store barbeque.”	Unable to pay introductory price, put off other essential bills, anxiety (amplified by Covid-19) from possible repossession, felt he got “ripped off” due to the high interest attached to the computer and TV.	No, but did claim he would have shopped someplace else if he was able to “afford” “new”, “quality”, furniture for cheaper and recommended people “steer away” from using RTO for electronics.
Tina, middle-aged single mother.	Refrigerator, complete king-size bedroom set (including a headboard, bed frame, mattress, nightstands, lamps), 55-inch big-screen television, entertainment center, “power” recliner, sofa set.	Low-wages and credit damaged from a “messy” divorce and medical debt from “ankle surgery.”	“I live close.”	Unable to pay introductory price, returned merchandise, sacrificed essential bills to pay RTO, anxiety from paying “a heck of a lot of money”, late fees, trip fees, phone calls.	Yes
Sherry, middle-aged married mother.	“My whole household furniture at some point in time (laughs).”	Low-wages and credit damaged from divorce.	“I got a flyer in the mail.”	Unable to pay introductory price, returned merchandise, put off other essential bills, anxiety from possible repossession late fees, trip fees, phone calls.	No, but did admit that she would not have been an RTO customer if it was not for the divorce and would have been able to find something with a “lower interest rate” and “save money.”
Amy, twenty-year-old, married mother.	60-inch TV and a “fancy” couch.	Low-wage and “bad” credit.	“Advertisements on TV. We lived close,” and driving by a “parking lot sale.”	Unable to pay introductory price, returned merchandise (not TV), sacrificed essential bills to pay RTO, and anxiety from possible repossession, late fees, trip fees, phone calls.	Yes
Heather, twenty-four-year-old married mother of five.	A washer & dryer, couch, and laptop.	Low-wage and “bad” credit.	“A friend.”	Unable to pay introductory price, returned merchandise (not laptop), sacrificed essential bills to pay RTO anxiety from possible repossession, late fees, phone calls.	Yes

Table 2 continued

<p>Judy, married senior citizen.</p>	<p>“Right now, I have two televisions, I have a fireplace, I have a power recliner, a power love seat, a freezer, a washer, and dryer” but claims to have gotten a plethora of other items previously.</p>	<p>On social security and damaged credit from medical due to a “stroke nine years ago.”</p>	<p>“We got like a little brochure in the mail”</p>	<p>Unable to pay introductory price, returned merchandise (both willingly and reluctantly), sacrificed essential bills to pay RTO.</p>	<p>No</p>
<p>William, middle-aged married man.</p>	<p>Living room furniture set, dining room set, bed set, 60-inch TV, washer &amp; dryer, and a laptop.</p>	<p>Low-wage, “no credit,” and he was “too hedonistic” to save.</p>	<p>“In the Navy” he saw an advertisement for RTO “on a bulletin board” and “the base newspaper.”</p>	<p>Unable to pay introductory price, returned (all) merchandise. However, the first time he used RTO (in the Navy) he intended to rent, although the second time (in Boise) he intended to own but reluctantly forfeited.</p>	<p>Yes</p>

## VITA

Jeff Cates was born in Boise, Idaho on December 17<sup>th</sup>, 1981. They attended elementary schools in Ada county and graduated from Borah High School in 2000. In the Spring of 2017, they were awarded an associate degree in Liberal Arts from the College of Western Idaho and enrolled at Boise State University the following semester. In the Spring of 2019, they received a bachelor's degree in Sociology from Boise State University and enrolled at the University of Tennessee, Knoxville the following Fall semester. In the summer of 2021, they received a Master of Arts degree in sociology with an emphasis in Political Economy from the University of Tennessee, Knoxville.