



RUGS DIRECT
The Nation's Leading Source for Area Rugs

Services: Integrated Fulfillment for NetSuite
Industry: Home goods

Trading Partners: 50+ dropship vendors

Case Study: Rugs Direct

Rugs Direct is pulling off what many would call an ingenious strategy in realm of retail: It offers more than 150,000 varieties of area rugs to thousands of satisfied customers without stocking a single warehouse.

When shoppers place an order on RugsDirect.com, it arranges shipment of products directly from vendors, resulting in huge savings and efficiencies for the online retailer because there is then no need to carry costly inventory or operate distribution centers.

Called “drop shipping,” this mode of retailing has been key to the success of Rugs Direct, helping to further bolster its position as the nation’s largest online seller of area rugs. With free shipping, vast variety and outstanding customer service, Rugs Direct has become the go-to source for consumers looking to add a unique element their home or office space. Most don’t even know their merchandise came from anywhere other than Rugs Direct because ordered items arrive in company-branded packaging and the company does all the communication with the customer along the way.

Orchestrating drop ship fulfillment

Despite today’s successes, drop shipping got off to a rocky start for the Winchester, Va.-based company. At one point, Rugs Direct had more than 50 vendors fulfilling orders on its behalf—with 50-plus ways of confirming those orders and getting shipment details from its suppliers.

Improving Redcat Racing’s Trading Partner Relationships



SUPPLIERS

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— **Greg Culler, Chief Information Officer, Rugs Direct**

Not surprisingly, managing all the various communications became unwieldy, so after deploying NetSuite as its ERP, Rugs Direct sought a unified process that would standardize how drop-ship orders were handled within its supplier base.

To address this challenge, the retailer selected SPS Commerce Integrated Fulfillment for NetSuite, a Built-for-NetSuite certified solution used by more than 500 retail organizations. With SPS, Rugs Direct streamlined its drop-ship vendor communications so that it could receive and send all information using one format, not 50. Orders details now automatically get updated in the NetSuite solution.

“By using SPS to integrate with our vendors, we have definitely streamlined the shopping experience from ordering through delivery, ensuring that our customers get a great experience no matter what supplier is utilized,” said Greg Culler, Chief Information Officer at Rugs Direct.

Improving the customer experience

With **Integrated Fulfillment for NetSuite**, Rugs Direct only has to connect once to the SPS Retail Network for seamless order fulfillment with dropship vendors. The result has been increased visibility and confidence in its suppliers' available inventory and an overall better shopping experience for shoppers. All of this has led to additional growth through incremental sales and loyal customers.

As an example, a loyal interior designer customer recently needed to complete a job on short notice. With up-to-date vendor inventory information from SPS Commerce, the Rugs Direct customer service team knew the product requested was out of stock and advised the customer to modify her order. Without the SPS solution, it would have been days before Rugs Direct recognized the issue.

SPS has also made it easier for vendors to send updated inventory and shipping information to Rugs Direct, which the retailer uses to keep its customers current on order status. In the case of the interior designer, Rugs Direct quickly remedied her order—and held on to a loyal customer.

“Above all else, customer service is the No. 1 priority for Rugs Direct,” Culler said. “Our increased visibility into vendor inventory levels allows us to accept new orders with confidence!”