

## COVER STORY

### Rite Rug On The Move

*Expands Offerings, Markets To Meet Consumer Demands*



Michael Goldberg, CEO



Don Penrod, President/COO



Larry Noel, Vice President of Sales

COLUMBUS, OHIO—When most of us reach the age of 67 we'll probably begin to slow down, look to lighten responsibilities, even settle in at a retirement community. Rite Rug, based here, is, however, unlike most 67-year-olds. The dynamic flooring retailer is embarking on an expansion and renewal project that would make Jack La Lanne proud.

"Our company began operations in downtown Columbus selling linoleum pieces,

tiles and used rugs purchased by my father and uncle, Duke and Stanley Goldberg," explains Michael Goldberg, owner of Rite Rug. "While both served in WWII, their sister, Janet, maintained the company—the only time when they were not involved in the day-to-day operations.

"During the 1930s era, the majority of homes had all hardwood floors with rugs here and there," he continued. "It wasn't until the '60s when homeowners began to cover entire rooms with carpet. Today, wall-to-wall carpet is one option. With the renewed interest in hardwoods and laminates and the variety of rug styles available, the flooring alternatives available are endless."

Through the years, Rite Rug has developed and actually mirrored the growth of Columbus.

Around 1971, as the state capital became Ohio's largest city, Goldberg, who had grown up in the business, had finished his military service and entered the business full-time. Rite Rug steadily grew to meet the needs of a thriving and diverse population. The company now holds the largest market share of flooring in the region and, in doing so, has become the ninth largest flooring retailer in the country.

Goldberg realized to continue the company's growth beyond the retail business, and the borders of Columbus, changes would have to be made. An aggressive development plan started in 2000 with the addition of professional managers from industry icons such as Mohawk, Shaw, and DuPont. Its product mix was diversified, making Rite Rug a one-stop shop for homeowners. Internal educational programs were instituted to ensure clients received pertinent information to make the correct decisions for their individual lifestyles. The investment has paid off as Rite Rug now boasts nine stores in central Ohio serving Columbus and its suburbs. Additional outlets serve parts of Ohio, Kentucky and West Virginia.

Along with the increased locations, Rite Rug increased its flooring offerings. It now provides shoppers with a wide variety of options including hardwood, laminates, vinyl, carpet, ceramic tiles and area rugs.

Its services increased as well, making the company a well rounded machine. For example, with each flooring sale, Rite Rug provides expert installation and maintenance ensuring its customers receive the greatest return on their investment. "Upon purchasing carpet from Rite Rug, our customers are introduced

Rite Rug has updated all stores and increased customer service at all locations throughout its region.



to Rite Rug Floor Care, our professional maintenance division," says president and COO, Don Penrod.

"She not only receives cleaning of her new flooring purchase but also maintenance to protect her investment," he continues. "The first year of cleaning and maintenance is included in the purchase price and extends the warranty. Everyone has seen the problems with a wrinkle in the carpet or a seam that splits three years after purchase. Well, with the opportunity to extend her maintenance agreement, a consumer can depend on Rite Rug Floor Care to be there to correct those more intense issues after the honeymoon is over. That's truly where we build our customer relationships." The program has been so successful company officials have received calls from other retailers inquiring about program franchising, an activity presently being finalized.

"When a customer makes a purchase from us we know it's a large investment on her part—a family decision—we want her to know we value her trust in us," notes Penrod. "We work hard to make her invest-

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ment pay dividends by exceeding her expectations with our hands-on installation and maintenance agreements for each purchase.”

Its strategy is paying off with sales increasing every year even through the recent economic downturn. Revamped stores and ongoing sales training for associates works to ensure long-term customer relationships. “We have developed an easier method for customers to receive flooring,” says Penrod. “She buys it from us and receives our maintenance and floor care extending the life of her new floor covering. Then, when the time comes, we can remove and dispose of it properly. All from one contact at Rite Rug.”

#### Meeting Market Needs

To backup Penrod's proclamation and better serve the diverse marketplace, the company developed additional brands for the Rite Rug family:

- Carpet City Outlet—serves a growing need for outlet carpeting in central Ohio;

- Two acquired retail operations in southeastern Ohio and northern Kentucky were renamed Rite Rug's Carpet City Outlet to serve southern Ohio, West Virginia and northern Kentucky communities;

- Rite Rug Floor Care, provides professional cleaning and maintenance services to its customers and the central Ohio marketplace;

- Flooring Distributors property management flooring division operations in Cincinnati and Columbus to serve the multi-family market. Apartment complexes can contract directly with the division for one-stop flooring needs and maintenance customized to individual needs;

- Flooring Distributors builder division has become a significant industry player serving homebuilders in central and southwestern Ohio, including Dayton. The division has expanded and continues to receive additional resources to serve this booming market;

- Michael David Design Center

has served the central Ohio marketplace since the summer of 2001. Upscale builders did not have a design center to work with buyers in choosing flooring, lighting, bathroom fixtures, etc. Rite Rug recognized this need and now work with top builders to provide design services for their upscale clientele;

- Michael David Retail is a distinct division from its design center cousin. The retail store offers higher-end flooring options such as handmade rugs and designer collections from Ralph Lauren to its more unique buyers;

- Rite Rug Retail Stores also underwent a \$1 million renovation in 2001, with support from major vendors such as Mohawk, Shaw and Ohio Valley Flooring. Each location was resampled, departmentalized and totally revitalized. New floor plans including ceramic walkways create a more customer-oriented experience, and

- The beginning of the year kicked off an investment involving all new stores. Each location received computer systems ensuring accurate inventory control, merchandising, pricing and ordering through one of the computer software companies specific to the floor covering industry. It permits Rite Rug to assure availability of products and allow savings to be passed quicker from suppliers to customers.

“Our standard of excellence also applies to our staff,” notes Penrod. Rite Rug associates are dedicated to providing consumers with an outstanding level of service, knowledge and assistance. “They have real conversations with customers not just ‘Can I help you?’” he concludes. “Helping her develop a budget, finding out her current and future needs, her present flooring and goals for the areas’ appearance are all items to be discussed. Nurturing these relationships ensures the best fit for our customer's needs now and into the future.”



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