

Catching up with Roz

By Dasha O. Morgan

Rosalind Rustigian is well known to many in the area rug business. She recently won the 2001 ROY award for Oriental Rug Specialist, as the owner of V. George Rustigian Rugs in Providence, R.I. She is a friend of Rug News' publisher, Les Stroh who interviewed her at length in 1991.

Roz is well established in Providence now and truly the captain of her own ship, after having taken over her father's business in 1980. And there is no doubt about it, I would say after having just met her, "She is a savvy lady who knows her mind and is incredibly articulate. She understands her business well." Thus, for many of our readers it might be interesting to catch up with her current activities and thoughts.

V. George Rustigian Rugs is in a freestanding older building in Providence with a noticeable, city awning at the entrance. Roz herself is attractive, easy to talk to, relaxed, casual, and full of life and enthusiasm. She employs 10 people currently and has revenues of between \$1.5 million to \$2 million.

The area rug displays on the first floor are customer friendly. There are well-placed racks whose arms are easy to turn. Prominent, ceiling hung canvas signs are suspended in front of each rack to help the customer easily navigate the store and find the needed rug size effortlessly. The natural light from the large Palladian windows help you to peruse the rugs as you would in your own home. Nearby is someone at a



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desk to help you with further information. There are well placed brochures to explain store policies. The Repair and Restoration Department is on the premise.

Getting the correct customer to the store is where advertising comes into play.

Target marketing is the core of the store's marketing plan. Creating advertising that appeals to just the right customer and directing that promotional material into the hands of the qualified buyer is the goal of all conceptual, media and print efforts. Elimination of the broad-brush method of appeal has resulted in a significant reduction of advertising costs and an increase in the efficacy of the marketing dollar spent.

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The color of the rug is the customers' number one concern.



Rug repair and restoration is an integral part of being in the Oriental rug business. It opens the door for an informative dialogue with the customer.

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Roz discovered, much to her surprise, that a small core of buyers was the source of an overwhelming number of rug sales. Roughly 23% of the customer base accounts for over 66% of the purchases in the store. These statistics were



Carpet samples are well displayed upstairs in the wall to wall area of Rustigian Rugs in Providence, RI.

developed in the midst of one of her pet projects, the design of the ultimate rug store database. The access-based program has allowed her to profile her customer down to the magazines that they read and the hobbies they pursue.

In order to grow the business, the key is to keep and increase this base. She finds that her customer is 50 to 55 years of age, a two income family, has two pets, is college educated or better and makes in excess of \$120,000. That is a fairly selective group of people. So how do you find them? She relies heavily on direct mail, primarily with target advertising to the appropriate zip code, and in some local newspapers. She does not flood the papers with fliers. In order to hold price and margins she only sparingly promotes high discount sales. In fact, she believes that constant discounting only makes a retailer look like a liar when it comes to value and list pricing.

And what about neighboring Newport? Well, surprisingly, very little of her business seems to come from there. Newport has the big, glamorous mansions that are now museums. The city itself is more of a tourist attraction.

Careful selection seems to be one of Roz's strong points. She chooses rugs for the store thoughtfully. In selecting her rugs at market, she tries always to have a particular customer in mind, no matter how much she may like a particular rug. Even if her eyes light up and she is considering purchasing it, does she know someone currently who might buy "that" rug? If she can't think of anyone, she won't buy it.

Her inventory? Well, she replied "I am always under pressure to simultaneously reduce and increase my inventory. That is the rug business. It is a difficult business." The area rug inventory turns once every nine to ten months.

Roz started dabbling in wall to wall in 1992 and then decided to take the full plunge into that segment of the market

in 1997. Her business is now almost 50/50—50% oriental and 50% wall to wall. She has been very pleased with the results. One auspicious accomplishment of this part of the business has been her good fortune to develop and access high quality on-time installers.

Colors and color trends? Does she follow those at all? Much to my surprise, she said, "In all truthfulness by the time a hot color actually gets translated into a lower cost rug like a hooked or a tufted carpet, the color is probably on the way out. Remember how long it takes to make a handmade Oriental." Currently muted colors and subtle designs are outselling traditional jewel-toned Orientals, but the classic jewel tones are always a part of the store's inventory. She doesn't get too trendy. With her return policy, there is a danger of buying too heavily in a particular trend, and then having to take the rug back years later when the color is no longer in style. Currently she finds Nepal a popular source for custom rugs, where the turn around time is three to four months.

So what is her exchange policy? The written policy states, "V. George Rustigian Rugs, Inc. will accept the return for Full Dollar Value all undamaged merchandise of mint appearance purchased at the store, subject to reasonable conditions of resalability as determined by the proprietorship, for a new, hand-made Oriental or Karastan area rug currently in stock. The store does not take back flat weaves, including but not limited to needlepoints, dhurries, tapestries, sumacs and kilims." There are other points in the exchange policy to be considered as well, but certainly any stained items may not be returned.

So are there any bones of contention that she would like to talk about? She suddenly looks most aggressive as she rails against the endless "Going Out of Business Sales" and never ending "Liquidation Sales". She urges everyone to do all they can to stop this shabby practice.

As for child labor laws, Roz gave a well thought out answer. "Obviously all my information is second or third hand. While no one would stand up in support of child labor, as we know it, I hesitate to say that it is a good practice for the United States to superimpose its own values on others. In fact, one must remember that Paul Revere was a minor when he was an apprentice, here in the USA at a time when we, too, were a developing nation. Not all rug-making countries have the options for children that we now have in the States. Yes, I support efforts to ensure that parents in other countries help educate their children, but I am wary of the price that those very same children might pay as a result of the unintended consequences of, for example, a boycott on goods. We need to recognize the need for families to earn money in order to eat in their own economies NOT IN OURS. This whole issue must be seen as a process not as an opportunity for political posturing or dogma."

As for the current business climate, over the years she is pleased that the store has experienced significant growth. "So far the year 2002 hasn't been a great year. For the first quarter, areas rugs were soft, but maybe the dam has broken. Last year was 3% above the year before. The jury is still out for this year." Rosalind Rustigian is obviously a capable, knowledgeable retailer, who has accepted the challenge of running a business on all levels. She has had to work hard to make it the success it is, but still has time to wonder if Les wore his green jacket on his wedding day?*