

## nChannel Case Study

# Goedeker's

Goedeker's rockets its revenue, customer ratings and delivery speed with nChannel Platform

### Overview

#### Country or Region

USA

#### Industry

Multichannel retailer selling home goods to consumers and small businesses.

#### Customer Profile

During the past 50 years, Goedeker's has grown from one to 80 employees who manage and market 130,000 SKUs on its website, in the showroom and through its eCommerce portal

#### Business Situation

Uncooperative software meant error-prone manual quality control, protocol matching and verification of orders for staff, totaling 10–15 hours a week.

#### Solution

nChannel was recommended to Goedeker's by its Microsoft Dynamics partner, SMB Suite. The platform was researched, tested and approved.

#### Benefits

- Cut weekly manual data verification from 15 hours to zero hours
- Reduced time for delivery of goods to customers by 25 percent
- Improved customer satisfaction ratings from high 3s to 4.6 out of 5
- Produced 25 percent year-over-year revenue gains for Goedeker's

### Culture and Retail Philosophy

In 1951, Ben Goedeker started repairing and selling radios from his basement in St. Louis, Missouri, and created Goedeker Radio and Television Repair. Goedeker's, as the company is known today, is a family-run, multichannel retailer based in a 40,000-square-foot building containing sales, warehouse, IT and administrative offices in suburban Ballwin, Missouri. Eighty employees manage and market 130,000 tightly controlled SKUs of home goods sold to consumers and small businesses in the contiguous 48 states. Yet, its 10,000-squarefoot showroom accounts for just a fraction of its business.



Goedeker's has an extensive web presence that has grown impressively year over year. Beginning with a few hundred appliance items, web sales now encompass Goedeker's entire line of major appliances, furniture, plumbing and lighting. More than 40 staff members service the site and other online sales functions. A well-staffed call

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center handles support, while web and software development teams hone the site and operations. Goedeker's also plans to create a new marketing arm selling directly to builders.

CEO Steve Goedeker propagates a customer care philosophy he appropriately terms "Mom Care"—advising, updating and pampering each customer as you would your mom. Customers receive emails after an order is placed and when it's shipped. They often get follow-up calls to ensure delivery and satisfactory product use. The customer service department pounces on problems and plans to implement even more granular supply-line insights. Mom Care requires a lot of back-office steps.

### Needs, Pains and Aspirations

Chief Information and Technology Officer Jeff Minor explains, "In our old software, everything was manual. Because our SKUs have more than 400 distinct attributes, and a SKU can exceed a dozen characters, humans make mistakes. In our business, that's not trivial. If one character is wrong, you bought and shipped a black fridge when the customer wants stainless. Or her \$2,000 stovetop is too wide. What if it's the wrong item?"

"Our sales are complex. Complete kitchens can reach 20 items and cost \$40,000. Often, we have to stagger shipments to fit build-out schedules. Some items ship from our warehouse, some dropship from suppliers and some trans-ship from the manufacturer to us to the customer. Clients may also want to spread that large expense among credit cards, PayPal and other tenders."

Goedeker's previous Software-as-a-Service (SaaS)

POS/eCommerce system hobbled marketing and wouldn't exchange data with its older ERP. Converting to Magento in 2012 opened marketing doors and significantly raised sales volume. Yet, the legacy ERP wouldn't seamlessly accept Magento's data.

Minor says, "With our old, uncooperative software, managing all that detail pushed staff into 10 or 15 hours a week manually QCing and protocolizing orders before processing, then verifying each order's purchasing data. Then we had to manually update ever-changing stock levels, availabilities, prices and new-item descriptions back into Magento.

"This led us to replace our old ERP with partnerhosted Microsoft Dynamics GP. We got scalability and we deferred cost. Then our Microsoft Dynamics partner found us nChannel to help manage pricing and inventory, and to tie Magento and GP together for two-way communication." Goedeker's Microsoft Dynamics partner is SMB Suite, 2013 finalist for Microsoft Dynamics Cloud Partner of the Year. They researched, tested and approved the nChannel AppSuite.

### Implementing nChannel

nChannel centralizes retail management tasks while ensuring that diverse POS, web and other software intercommunicate smoothly with trusted financial/ ERP solutions.

"nChannel is also the glue that holds our system together," reports Minor. "Nothing else ties multichannel retail into an expanding business

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stream. nChannel makes the concept of separate channels disappear.”

“Considering all it does here,” says Minor, “nChannel went in very smoothly. No issues at all, and faster than we expected. nChannel technologists integrated and customized it. And once it was in, it ran.” Minor finds nChannel’s support team “responsive, industrious and competent.”

Minor and his team implemented Goedeker’s business rules and installed an API and an extension to Magento that fits its complex sales, tender and delivery procedures.

Every sale from the showroom, website or eCommerce portal goes into Magento. nChannel’s Microsoft Dynamics GP and Magento connectors standardize Magento data so Microsoft Dynamics GP accepts it all.

nChannel dynamically applies discounts, tax rates, associate IDs and shipping methods, then pushes order data to Microsoft Dynamics GP. As stock

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- Jeff Minor, Chief Information and Technology Officer, Goedeker’s

levels fluctuate and when prices change and item descriptions evolve, Microsoft Dynamics GP’s updates flow back into Magento to update the site and generate shipping notifications.

Minor says, “Because half our sales ship from manufacturers, we stress our systems and people to purchase the day of the order, then ship ASAP.” Excepting custom builds, Goedeker’s averages six days from order to carrier.

### In-Hand Business Benefits and New Profits

“nChannel allows us to be super-efficient,” says Minor. Goedeker’s new “end-to-end retail management” has resulted in:

- Consistent and fast year-over-year revenue growth
- Improved customer satisfaction ratings that help boost sales
- High-volume, error-free purchase and delivery of complex orders
- Reduction of delivery time by 25 percent
- Very tight SKU and merchandise control
- Cutting 15 hours of manual data verification to zero hours

Mom Care and tight attention to details have helped propel Goedeker’s to consistent 25 percent year-over-year revenue gains and raised online sales to 90 percent of gross revenue.

“Our customer ratings on Google rose from high 3s to a consistent 4.6 out of 5, with highly

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positive comments,” reports Minor. “That score rockets confidence in Goedeker’s when shoppers are warily comparing price, quality, support and service on big purchases from retailers they don’t know.”

“We were error-prone; now we’re error-free,” says Minor. “Chance of data errors and wrong deliveries is virtually zero. The resulting savings from slashing our returns, re-shipping and make-goods go directly to the bottom line. That used to be cash out; now it’s cash kept.”

“Cutting two days off delivery time caused a big ratings boost. It’s all due to better, faster order management—because we always deal with weather, carriers, suppliers and warehouses. nChannel plays a huge role in all this.

“This new tight grip on inventory and supply lines helps us please customers,” he says. “It also cuts costs, damages and shrink.”

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“Our rally cry is ‘Beat six days delivery!’ and that’s looking very possible. If we get the order before 2:00 PM, nChannel will let us buy it that day. Sometimes we even ship the day it’s ordered. Before this, buys might lag a day or more. Staff who spent a third of their time policing orders and purchases now spend it improving and updating our site for better marketing. An order can propagate within a minute.”

### Sharing New Knowledge

“I’d tell any medium-sized retailer to seek solutions with proven ease of installation,” Minor says. “In fact, we thought nChannel would take longer to install. It went so smoothly, we weren’t fully ready. We could have started planning earlier.”

Minor also advocates cloud- and partner-hosted solutions. He says, “When you export hosting, you dodge high initial costs and the need to hire software specialists. Many unexpected tasks and expenses accompany hosting. Providers and partners have the needed expert technologists.

“Now I focus on marketing and fine-tuning an ideal customer experience. That’s the core of our reputation, return customers and growth. nChannel is the hub of a business system that keeps us growing.”