



case study

The Container Store® brings benefits of intermodal service to store deliveries

THE CHALLENGE

The Container Store, the nation's leading retailer of storage and organization products, currently operates 49 stores in 20 states coast to coast with plans to open more in the near future. Each store averages 25,000 square feet and offers more than 10,000 products. All the stores' inventory is fulfilled from the company's 825,000-square-foot office and distribution center (DC) in Coppell, Texas.

Having adopted intermodal for its West Coast ports-to-DC (inbound) transportation, the retailer recognized a growing need to shift more of its DC-to-store (outbound) transportation to intermodal as well. Based on the inbound experience, the company knew intermodal could help alleviate rising transportation costs, high diesel fuel prices, new hours-of-service regulations for truck drivers, and a growing shortage of drivers and equipment – all issues that weren't going away.

This conversion would not be easy. On-time service is essential to The Container Store's supply chain in order to deliver on the retailer's brand promise of excellent customer service. Delivery windows are +/- 15 minutes with "live" unloads, so the retailer relies on carriers that consistently deliver outbound shipments to stores on time.

THE CONTAINER STORE

CHALLENGE

The Container Store recognized that intermodal could help with reducing its rising transportation costs and driver and equipment issues, but its existing providers did not offer or have experience with this mode.

SOLUTION

The retailer was receptive to an outbound pilot program with trucking firm JB Hunt and BNSF Railway, which had provided intermodal service for inbound moves.

RESULTS

Following the successful pilot, of the 49 stores nationwide, 13 are currently using JB Hunt/BNSF intermodal for outbound moves, with more opportunities ahead.



THE SOLUTION

Starting in 2009 for its inbound shipments, The Container Store began using JB Hunt, which in tandem with BNSF Railway, had developed an exceptional service reputation. As The Container Store considered options to incorporate intermodal for outbound shipments, it turned again to JB Hunt and BNSF Railway to provide an inbound/outbound continuous move. In doing so, JB Hunt could maximize use of its drivers and assets, providing greater efficiencies to The Container Store supply chain.

"The savings and sustainability benefits of intermodal were too big to pass up. Once we had converted long-haul inbound movements, we knew we needed to try outbound moves, as well," said Tom Sangalli, Logistics & Transportation Director for The Container Store.

Beginning with two stores in Northern California, a pilot test was launched.

THE RESULTS

In less than three months, the intermodal pilot was a success, and the outbound model was initiated in four additional stores in California. The company then started to look at other markets where there were good truck-rail connections. Today, of the 49 stores nationwide, 13 are using JB Hunt/BNSF intermodal for outbound, in addition to inbound moves. When it comes to meeting the stores' tight delivery schedules, the JB Hunt/BNSF service continues to meet expectations.

"Of course, we're always looking for new ways to refine the process, but we expect continued integration of intermodal into our transportation network," said Sangalli.

Not only is the service proving dependable, the stores using it have realized huge savings. With fuel prices continuing to rise, the company expects even greater savings.

In addition to meeting the retailer's delivery schedules, JB Hunt/BNSF have also provided timely and dependable information about the retailer's loads. The Container Store provides JB Hunt/BNSF with very accurate forecasts 30 days in advance, and both collaborate when the retailer has an issue.

"Communication is a core principle of The Container Store, and we work with our vendors to create strong, mutually beneficial partnerships through communication and teamwork," said Sangalli.

"This has been key as we've rolled out intermodal on the outbound side, and JB Hunt and BNSF have proactively provided shipment information."

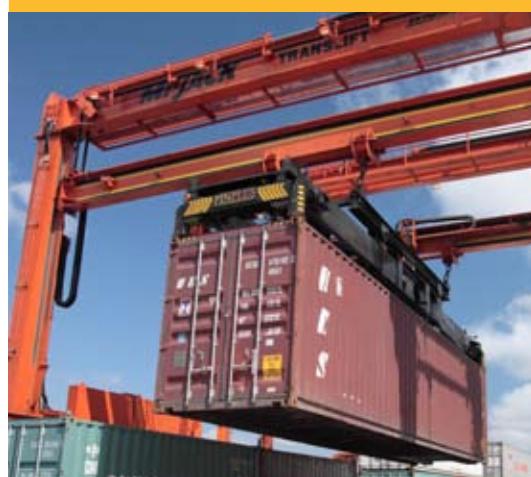
Additionally, intermodal is helping The Container Store in its commitment to sustainability. In 2010, about one-quarter of the retailer's volumes moved by JB Hunt were truck-only, with the balance moved by JB Hunt/BNSF. As a result, the overall carbon footprint on that segment of business was reduced by 41%. Through mid-2011, the carbon reduction percentage is even greater and is expected to continue growing.

NEXT STEPS

Recognizing that there are more opportunities for other stores to use intermodal on the outbound side, The Container Store continues to work in partnership with JB Hunt/BNSF. Site visits are planned at existing locations, and as the economy rebounds and the retailer considers new stores, their locations are also being evaluated based on intermodal's availability.

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Tom Sangalli, Logistics & Transportation Director



The Container Store®

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