



Intermodal helps position UNFI for sustainable and natural growth

COMPANY OVERVIEW

UNFI's story resembles that of the natural and organic products industry. It began in the 1970s, when consumer interest in natural foods was rising and small regional distributors were opening to meet demand.

Today, UNFI – born from mergers and acquisitions of multiple cooperatives and distributors – is North America's largest distributor of natural, organic and specialty products. Through super natural, grocery, independents and buy clubs, UNFI supplies more than 27,000 customer locations.

The company uses a strategic network of 22 distribution centers (DC) to support efficient deliveries while minimizing fuel consumption. A key focus for UNFI is its core commitment to reducing its carbon footprint. To further support these goals, UNFI has scheduled two new DC openings for 2014.

The challenge for UNFI has been to keep up with burgeoning growth. "With consumers continuing to move toward a healthier lifestyle, our industry is growing in leaps and bounds," says Kristin Lacoste, UNFI's Director of Inbound Logistics. In the first quarter of 2013 alone, sales increased by nearly 15 percent.

Lacoste, who brought her strong carrier experience to the Inbound Logistics group in mid-2012, immediately recognized an opportunity to provide a solution to UNFI's capacity issues. These issues were exacerbated by Hours of Service regulations affecting driver availability. "We needed to be in a solid position to be able to expand our network," she said.

case study

UNFI

CHALLENGE

Facing limited capacity, UNFI – North America's largest distributor of natural, organic and specialty products – has been challenged to keep up with burgeoning growth while maintaining a commitment to reducing its carbon footprint.

SOLUTION

UNFI's logistics group recognized the opportunity intermodal could provide. UNFI utilized BNSF's Intermodal Advisor tool. BNSF intermodal was tested, starting first with dry loads and then expanding to include refrigerated solutions.

RESULTS

By expanding its use of intermodal, in 2012, UNFI reduced its carbon footprint 71 percent on nearly 3,500 containerized loads it moved with BNSF vs. an all-truck move; and 58 percent on the 65 temperature-controlled trailers. Using premium and expedited services, there have been no service exceptions – and UNFI is realizing cost savings.



BNSF's SOLUTION

In 2012, UNFI was utilizing only one rail carrier moving only 5 percent of dry inbound loads. The potential to move more, including refrigerated shipments on reefers – temperature-controlled trailers – was significant.

With 50 percent of UNFI's freight originating from California, BNSF Railway, which is anchored in the West, was a natural fit for the refrigerated moves and had already proven its ability to handle the dry loads.

Once new nationwide carriers were on-boarded with UNFI, Lacoste and her team utilized BNSF's Intermodal Advisor tool to evaluate lanes and rates. The savings were clear: UNFI could save 20 percent annually on dry shipments and 11 percent annually on refrigerated shipments using intermodal vs. the over-the-road rate.

Doubts lingered that the reefer moves could meet UNFI's service requirements, which are stringent given the shelf life of organic products. But the transit time worries were put to rest in late 2012, when starting with one lane, UNFI tested the reefer service; time and again, the moves – from frozen dinners and vegetables to chocolates – went smoothly, with no service exceptions.

THE RESULTS

Very quickly after the initial tests, additional lanes and volumes were added, with UNFI using both premium and expedited services while realizing expense reduction. Through September of 2013, more than 3,668 dry and 199 temperature-controlled loads in containers and trailers, respectively, were transported via intermodal in combination with BNSF and select carriers.

Internally, the initial concerns have been allayed, and now the value of intermodal is being fully realized by the UNFI logistics group, which only had to change a few lead times to match schedules. Additionally, to help the team better understand intermodal, BNSF hosted an "Intermodal 101" session, and a field trip to a rail yard is planned.

That effort, along with BNSF's Load & Ride Solutions team stepping in with load distribution techniques, has demonstrated BNSF's willingness to collaborate – and provided an added degree of confidence, according to Lacoste.

UNFI is also reaping significant environmental benefits of rail. In 2012 alone, UNFI reduced its carbon footprint 71 percent on the nearly 3,500 containerized loads it moved with BNSF vs. an all-truck move; and 58 percent on the 65 temperature-controlled trailers. Through third quarter 2013, UNFI reduced its carbon footprint 70 percent on more than 3,600 containers and 56 percent on nearly 200 temperature-controlled trailers.

NEXT STEPS

Additional technologies, including a transportation management system and a warehouse management system, were implemented in 2012. As part of its growth initiative, UNFI introduced an inventory optimization system in 2013. "We are moving from a large diversified network model and developing a sustainable scalable growth model," explained Lacoste, adding that intermodal will continue to be a big part of the transformation.

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*– Kristin Lacoste,
UNFI's Director of
Inbound Logistics*

