

Sun-Maid® Uses Consolidation to Drive a 62% Reduction in Outbound Freight Costs

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– John Slinkard

Vice President of
Supply Chain Services
Sun-Maid



Situation

Sun-maid Growers of California (Sun-Maid) markets premium quality raisins and dried fruits under the Sun-Maid® name. The company distributes to U.S. retail customers through a nationwide network of distribution centers. When Sun-Maid sought a 3PL distribution partner for the Mid-Atlantic and Northeast regions, a key criterion was a freight consolidation program.

"We are a medium-sized company that needs to ship with other companies to minimize higher-cost LTL shipments," says John Slinkard, vice president of supply chain services for Sun-Maid. "We found many 3PLs that would consolidate freight if they saw an opportunity but only one, Kane Is Able (KANE) out of Scranton, PA, that had a formal consolidation program."

Strategy

KANE took over distribution of Sun-Maid products in the Mid-Atlantic and Northeast regions and immediately integrated Sun-Maid into their freight consolidation program, which includes products from candy, pet food, condiment, and other grocery manufacturers. Shipment requests from KANE customers are entered into the 3PL's "LoadCon" system, which automatically builds full truckload shipments based on ship-to points and requested arrival dates (RADs). Sun-Maid pays only for the portion, by weight, of the truckload shipment that its products represent.

Itemized invoices reflect both the total cost of the truck and Sun-Maid's portion.

KANE's consolidation program is distinct from other 3PL-operated programs in that it adheres to RAD requirements. Many 3PLs lack KANE's large concentration of CPG customers, therefore shipping in full truckloads requires that they hold small shipments until a full load can be built. This waiting game requires changing arrival dates at the retailer, creating inefficiencies at the receiving end.

Retailer participation turns consolidation into true collaboration

Sun-Maid shares KANE's belief that retailers and distributors must be involved to achieve maximum value from load consolidation. At KANE's suggestion, a major distributor now consolidates orders for Sun-Maid products with orders for several other KANE customers. It's this downstream participation that turns simple load consolidation into a full-fledged collaborative distribution strategy where companies benefit from sharing a distribution infrastructure.

"KANE has been proactive in trying to push more retailers to look at order consolidation," says Sun-Maid's Slinkard. "I've worked with them on this effort because it's good for Sun-Maid and it's where the industry needs to go."

Sun-Maid has also worked with KANE's sales department to attract more CPG companies to KANE's Northeast, collaborative

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distribution campus. “The addition of just one customer to the program can increase my consolidations by 5%–10%, bringing down my cost per hundredweight (CWT)” says Slinkard. “Freight consolidation also takes trucks off the road, so it’s both a greener and a cheaper solution.”

Results

A Sun-Maid comparison of consolidated versus non-consolidated shipments has shown a **62% reduction in Sun-Maid’s CWT for outbound freight.**

“These savings drop straight to the bottom line,” says Slinkard. “We currently consolidate close to 50% of orders and we want to keep growing that number.”

Retailers also benefit from KANE’s freight consolidation program with Sun-Maid and others since they can receive the same volume of products in fewer, multi-vendor shipments. According to Slinkard, retailer interest in collaboration is starting to trickle down to mid-tier vendors, opening the door to even more cost-saving opportunities.

“The landscape in logistics will be very different in five years,” he says.

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Kane Is Able is a third-party logistics provider that helps consumer packaged goods (CPG) companies warehouse and distribute goods throughout the U.S.