



MIT Center for
Transportation & Logistics



News Release

Collaborating with a competitor, company finds big savings and “green” dividend by streamlining logistics

MIT-authored case study shows cost, greenhouse gas reductions from increased efficiency and collaboration in logistics operations

Cambridge, Mass. (Jan. 31, 2013) — A study released today shows Ocean Spray Cranberries gained a 20 percent reduction in greenhouse gases on top of a 40 percent savings in transportation costs by making smart process changes to one of its primary transportation and distribution routes. The study, conducted by the Center for Transportation & Logistics at the Massachusetts Institute of Technology (MIT CTL), measured the sustainability improvements after Ocean Spray, a \$2.2 billion agricultural cooperative and household-name fruit juice and food manufacturer, opened a new distribution center and partnered with a competitor to improve transportation efficiency.

Ocean Spray’s first process change to reduce transportation costs, shave delivery distances and, ultimately, trim emissions, was to open a new distribution center in Florida, bringing product supply closer to demand. The company was looking for a more cost-efficient and environmentally sustainable way to transport finished products to the new distribution center, when they learned of a competing juice company’s New Jersey to Florida backhaul opportunity. Ocean Spray investigated whether it was possible to fill the competitor’s vacant railcars with Ocean Spray product already headed in that direction by truck.

Taking advantage of the backhaul opportunity involved working with a logistics partner as intermediary and coordinating shipments with each other’s schedules. With only a modest investment of time and money, Ocean Spray realized both financial and greenhouse gas emissions savings over a 12-month period:

- A shift of 80 percent of its freight traffic between New Jersey and Florida to a new rail route
- A 20 percent overall carbon footprint reduction in that lane
- An estimated 40 percent savings on transportation costs in that lane –about \$200 per truckload

- A savings of 1,300 metric tons of carbon dioxide, a 68 percent reduction—contributing to the overall reduction of 20 percent identified by MIT—the equivalent to saving over 100,000 gallons of fuel

“We recognize the importance of managing our food and juice business in a way that advances our environmental sustainability performance. We needed a more efficient way to haul products south. Our competitor was spending money and energy moving empty railcars in that direction. It made good business sense for us to collaborate,” said Ken Romanzi, Ocean Spray’s Senior Vice President and Chief Operating Officer, North America. “Ocean Spray has a history of innovative partnerships, and this case study shows how collaboration in freight operations can boost efficiency and identify opportunities for environmental benefits.”

“This is a great example of how a company can be driving savings to the bottom line and find they’ve improved sustainability at the same time,” said the report’s author, Dr. Edgar E. Blanco, Research Director at MIT CTL.

Companies regularly redesign their transportation networks to better serve their customers. These network adjustments usually translate into cost savings due to reduced mileage or the shifting of transportation modes. As the Ocean Spray case study demonstrates, such improvements also often result in significant CO2 emissions savings since they are related to the same drivers that reduce transportation costs: lower mileage and more fuel-efficient modes. Ocean Spray is so impressed with the overall benefits of logistics sustainability, it plans to include emissions reduction methodologies in future transport and distribution plans.

Jason Mathers, Senior Manager, Supply Chain Logistics at Environmental Defense Fund (EDF), which sponsored the study, said, “Ocean Spray has shown that concrete and measurable sustainability results can be found within projects that were previously identified for cost savings only. We encourage all companies who identify cost cutting opportunities within their logistics operations to also calculate potential emissions reductions to add greater overall value to their organizations.”

“Case Studies in Carbon-Efficient Logistics: Ocean Spray – Leveraging Distribution Network Redesign” can be downloaded [here](#). EDF’s report on the study can be accessed [here](#).

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About MIT Center for Transportation & Logistics

Launched in 1973, the MIT Center for Transportation & Logistics is a dynamic solutions-oriented environment where students, faculty, and industry leaders pool their knowledge and experience to advance supply chain education and research. Part of the Engineering Systems Division of the MIT School of Engineering, CTL coordinates more than 100 supply chain research efforts across the MIT campus and around the world. It also educates students and corporate leaders in the essential principles of supply chain management and helps organizations increase productivity and decrease their economic and environmental impact.

About Ocean Spray

Ocean Spray (www.oceanspray.com) is an agricultural cooperative owned by more than 700 cranberry growers in Massachusetts, Wisconsin, New Jersey, Oregon, Washington, Canada and Chile, as well as 35 Florida grapefruit growers. Ocean Spray was formed over 80 years ago by three cranberry growers from Massachusetts and New Jersey. Florida grapefruit growers joined the Cooperative in 1976. Ocean Spray is North America's leading producer of bottled juices and juice drinks, and has been the best-selling brand name in the bottled juice category since 1981. Ocean Spray posted fiscal 2012 gross sales of \$2.2 billion and net proceeds of \$338million.

About Environmental Defense Fund

Environmental Defense Fund (edf.org), a leading national nonprofit organization, creates transformational solutions to the most serious environmental problems. EDF links science, economics, law and innovative private-sector partnerships. Under the Corporate Partnerships Program, EDF's logistics sustainability outreach offers extensive experience in bringing practical moves toward sustainability to the logistics and freight industry. Freight transportation and distribution's contribution to GHG emissions, carbon fuel consumption and air pollution is increasing as personal transportation gets greener. EDF already works with some of the largest companies – and therefore some of the biggest buyers of freight services - in the world to effectively reduce carbon footprint while honoring the needs of commerce. For more information, visit edfbusiness.org. Follow us on Twitter: twitter.com/EDFbiz.