CUSTOMER SNAPSHOT: TARGET – TYLER, TEXAS

Raymond Smoko, Operations Director for our DCS SW Region, recently shared this customer value delivery initiative. The CVD project demonstrated how the J.B. Hunt team has been able to provide extra capacity for surge volumes, equipment moves, and other peak season demands. This is a differentiator from competitors, as we have executed this for several years and are still able to achieve optimal service levels.

OPPORTUNITY

Target Corporation is based in Minneapolis, Minnesota, where it was founded in 1962. Target has 1,840+ stores and 39 distribution centers. We have had a contract since 1998 with Target. J.B. Hunt was awarded the Tyler, Texas DC in May 2017, where we provide 44 tractors and drivers to support their operations.

During peak season, while we are expected to cover an additional 25% of our assigned volumes, the operations team strives to do more. Adding drivers to this account is a challenge, too, because Target has specific pickup and delivery procedures. Due to the size and density of our organization, we can respond more effectively than other competitors. From last minute loads being added to equipment moves that need immediate attention, this job is truly dynamic and allows us plenty of opportunity to prove our worth.

PROCESS

Since 2017, we have provided surge capacity and schedule adjustments to Target by properly analyzing the customer's forecast. Identifying loads that we can execute allows us to pass along significant savings to Target rather than the customer having to pursue another carrier in the spot market. Some estimates have identified this savings to be around 25% versus Target having to outsource the load.

Target shares their volume forecast and J.B. Hunt's SW Operations Team then identifies drivers internally that can work to meet this need. Forecasts change, resulting in short notice adjustments, but again, our density has allowed us to cover these extra volumes, ensure service levels, and save the customer money.

RESULTS

By flexing our fleet size, J.B. Hunt has estimated the following savings and value for Target:

- An average of **$350 per load savings** when J.B. Hunt covers an additional load beyond contract (Savings varies by destination)
- Returned over 70 leased trailers that were used for holiday surge volumes, which resulted in **$30,000+ savings** to Target from incurring another monthly rental fee

RESULTS CONTINUED

- Another carrier was struggling with hiring drivers and J.B. Hunt **provided coverage for 10 stores** in 2018-2019 peak season
- Opportunity cost is huge in retail! Most often a load of Target Store goods will be unloaded straight to the floor. Target's own Tyler DC Management recently estimated approximately **up to $40,000 is lost in sales per day** when a trailer is not delivered
- J.B. Hunt's on-time service for Target – Tyler, TX in 2019 was **99.81% while covering an additional 449 loads** over our contractual commitment



Utilize J.B. Hunt's Fleet capabilities and strength in hiring drivers to solve for your customer's changing needs!