

## Retailers Teaming Up To Cut 'Empty Miles' And Transport Costs

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NEW YORK (Dow Jones)--U.S. retailers, the biggest shippers and receivers of goods hauled in the U.S., are trading competition for cooperation by teaming up to transport each others' goods.

The likes of Wal-Mart Stores Inc. (WMT), Macy's Inc. (M) and J.C. Penney Co. (JCP) are joining forces, at least on the highways of the U.S., to cut their transport bills and curb emissions by filling empty spaces in long-haul trucks with each others' merchandise.

The Empty Miles initiative, as it's known, grew from an industry panel discussion two years ago about how trucks are still traveling U.S. highways without cargo after making deliveries, with retailers in essence paying for round trips when they are only shipping goods one way. The situation costs retailers millions of extra dollars a year while producing unnecessary emissions as the trucks head back without cargo. The issue of empty return trips has bedeviled the retail and trucking industries for decades. Despite making progress at avoiding empty trucks, the onset of the recession and concerns about fuel costs gave the vacancy issue extra urgency.

"Economic conditions are throwing them together," said Rodney Sides, principal with the retail practice at Deloitte Consulting LLP. "A lot of what retailers used to cut costs, like closing stores and cutting staff, are played out. Now they are turning to the supply chain to squeeze out efficiencies."

"It's about collaboration," said Bill Connell, Macy's senior vice president who oversees transportation and logistics.

The Empty Miles program currently has 46 members, including retailers, manufacturers and trucking companies. Members pay \$1,600 a year for access to a website that lists shipping days, destinations and return routes for empty trucks, as well as support to facilitate coordination for shipments. The program was created by the Voluntary Interindustry Commerce Solutions Association, or VICS, a supply chain group that tries to make the delivery of consumer goods more efficient. VICS worked with GS1 US, an industry standards organization.

Macy's is currently the empty miles program's biggest user, accounting for about 5,000 of the 9,000 miles listed on the website, VICS said. Like most retailers, Macy's contracts with major trucking companies to carry its merchandise. Trucks like the kind retailers use carry no cargo almost 30% of the time they are on the road, trucking statistics show.

The program is helping Macy's save \$25,000 a year on certain routes, Connell said.

Macy's and other retailers say the program also helps their compliance with environmental sustainability goals by finding partners to use the trucks.

J.C. Penney cut its carbon dioxide emissions by 14.7 million pounds last year while saving \$5.6 million, said Marie Lacertosa, senior vice president of supply chain management.

Wal-Mart is using the empty miles program as part of a broad effort to make its transportation system more efficient. Wal-Mart's efforts include starting to take on more of the deliveries that its U.S. suppliers have been handling.

-By Karen Talley, Dow Jones Newswires