



## Logistics Made Simple

### ***3PL's efficiency, flexibility and integrated services streamline operations for leading beverage marketer***

Around the country, people enjoy the cool, refreshing taste of the #1 tea in America, AriZona® brand iced teas. Keeping these beverages on store shelves is the job of AriZona Beverages USA, national marketer of the AriZona® family of products, and AZ Southeast Distribution, the company's distributor.

It's no small feat to coordinate the distribution of more than a million cases of product each month, so AriZona Beverages looks to Saddle Creek Corporation for assistance. The third-party logistics company serves AriZona Beverages' logistics needs for the entire Southeast region and is the company's exclusive distributor in the state of Florida, its second largest market. In addition, Saddle Creek recently opened a distribution center for AriZona Beverages in Santa Fe Springs, Calif., to handle the company's needs on the West Coast.

"We couldn't make it happen without the support of Saddle Creek," explains Jay Petragrani, vice president of planning and operations at AriZona Beverages. "Year after year, they prove themselves to be a true logistics partner. They've done a fantastic job of delivering stellar service and out-of-the-box thinking while accommodating our business growth. It's a complex operation, but they make it look simple."

### **The Business Challenge**

In the fast-paced world of convenience stores, suppliers need to be able to turn on a dime. Saddle Creek helps AZ Southeast do just that for one of AriZona Beverages' largest customers, a leading nationwide convenience store.

Saddle Creek accommodates a remarkably tight turnaround time for fulfilling and delivering orders to this particular customer. The 3PL receives orders for the day at 10:30 a.m. and has them case picked and delivered to the customer's DCs in Orlando and Tampa—45 minutes away—by 1:00 p.m. the same day, so they can be broken down and delivered to stores that night. Each shipment is between three-fourths to a full truckload—approximately 1,000 to 1,500 cases per day for each DC.

"Timing is everything in the convenience store market. Our customer has been very pleased with the service," says Tom DeLuca, vice president of corporate development for AZ Southeast. "Our order fill rate has improved dramatically. We're now at 99.9 percent. Saddle Creek has been instrumental in helping us to achieve this level of customer satisfaction."

"It's an intense process every day," admits Butch Riggleman, vice president and general manager at Saddle Creek. "But we're committed to making it work. It's just part of our company pledge to do *Whatever it Takes*<sup>SM</sup> to meet our customers' needs."

### **At a Glance:**



#### **Industry:**

Beverage

#### **Business Profile:**

AriZona Beverages USA LLC is the national marketer and supplier of the popular AriZona® brand iced teas, flavored waters, juices, coffees, energy drinks and powdered tea mixes.

#### **Quick Facts About AriZona Teas:**

- 100% natural
- Ready-to-drink
- Creatively packaged
- Affordably priced (many at 99 cents)
- First sold in 1992
- Annual growth of 40%



## AriZona Beverages Chooses Saddle Creek

Over the years, the relationship between AriZona Beverages and Saddle Creek has evolved from a simple, single warehouse operation to full-service integrated logistics in two key regions. Saddle Creek provides warehousing and rainbow packaging services and manages case-pick operations with routed, full truckload and single shuttle operations in Florida and California.

### Facilitating consolidation

When business began booming several years ago, Saddle Creek opened a 63,000-square-foot facility for AriZona Beverages in Florida. Just a year later, they outgrew the space, so Saddle Creek added 50,000 square feet at its Lakeland, Fla. campus and began distributing to operations in Orlando, Tampa, Ft. Myers and Jacksonville where AZ Southeast maintained inventory.

Still challenged with the expense and inconvenience of holding inventory in multiple locations, AZ Southeast looked to Saddle Creek for a solution. The 3PL proposed building a 486,000 square-foot facility at its Lakeland campus. The new space now gives the distributor 200,000 square feet on a year-round basis and access to additional square footage as needed to accommodate seasonal fluctuations and business growth. AZ Southeast was able to consolidate product from three locations, reducing inventory and the associated carrying costs of that inventory.

"Saddle Creek helped us to combine inventory from three facilities into one consolidated DC," says AZ Southeast's Deluca. "This arrangement gives us the ability to return our focus to providing quality product to our very loyal customer base."

### Integrating services

Saddle Creek's integrated approach to logistics is a big part of the value proposition for AriZona Beverages.

"We're able to improve efficiencies by providing warehousing, transportation and packaging capabilities under one roof," said Saddle Creek's Riggleman. "As a single-source provider, we can help AriZona Beverages cut operating expenses and reduce their warehouse space by 70 to 80 percent in multiple locations."

Saddle Creek's transportation group exclusively manages the shuttle service between the distribution center on Saddle Creek's campus and AZ Southeast's branches on a just-in-time basis. Orders—typically totaling 7,000 to 8,000 cases—are placed

daily by route drivers, sent electronically to Saddle Creek at 6:00 p.m., and case-picked and shipped by 11:30 p.m. that evening.

AriZona Beverages also makes use of a number of Saddle Creek's value-added services at each facility. "We really appreciate the convenience of having a single provider that can handle such a wide range of services," Petragrani says.

### Making logistics simple

Saddle Creek takes pride in simplifying logistics operations so that AriZona Beverages can concentrate on its core business. "AriZona Tea is a great product with a unique marketing approach," says Riggleman. "Our job is to manage logistics operations, so AriZona Beverages can focus on those areas.

This approach seems to be working. With the 3PL's strong track record, AriZona Beverages had no hesitation in selecting Saddle Creek when the company needed a partner that could provide a cost-effective and service-focused operation on the West Coast. The result was a new 269,000-square-foot distribution center in Santa Fe Springs, Calif., operated by Saddle Creek.

"We're very satisfied in working with Saddle Creek," says Petragrani. "Their corporate culture, range of services and consistently excellent execution make them very easy to do business with."

### The Next Step for AriZona Beverages

Looking ahead, Petragrani expects Saddle Creek to continue to help accommodate changes brought on by AriZona Beverages' business growth in a cost-effective way. Already, the two companies are working together on a new racking solution to accommodate disposable plastic containers and exploring new IT systems that will improve inventory control and visibility.

"We appreciate working with a company that understands our business objectives and has the resources, commitment and expertise to help us meet them," says Petragrani.

 **SADDLE CREEK**  
**CORPORATION**®  
*Integrated Logistics Solutions, One Provider — Nationwide*

Based in Lakeland, Fla., Saddle Creek Corporation is a privately held third-party logistics services company that provides integrated logistics, warehousing, transportation, and contract packaging services nationwide.

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