

# THE COLD FRONT

By RLS LOGISTICS



## Frozen and Refrigerated Cold Chain Insights

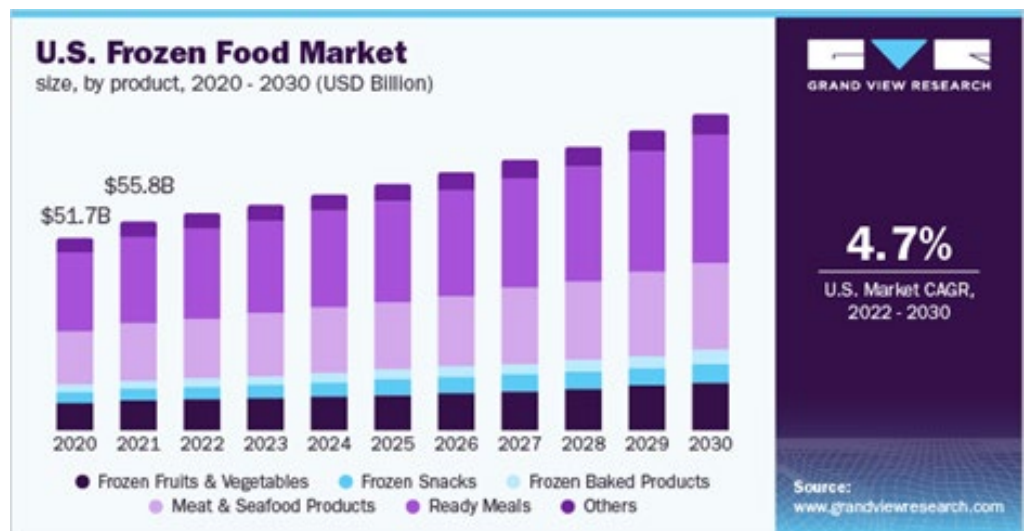
Welcome to The Cold Front, presented by RLS Logistics, the Cold Chain Experts! We proudly offer nationwide [cold storage warehousing](#), [ltl shipping](#), [truckload freight brokerage](#), and [eCommerce fulfillment](#) cold chain solutions. This month's edition focuses on these topics for our July 2024 issue: Frozen Food Sales, 3 Degrees of Change, and a Trucking Industry Update. The Cold Front is a monthly summary highlighting pertinent [cold chain storage](#) market data in one concise location. These insights ensure that you have the data to make better decisions to fuel your growth. We hope you find this information useful! **If you want data on your specific market, click the button below.**

### Frozen Food Sales

In the Power of Frozen in Retail 2023 report commissioned by the American Frozen Food Institute (AFFI) and in conjunction with the Food Industry Association (FMI), frozen food sales have increased by 13.5% compared to this time last year and 29.6% compared to three years ago. This equates to an increase of

over \$10 billion over the past three years. This is good news for food manufacturers. However, these statistics can be misleading as per-unit sales have declined monthly due to inflation. The impact of paying higher prices has altered consumer buying patterns. Consumers opt to switch to less expensive or store-label brands as prices increase.

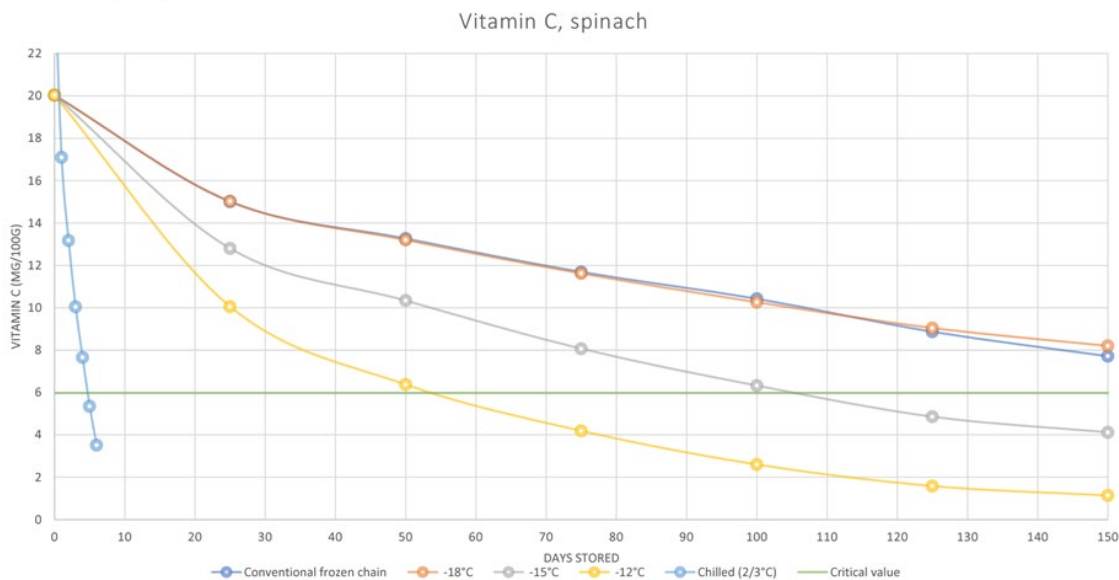
The study concluded that 76% of shoppers compare prices between brands in stores before purchasing. Additionally, consumers opt for larger club pack sizes to achieve more bang for the buck. Consumers seem to be better educated on the power of frozen foods and the nutritional content frozen foods have. In the [July 2024](#) feature article in Frozen & Refrigerated Buyer magazine, Stew Leonard's, a high end retail chain with eight locations in NJ, NY, and CT, echoed the increased demand for frozen. The retailer has added 20% more frozen space to meet consumer demand for convenient frozen foods. Grocery e-commerce, accelerated by the pandemic, has since cooled off and plateaued across most categories. Consumers cite the primary reasons for purchasing frozen foods are price and convenience. These reports and sentiments confirm our internal data that the need for frozen storage space remains strong.



Although we have witnessed pockets of capacity within the network, filling available space does not take long. We expect frozen foods will continue to grow, and more items will be available. I suspect the demand for frozen warehouse storage will remain hot for the foreseeable future.

### 3 Degrees Of Change

A growing movement in Europe is starting to make its voice heard here in the U.S. The initiative, a collaboration between DP World, a global logistics firm, and a team of international researchers, concludes the positive environmental impact while maintaining the quality and safety of frozen foods by increasing the storage temperatures by +3°. As a result, DP World has launched the [“Join the Move to -15° C”](#) coalition to revamp the current standards and practices of storing frozen foods. Current standards for frozen storage and transportation are -18° C.



**figure 1: Evolution of vitamin C content for frozen spinach stored at different temperatures.**

The report estimates that approximately 13% of food produced globally is wasted at some point in the supply chain, and approximately 17% is wasted in homes, retail stores, and restaurants. Not only does food waste incur costs from the wasted energy, effort, and other factors that go into the manufacturing process, but food waste accounts for 38% of the energy used in the food system. There are benefits of freezing more foods to combat food waste. The study showed that food waste associated with frozen foods is 47% less than food wasted on refrigerated foods. Additionally, it is well documented that freezing foods maintain a higher nutritional content than refrigerated foods, which begin deteriorating when produced or harvested. Also, freezing foods can minimize seasonal items and stabilize pricing for those commodities. Research shows that the frozen food market is expected to have a compound annual growth rate of 5.1% year over year into 2028. The growth rate is nothing to sneeze at and will undoubtedly impact energy and greenhouse gas emissions. The three degrees of change have been studied and explored as a countermeasure to this growth and are making progress with food companies overseas.

The study has shown that reducing the set point temperature of frozen food from -18 °C (0°F) to -15°C (+5°F) will save energy and reduce the environmental impact while maintaining food safety, quality, and reducing food loss. Several food manufacturers are on board and are exploring options and re-engineering recipes to support the initiative. Nomad Foods, a strong proponent of the initiative, has tested nine products in a pilot program and has reported no significant change to the products sampled. Although the initiative could take time to become mainstream, several European warehouse technologies have been adopted here in the U.S. We will keep our eyes and ears on The Move to -15°C and keep you posted as it evolves.

## Industry Update: Trucking

It is no secret that the trucking industry has been in a two year freight recession. And it is still anybody's guess when freight volumes will increase, and excess capacity will exit, creating a shift in supply and demand. In a recent article by [Transport Topics](#), some of the larger carriers are feeling the pain. The largest for-hire carrier, UPS Inc., witnessed a decline in revenue of approximately 9 billion dollars; however, they maintained their #1



ranking according to the Top 100 For-Hire Carrier list. Many top trucking firms reported weak results during their financial earnings calls. They continue to control expenses while demand is weak and wait for a market shift.

According to the article, there were an additional 1,972 carrier failures in June, a 60% increase from May. The freight market has been bouncing along the bottom of the cycle for some time now; however, glimpses of hope have never materialized. The Wall Street Journal recently published an article detailing the struggles of U.S. manufacturers coping with low demand, higher interest rates, and rising operating costs. Trucking has been a bellwether of the overall economy, and up until now, it hasn't lived up to the hype. However, it might be now. The Federal Reserve has hinted at a reduction in interest rates this fall, the first since the pandemic. The question is, by how much and by when can we expect the Federal Reserve to lower rates and boost this economy? It could come sooner than anticipated during an election year in our politically charged environment. Our guess is that we will not be out of the woods until the end of Q1 or early Q2 2025, but hey, that's just a guess.

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