

## Business Up at North American PRWs, With More Offering Added Services

Turnover and inventories both up, with new construction limited mostly to the coldest (-29° C) warehouses. RFID technology making rapid gains, and websites are almost universal.

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Refrigerated warehouse business is brisk in North America, to judge from the annual QFFI/IARW Global Frozen Foods Refrigerated Services Trends Survey. Turnover (sales volume) was seen trending up at 49.1% of the PRWs surveyed this year, compared to 40.9% in 2005, and in the United States it is even higher.

That doesn't mean turnover was up 49.1%, only that operators running 49.1% of the warehouses in the survey indicated that sales were up. It could have been a small increase in each case, but the fact that more of them reported increases this year than last is significant.

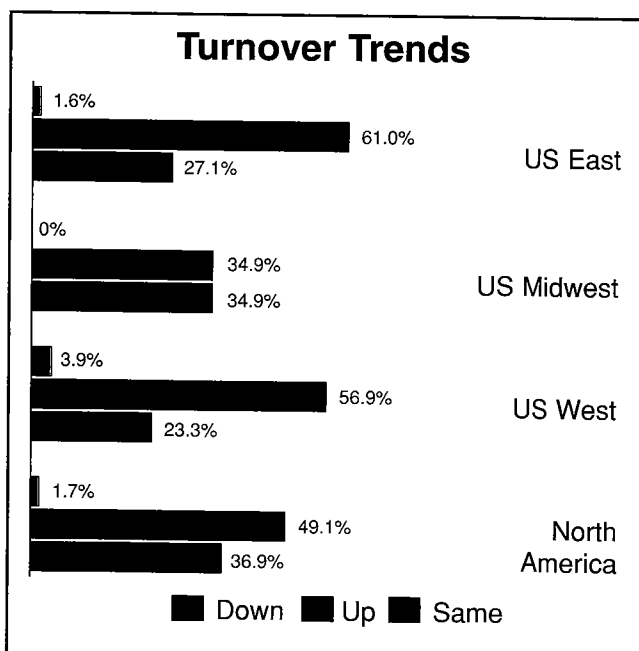
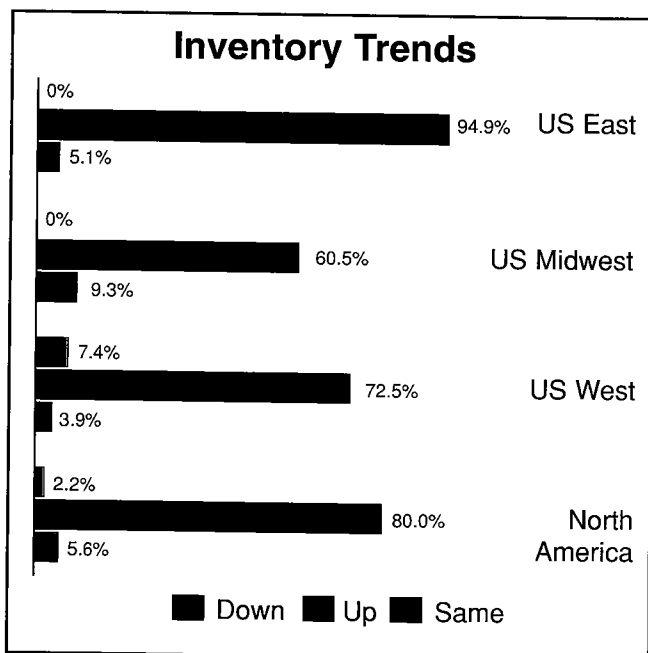
Because some PRW operators run only one warehouse and others may have dozens, the numbers crunched by QFFI are based on their location counts; and in the

**About This Annual Survey**  
This analysis is based on 36 responses to *Quick Frozen Foods International's* Annual Global Refrigerated Services Survey of members of the International Association of Refrigerated Warehouses and other coldstore operators in North America. More than 179 facilities are represented. The editors wish to thank IARW President and CEO J. William Hudson and his staff for their cooperation in conducting this poll.

case of those that operate facilities in more than one region, their responses are allocated among regions accordingly. In both tables and text, percentage figures are based on the total number of warehouses.

Turnover is up for 61% of PRWs in the weighted response for the Eastern United States, compared to a mere 14.8% a year ago, and 34.9% for those in the Midwest, up from 13.6%. In the US West, an uptick is reported by operators of 56.9% of the warehouses – up from 46%. Only in Canada is traffic mostly about the same as last year, or the overall North American percentage would be higher. But hardly any operators report declining business.

On the other hand, inventories are also way up – 80% of the weighted sample reports that, and the rate is an astounding 94.9% in the US East. Last year, the overall and US East figures were 12.7% and a tiny 3.7%, respectively. Inventories were up 60.5% in the US Midwest and 72.5% in the US West, versus 8.6% and 19.8% a year ago. Hardly any



operators report either declining or stable inventories – a far cry from last year.

Maybe some of the inventory is goods for processing, or that have just been processed. The percentage of locations offering on-site freezing is 86.5% this year, versus 73.7% last year, and repacking services are offered by 68.2% versus 30.7% in 2005. Some 66.5% rent out space for processing, up from 51.7%, and 65.4% rent office space to customers. For some reason, a lot fewer locations in the US West offer repacking, but a lot more are doing so in the East and Midwest.

It is hardly uncommon for PRW operators to dedicate or even to build facilities for processors – to produce and package their products as well as storing and shipping them. Most often, this will be for commodities like meat, poultry and seafood, but a few mention bakery products and, beyond the survey, there are other examples of further processed products. But dedicated processing and repacking may be related to other developments.

Radio Frequency Identification (RFID) technology, barely a blip on

### United States Cold Storage Expands Tulare Warehouse

United States Cold Storage of California has completed its latest expansion in Tulare. The new building, known as Tulare North, houses a dry and refrigerated storage facility totaling approximately 140,948 square feet.

The refrigerated space, designed to maintain temperatures as low as -20°F, provides 2,705,562 cubic feet of storage capacity. The building is fully racked with capacity for 9,592 pallet positions in the freezer storage. It is served by a 50 foot wide

refrigerated truck dock providing 12 loading doors, and a 45 foot wide refrigerated rail dock having four rail loading doors.

A USDA inspection room is on the premises, along with offices and other ancillary spaces. Overall facilities now consist of approximately 10 million cubic feet of refrigerated space and 3 million cubic feet of dry space. The Tulare distribution program covers most western states with regularly scheduled delivery service.

the radar screen a year ago, is now widely used, being available at 41.9% of warehouses represented by the survey. A number of operators that don't already have RFID plan to install it, and that may be part of the reason 65.4% plan to upgrade computer systems. One reason for that is that Wal-Mart, the largest retailer in the country, has mandated RFID coding for everything sold in its stores, including frozen food.

Some 67% reported having bar

coding technology, but that is probably far short of reality, because regional percentages in the US were a lot higher last year, and it hardly seems likely that, once having embraced bar coding technology, any business would abandon it. Most likely the discrepancy reflects a change in the sample base.

More warehouses are retaining consultants these days. Overall rate for North America is 54.7%, versus 33.4% a year ago. But the reasons for hiring consultants are quite var-

## WAREHOUSE CONSTRUCTION PLANS, 2006

*By Percentage of Regional Facilities*

<b>Activity</b>	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
<b>New Construction</b>				
Warehouse -29°C	62.7%	27%	3.9%	38.0%
Warehouse -18°C	28.8%	—	35.3%	19.6%
Warehouse 0°C	13.6%	—	—	4.5%
Office	6.8%	—	—	2.2%
Other	—	—	—	—
<b>Additions</b>				
Warehouse -29°C	27.1%	27.9%	3.9%	26.3%
Warehouse -18°C	—	—	—	4.5%
Warehouse 0°C	—	—	—	4.5%
Office	—	—	—	—
Other	3.4%	—	3.9%	2.2%
<b>Renovations</b>				
Warehouse -29°C	5.1%	—	7.8%	3.9%
Warehouse -18°C	1.7%	2.3%	7.8%	3.4%
Warehouse 0°C	3.4%	25.6%	15.7%	11.7%
Office	6.7%	20.9%	15.7%	11.7%
Other	—	—	—	—
<b>Net Freezer Space Gain</b>	<b>37.3%</b>	<b>—</b>	<b>35.3%</b>	<b>26.8%</b>

Source: Quick Frozen Foods International

ied, ranging from safety and security to information technology. Some need help with warehouse management systems, telecommunications and marketing, or even refrigeration technology.

Ronald P. Vallort, president of Ron Vallort and Associates, Oak Brook, Illinois, sees the most important trends as being the "maximizing of capacity in existing facilities, as very few new facilities are being constructed," and the trend towards offering "more and more value-added services" such as freezing, repacking and renting out space.

#### Spinning More Websites

With 93.3% of warehouses being part of companies with websites, web-based e-mail and FTP systems may be replacing other electronic communications like EDI and WINS, which are down from 75.6% to 67.6%. Systems for direct contact with customers are up from 44.3% to 57%, and direct contact with suppliers from 40% to 55.3%. Yet fax machines are still used by 55.3%.

"Sales exposure" is a common justification for websites, but they are also used for customer support,

#### Columbia Colstor Expanding Near Site of First Warehouse

It began in Quincy, Washington, with Columbia Colstor's first refrigerated warehouse in 1983. Now the company, since headquartered in Moses Lake, is returning to Quincy with a major expansion.

Ground was broken Feb. 20 for the Columbia Colstor International Logistics facility on Industrial Parkway near the Port of Quincy's intermodal industrial park. Plans are to complete the project this fall.

"We hope to have this up and going for business by the first week of September," said Don McGraw, president, of the new facility, which will encompass 218,000 square feet, including a

freezer that will occupy 151,000 square feet, a refrigerated rail dock at 33,000 square feet, and a 25,000-square-foot dock.

The facility will give Columbia Colstor long-needed additional space in the Columbia River Basin and will be a local point to focus on export business. "We're also going to try to attract other business from other areas coming through this area for export and then in the future, import business coming back into the country," McGraw said, adding the facility will also eventually serve as an intermodal site for the loading of containers onto rail cars to ship through the ports of Seattle and Tacoma.

as with order entry global positioning satellite (GPS) tracking of shipments. Improvements to such programs must have a lot to do with the fact that 65.4% of the weighted sample plans upgrades in computer systems this year, with 38% seeking new software and 31.2% new hardware - and 43.5% are adding termi-

nals. Owned mainframes account for 73.7% of all systems, followed by mini-computers at 32.4% and networked microcomputers at 22.9%.

New construction plans are relatively weak except in the -29° C warehouses, with 38% of the weighted sample planning units in

### MATERIALS HANDLING PURCHASING PLANS, 2006

*By Percentage of Regional Facilities*

<b>Activity</b>	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
<b>Racks</b>				
Standard	59.3%	76.7%	66.7%	66.5%
Gravity	27.1%	—	2.0%	9.5%
Automatic	—	—	—	—
Other	22.0%	—	—	7.3%
Conveyor Systems	6.8%	9.3%	3.9%	5.6%
Conveyor Belts	22.0%	9.3%	3.9%	10.6%
Stacker Cranes	22.0%	—	—	7.3%
Pallets	88.1%	39.5%	62.7%	65.9%
Slip Sheets	52.5%	11.6%	25.5%	27.4%
Metal Dock Boards	33.8%	20.9%	51.0%	30.7%
Lift Trucks	93.2%	60.5%	76.5%	76.5%
Lift Truck Batteries	94.9%	58.1%	60.8%	72.1%
Battery Rechargers	88.1%	58.1%	52.9%	67.6%
Other				
<b>Doors</b>				
Automatic	81.4%	67.4%	64.7%	70.9%
Mechanical	33.9%	—	37.3%	27.4%
Manual	18.6%	9.3%	3.9%	9.5%
Air Curtains	23.7%	4.7%	—	8.9%
Plastic Strip Curtains	61.0%	2.3%	82.4%	44.1%
Dock Locks	42.4%	39.5%	43.1%	45.3%

Source: Quick Frozen Foods International

that temperature category, and 19.6% in -18° C units, and only 4.5% in 0° coldstores – compared to 36.5%, 37.8% and 20.7% a year ago. Additions to -29° C warehouses are planned by 26.3% of the weighted sample – up from 20.7%, but only 4.5% in the other two categories, compared to 20.7% each in 2005.

Screw compressor purchasing plans are, at 76.5%, up from 63.8% last year. Although plans to buy ammonia compressors are off from 68.4% to 56.9%, this may be only because some harried executives didn't check off the box because they thought it was too obvious that their equipment runs on ammonia. But there is apparently little interest in reciprocating or packaged compressors. Plans for purchasing condensers (52.5%), coils (29.1%) and fans or blowers (38.5%) are in the same ballpark as a year ago. Vallort surmises that screw compressors are being purchased as replacement units, or for internal expansion at established warehouses.

Basic materials handling equipment purchasing plans are strong. Operators representing 66.5% of all locations plan to buy standard racks this year, compared to 70.6% last year. Gravity racks figure at 9.5%, up from 2.8%. Pallets are being sought by 88.1% versus 51.4%. Lift trucks are being sought by 76.5%, compared to lift truck batteries by 72.1%, and rechargers by 67.6%.

<b>INSULATION PURCHASING PLANS, 2006</b>				
<b>Activity</b>	<i>By Percentage of Regional Facilities</i>			
	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
<b>Polyurethane</b>				
Panels	37.3%	9.3%	19.6%	18.4%
Sheets	1.7%	—	—	0.5%
Foam	—	—	7.8%	2.2%
<b>Styrene</b>				
Panels	1.7%	—	—	0.5%
Foam	—	—	7.8%	2.2%
<b>Glass Fiber</b>				
Sheets	—	9.3%	7.8%	4.5%

Source: Quick Frozen Foods International

Some 70.9% of the weighted sample is looking for automatic doors, up a bit from a year ago, but interest in plastic strip curtains is way up – from 14.6% to 44.1%. There is more interest in slip sheets at 27.4%, and metal dock boards at 30.7%.

Insulation seems to be the least of operators' concerns, but this may mean only that they were passing the category over as they hurriedly filled out the forms. Be that as it may, only 18.4% of the sample overall expressed interest in polyurethane panels, compared to 45.8% a year ago, and the response was minuscule for styrene and glass fiber in any form. That makes sense if fewer warehouses are being built, Vallort opined.

#### **Regional Factors**

There are regional factors, as always. Inventories of raw frozen citrus juices are off at one PRW operation in the Southeast, but seafood more than makes up for that. Beef, pork and seafood are gaining on both stocks and sales for another Southeastern operator. Frozen meats are getting the most increased business at a Northeastern warehouse.

Poultry sales are up at one public refrigerated warehouse in the South, but another nearby reports poultry turnover decreasing. Fruit, vegetables and meat are all doing well for another operator in the Southeast.

At one company in the upper

<b>REFRIGERATION EQUIPMENT PURCHASING PLANS, 2006</b>				
<b>Activity</b>	<i>By Percentage of Regional Facilities</i>			
	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
<b>Compressors</b>				
Ammonia	39.0%	79.1%	62.7%	56.9%
Fluorocarbon	—	—	7.8%	2.2%
Other	—	—	15.7%	4.4%
Screw	94.9%	58.1%	62.7%	76.5%
Reciprocating	33.9%	—	7.8%	2.2%
Packaged	—	—	7.8%	2.2%
Central Station	11.1%	—	—	2.8%
<b>Condensers</b>				
Coils	78.0%	65.1%	39.2%	52.5%
<b>Fans/Blowers</b>				
Refrigerant	74.6%	27.9%	47.1%	38.5%
Heat Recovery Systems	33.3%	2.3%	15.7%	12.3%
Other	—	—	3.9%	1.1%
Other	—	—	—	—

Source: Quick Frozen Foods International

Midwest, pork and pasta stocks are up, while turnover is off in beef but up in pork. Finished retail goods are up in both inventory and turnover at another, while bulk raw vegetable inventories are down. Yet another reports an increase in baked goods inventories.

Out West, one operator reports seafood inventories and turnover (in retail packs) up, dairy inventories down. But for another in the same area, fruits and vegetables are

the hottest things going. Seafood and poultry are up in stocks at one company, frozen bread at another. And foodservice products are the big thing at yet another.

PRW operators in Canada didn't single out any product trends in turnover or inventory, but one in the Caribbean mentioned that meat inventories were down, whereas those for poultry and fish were up – and turnover was up in chicken.

*Quick Frozen Foods Interna-*

*tional* hopes to have more data in its July issue on trends in Europe and Asia. Returns thus far are too few and too incomplete for meaningful analysis. From scattered forms already in hand, it appears that new construction is going at an even slower pace in Europe than in the United States and Canada, especially in -29° C facilities, and that inventory and turnover are more commonly staying the same or even declining.

## SERVICES/QUALITY CONTROL, 2006

*By Percentage of Regional Facilities*

<b>Activity</b>	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
Freezing	88.1	100.0	68.6	86.6
Repacking	67.8	69.8	5.8	68.2
Rent Processing Space	74.5	76.7	49.0	66.5
Rent Offices (customers)	83.1	74.4	70.6	65.4
Rent Offices (other)	23.7	27.9	31.3	23.5
ECR/TQM Programs	1.7	—	3.9	1.7
Cross-Docking	6.8	4.7	15.7	78.2
ISO 9000	96.6	72.1	96.1	86.0
HACCP	44.1	16.3	62.7	45.8

Source: Quick Frozen Foods International

## COMPUTERS, COMMUNICATIONS and CONSULTANTS, 2006

*By Percentage of Regional Facilities*

<b>Activity</b>	<b>US East</b>	<b>US Midwest</b>	<b>US West</b>	<b>North America</b>
<b>Systems</b>				
Own Mainframe	66.1%	81.4%	80.4%	73.7%
Shared Mainframe	32.2%	4.7%	—	11.7%
Mini Computers	28.8%	39.5%	13.7%	32.4%
Micro Computers	3.4%	1.0%	—	1.7%
Networked Microcomputers	30.5%	18.6%	13.7%	22.9%
Bar-coding Technology	67.8%	67.4%	51.0%	67.0%
RFID	39.0%	39.5%	35.2%	41.9%
<b>Plans</b>				
Upgrade	67.8%	69.8%	43.1%	65.4%
Replace	1.6%	4.6%	9.8%	4.5%
Add Terminals	32.2%	46.5%	23.5%	43.4%
Get Hardware	27.1%	30.2%	19.6%	31.2%
Get Software	54.2%	30.2%	11.8%	38.0%
<b>Communications</b>				
EDI/WINS/Internet	40.7%	83.7%	70.6%	67.6%
Fax	45.8%	65.1%	43.1%	52.5%
Direct with Suppliers	59.3%	48.8%	35.3%	55.3%
Direct with Customers	40.7%	60.5%	52.9%	57.0%
Other	—	2.3%	—	1.0%
<b>Have Website</b>	96.6%	93.0%	86.3%	93.3%
<b>Use Consultants</b>	61.0%	48.8%	31.4%	54.7%

Source: Quick Frozen Foods International