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Australia Cold Chain Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The Australia Cold Chain Logistics Market size is estimated at USD 5.21 billion in 2024, and is expected to reach USD 6.25 billion by 2029, growing at a CAGR of 3.73% during the forecast period (2024-2029).

Key Highlights
-The Australian cold chain logistics market was severely impacted by the pandemic. Not only did the abrupt closure of Australia's borders and subsequent closure of passenger routes result in a halt in human movement, but it also impacted transport cargo capacity in and out of Australia. The previous routes were no longer as easily accessible for businesses looking to move goods in and out of the country, and prices for the limited opportunities available were at a premium. Australia is a major player in the production and export of perishable goods, with the largest share of the country's cold chain logistics market.
-According to the data from the Australian Bureau of Statistics, more than a third of all businesses (37%) experienced supply chain disruptions in February 2022. This latest data shows that supply chain issues had decreased since January, when nearly half of all businesses (47%) reported having them, but have remained elevated since the survey was last collected in April 2021. According to the report, the most common supply chain issue facing businesses is domestic and international delivery delays (88%), followed by supply constraints (80%) and price increases (75%).
-Every year, 7.6 million tonnes of food are wasted in Australia, costing USD 37 billion, with flaws in the cold chain playing a significant role. Food demand will increase by 50% over the next ten years, while energy demand will increase by 50%, and water demand will increase by 30%. The National Construction Code (NCC) specifies insulation for everything, and there is no standard or regulation for insulation in the cold chain followed. One area where Australia falls far short is in necessities such as standardized truck widths and pallet sizes. The rest of the world uses 2.6-meter pallets, while Australians use 2.5-meter pallets, which causes overloading, reduced airflow, and other issues.
-Despite the rising challenges in the market, cold chain logistics is experiencing growth in Australia due to the surge in demand for

food products, meat, pharmaceuticals, and other goods which require temperature requirement and end-to-end delivery. Furthermore, there is growth in the market because of the supply of vaccines which require temperature controlled environment until it is administered to the citizens.
-One more trend in the market is the growth of e-commerce in the sector; this has created opportunities for wholesalers and retailers to deliver their products directly to customers. Many products which are sold through e-commerce distribution channels require cold chain logistics, and the ease of product availability has propelled the logistics partners to provide facilities for the smooth movement of these products to the consumers without any damage. These trends, along with some others, are expected to drive the market in the forecast period despite the challenges rising in the industry.

Cold Chain Logistics Australia Market Trends

Huge Demand for Meat Propelling Demand for Cold Chain Logistics in Australia

Meat and Livestock Australia (MLA) reduced its 2022 cattle slaughter predictions from 6.70 million to 6.15 million head for the year. This follows a lower-than-expected kill in the first quarter of 2022, which was 6.3% lower than in the same period in the previous year. The key drivers of reduced slaughter capacity are ongoing issues with the pandemic, labor availability, and forced shutdowns due to public holidays and weather. On top of that, producers are withholding more stock from slaughter to rebuild herd sizes. Despite lower slaughter numbers, production in the first quarter of 2022 fell by only 2.5% year on year. Because of record numbers of cattle in feedlot systems and higher prices incentivizing higher weights, average carcass weights were 10.8kg heavier in Q1 2022 compared to 2021. Total beef production for the year is expected to reach 1.97 million tonnes, a 4.5% increase over 2021. Australia exported 437,000 tonnes of fresh and frozen beef in the first six months of 2022, a 5.0% decrease from the same period last year. The first quarter of the year was the most affected, with February and March falling 12.8% and 15.0% behind 2021 volumes, respectively. Volumes increased in June, with exports increasing 16.3% year on year.

Lower supply and logistical challenges have been the primary constraints on export volumes. Long-haul routes became less appealing as freight costs rose, and disruptions to shipping channels caused by lockdowns at Chinese ports and the war in Ukraine left goods stranded or necessitated lengthy detours. Despite lower prices, Australian beef remains more expensive than that of other major producers, including the United Kingdom. Although the UK-Australia free trade agreement is set to take effect before the end of the year, a flood of Australian beef is unlikely due to higher prices, limited supply in Australia, and global shipping issues. Shipping issues are heavily influencing which markets traders prioritize, with nations closer to the home being preferred over those further away. This is likely to keep Southeast Asia as Australia's most important market. According to the Australian Food Cold Chain Council, logistical companies and supermarkets were doing their best within the current cold chain, but the lack of another layer of verification at critical control points had a negative impact. As technology advances, the role of the cold food supply chain becomes more prominent as chilled and frozen products that were previously limited in their marketability can now be transported over longer distances. The absence of a national regulatory system to ensure a uniform approach to the transport of chilled and frozen goods was the most serious issue confronting the Australian cold chain.

Growth of E-commerce to Propel the Forward

In Australia's business landscape, e-commerce is evolving and becoming even more important. Knowing the latest industry figures is critical to staying on par with your competition, especially with the advent of convenient and contactless shopping. E-commerce spending reached an all-time high in 2022, with fashion products taking the top spot with USD 9.7 billion in sales. Australia recorded a total retail turnover through e-commerce of more than USD 4 million in September 2021, a USD 1 million increase from September 2020, which was just shy of USD 3 million.

According to Australia Post, in 2021, 2.9 million households purchased from Specialty Food & Liquor retailers. The Specialty Food

& Liquor segment experienced its highest peak in 2021 during Black Friday, but it also increased during non-essential retail restrictions. Specialty Food items were in high demand in July and August 2021, while Wine & Liquor began to rise in October and November, peaking during the Cyber Sales as people stocked up for the holiday season. While physical stores began to reopen, shoppers continued to buy online. Given the evolution of lifestyles, some retailers discovered that their customers still prefer to have their goods delivered. This implies that digital demand will remain strong, and businesses should keep this in mind.

Growth in e-commerce will propel the market as it will create a huge demand for perishable goods, food products, and pharmaceuticals, which will require the support of cold chain logistics to cater to the consumers. There are loopholes in the system, but it also has immense opportunities for the players in the e-commerce market.

Cold Chain Logistics Australia Industry Overview

The Australian cold chain logistics market is fragmented in nature, which consists of a large number of local players to cater to the growing demand. Some of the major players in the market include Americold, Newcold Advanced Cold Logistics, Karras Cold Logistics, Auscold Logistics PTY Ltd. and many more. Other major players are MFR Cool Logistics, AGRO Merchants Group LLC, PakCan, ChillFreeze Logistics & Storage, Chill WA and others. International players are trying to enter the market in various ways, but the stronghold of local companies and the challenges in the market has become issues for the international players. But, the opportunities are expected to make way for them.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

SCOTTS INTERNATIONAL

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