



PR Dispatch Goods <pr@dispatchgoods.com>

TEST: 🤔 Traditional cold storage vs. container rentals: Which has the better value?

1 message

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Happy Thursday. We hope your week has been productive despite all the noise. TGIF tomorrow 🤗

💡 **What You Need To Know:** Grocery e-commerce soared in September, with delivery sales up 50 percent. Read more [here](#).

💡 **What you'll find in this month's newsletter:** Supply chain jobs, other industry news, and a price comparison of using a traditional cold storage vs. renting cold storage containers. Scroll down for more! ⬇️

Cold storage facilities vs. cold storage containers: which has the better value?

By Christy Williams



If you work in cold chain operations, you, like us, have probably spent a lot of time looking into cold storage options and have weighed the pros and cons of a traditional cold storage facility vs. a portable cold storage container. While we all wish that we had the luxury of choosing an option purely based on convenience, it always boils down to what will lead to the lowest CPU. So which has the better value?

We did the legwork on pricing out options to share with our partners, and we hope this will give you good insight into which option to go with should you be faced with needing more cold storage space. We completed our cold storage cost analysis for the Greater Los Angeles area, and here is what we found.

Traditional Cold Storage Facility

We reached out to 12 cold storage facilities for quotes. Cold storage is competitive in LA: six facilities were already at capacity, and three facilities never responded to our inquiries. The best price option we found in LA was [Lineage](#). Their service charges are annoyingly long, as can be seen [here](#).

Note that late truck fees and appointment cancellation fees are not specified. Historically we have seen these fees cost in the \$100s, at least with other traditional cold storage facilities. Scheduling for these facilities is a complicated, clunky process: appointments need to be booked weeks ahead of time, and it is easy to accumulate these cancellation and late truck fees, which we have unfortunately learned the hard way.

Cold Storage Container Rental

[TITAN Containers](#) came back to us with the lowest quote for cold storage container rental. Here is the initial pricing:

Sample lease pricing (per day, per unit):

ArcticStore	Daily Rental fee							
	1 month	3 Month	6 Month	1 year	2 years	3 years	4 years	5+ years
10' ArcticStore	\$32	\$31	\$27	\$24	\$22	\$20	\$19	\$17
20' ArcticStore	\$36	\$32	\$31	\$27	\$24	\$22	\$20	\$19
40' ArcticStore Tropical	\$41	\$38	\$33	\$30	\$27	\$26	\$23	\$21

SmartArctic allows you to have remote temperature control and monitoring of the unit's performance. Sign up for this feature at \$5 per day.

One Time Fees (lease):

- Depot Handling – \$300/per container
- Machine PTI Testing – \$225/per container
- End Cleaning – \$250/per container
- Off-loading Equipment – TBD, will be included on formal quote per customer's request
- Delivery/Return Transport – TBD/per container

Note that the quote came back without a delivery/return transport fee. In order to come up with the best estimate price, we used what another cold storage container company quoted us for delivery/transport, which was \$1800/trip. TITAN may charge more or less from transport, but we wanted to give you the best estimate we could, and in order to do that we needed to include those fees in our calculations.

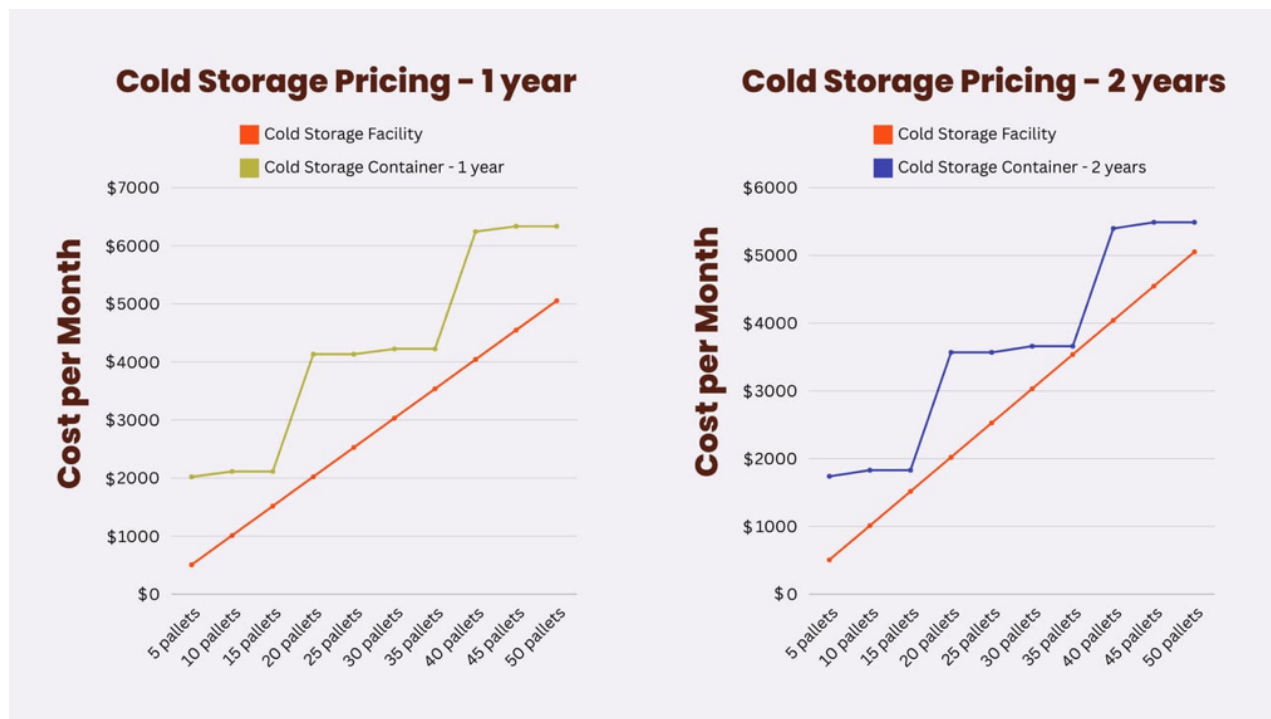
We also wanted to include the increased electricity costs with powering these units. According to their website, an ArcticStore container will use between [2kW and 7kW of power per hour](#). For the sake of this estimation, we used an average of 4.5kW per hour when calculating average power costs. According to the U.S. Energy Information Administration, California industrial electricity costs are at [24.93 cents per kilowatt hour](#). In order to power each container in Los Angeles, **it would cost approximately \$818.50 per month.**

Also note that a 20-foot container can hold 8 pallets, and a 40-foot container can hold 18 pallets. This will be important when we are comparing prices between our

two options.

Cost of Traditional Cold Storage vs. Cold Storage Containers

The graphs below show the difference in price per month with traditional cold storage vs. cold storage containers:



There is a staircase shape with the cold storage pricing. When there is an increase from 15 pallets to 20 pallets, we would need to rent another storage container to accommodate our pallet numbers, which would obviously increase container costs. The price gap begins to decrease between 25 and 35 pallets, until prices increase once again when we have to rent another cold storage unit to accommodate 40 pallets.

If you have the available space and the power capabilities, you may want to consider the cold storage container option. While these graphs show that container rentals are more expensive than traditional cold storage, we do not account for increased fuel and labor costs when delivering to cold storage facilities, not to mention those pesky appointment cancellation and late truck fees as noted above.

What if we don't meet the electrical requirements?

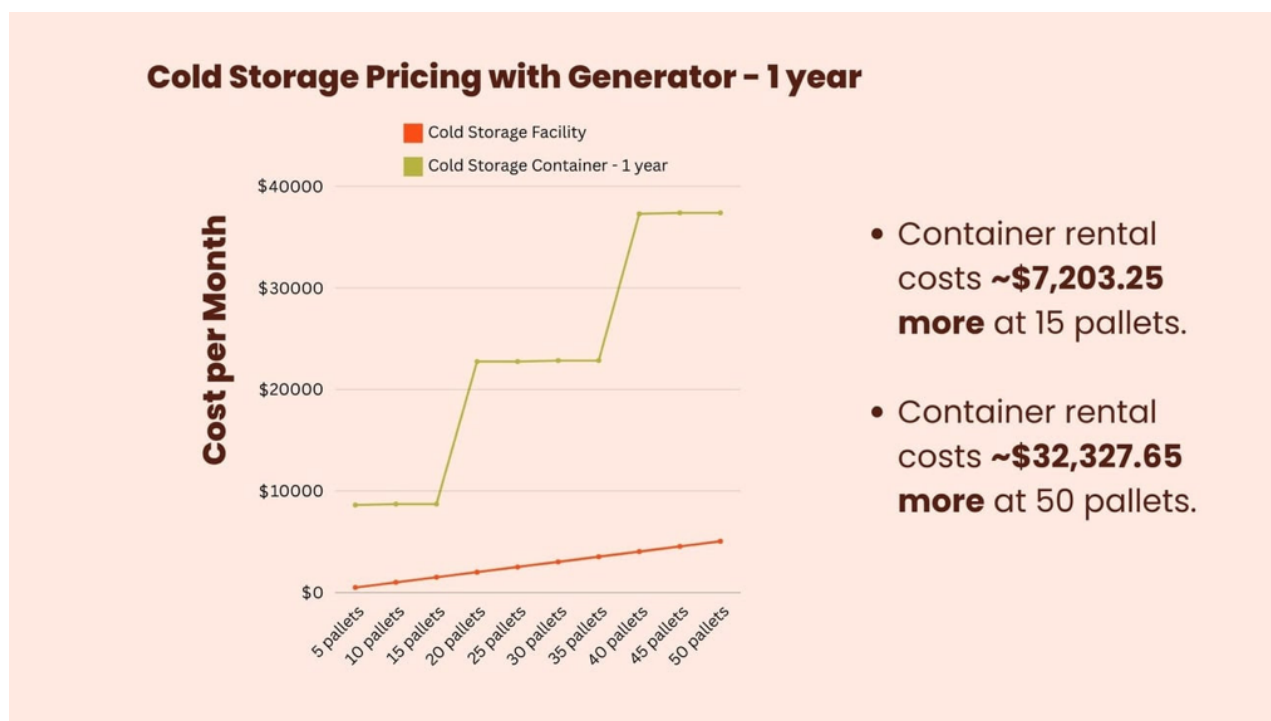
Many facilities are not equipped with the power needed for the cold storage containers. Titan Containers listed the following electrical requirements in their quote:

- 480v/380v, 60Hz/50Hz, 32 amps, 3 phase, 4 pin plug

If your facility does not have the electrical needs listed above, the cost of container rentals is a whole different story. You would need to rent or buy a diesel generator to power the units, and the best and most cost effective option that we found was with Sunbelt rentals, which costs approximately [\\$1700/month to rent](#).

The generator rental fee accounts for just a small margin of the increase: the added diesel costs are the real issue. The generator listed above uses 1.6 GPH, which is **\$5725.90 per month in diesel**. When more containers are added, the size of the generator increases, and so do fuel costs.

Here is our price comparison when having to use a diesel generator:



If you do not have the ability to power cold storage containers and have to rely on diesel generators, it may be wise to stick with traditional cold storage.

What other topics should we cover in our newsletter? Where to source the cheapest RPCs? Sustainable cold chain trends? We want to know! Reach out to us [here](#). Seriously, we want to hear from you! 😊

Industry News

- Speaking of cold storage, Lineage reported a [strong Q3 in their first quarter as a public company](#).
- Amazon's top grocery executive posted in late October that [he is leaving the company](#).
- A reviewer compared the price and quality of buying meat at the grocery store vs. subscribing to Butcher Box. Read the review [here](#).
- A recent Forbes article titled "[Top Tips and Trends for Sustainable Eating in the U.S.](#)" urged readers to opt for grocery delivery as it can slash emissions by up to 65 percent.

Job Opportunities

- [Ollly](#) is hiring a [Logistics Director](#) in the San Francisco Bay Area. Salary ranges from \$153K/yr to \$187K/yr.
- [Gatik](#) is hiring a [Director of Supply Chain and Procurement](#) in Mountain View, CA.
- [HelloFresh](#) is hiring a [Director, Indirect Procurement](#) in New York City. Salary ranges from \$143.5K/yr - \$205K/yr.

- [Cookunity](#) is hiring a [Director of Operations](#) in Austin, TX.



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