

Current observations and an attempt at a partial diagnosis of the situation in industrial ice cream production and possible new trends in relation to ice cream products



by L. Arkadiusz Geratowski

In many discussions during the last couple of months, aimed at obtaining information about the current state of the industrial ice cream market, we have received information, which could be perceived, at the first glance, as mutually exclusive.

Before I, however, present our conclusions, I would like to draw your attention to the fact that they will reflect the current season of the year resulting from climatic zones. In the second part of this text, I will refer to the market segments.

And here, interestingly, I would like to quote one of our Australian Customers, who described his own current ice cream sales, comparing it to a situation, which usually takes place in the Christmas & New Year's period, paraphrasing in this way and at the same determining the scale of growth: "We feel, as if it was Christmas, because our sales rate is currently as high as then." Another Australian Customer summed up the current situation in a very open way, calling it, allow me to quote the term, "massive growth" and 103% sales increase in May in relation to this month last year and an increase of 72% since March. Let me quote one more sentence: „Our sales volume in the last three months has been bigger than in the peak of summer”.

It's different in India, though, where the Consumer behavior has clearly confirmed that ice cream products are not so-called first choice, so they cannot be perceived as indispensable, daily food products. This is why ice cream doesn't enjoy the status of a constant part of the diet and in especially difficult moments, both economically or psychologically, it is eliminated. Therefore, in India, most ice cream plants either have limited or completely stopped production, especially in case of dairy companies, for which the center of gravity has shifted from ice cream towards typical dairy products. Of course, the formal restrictions introduced in India by both state and federal authorities, including, in some cases, a ban on the production of ice cream, were not without impact.

Another Customer, this time from Mexico, reports extraordinary increases both in relation to family-type ice cream and impulse sector.

Regardless of climate issues, latitude and the current moment during the season or outside of it, most of our Customers point out that the food service sector is in a definite retreat, while supermarket products are experiencing a boom. Of course, this is hardly surprising due to the often still closed restaurants and bars, that heroically try or tried to keep the turnover thanks to take-out meals.

However, we can't speak only of the increase in family-type products. An employee of a world ice cream conglomerate drew my attention to the fact that in the current circumstances, his company is experiencing most of all the sales increase in impulse products, which are perceived by the consumers as safe, because they are hermetically, individually packed, so their consumption risk is practically minimum, especially that currently there's a lot of talk about a trend consisting in increased attention paid to hygiene in food production plants. Of course, the hygiene level in professional companies has always been high, but now it has become an unquestioned priority, hence the increasingly restrictive behaviors and norms in this scope, which, as I think, are and will be appreciated by consumers.

On the other hand, the occurring leniency regarding requirements for packaging materials should be considered negative. Firstly, I have the impression that we are "forgiving" plastic much more often than before the pandemic state, because we prefer safety. We, as consumers, also accept complex, multi-element packaging, even from materials that are implicitly pro-ecological. An example here could be stick ice cream in a plastic wrap and in an individual cardboard box, closed with an additional seal, sticker, or such box that we need to tear to take out the ice cream, which is still in the plastic wrap. Perhaps then, and this is a positive reaction, in countries where multipacks e.g. for 3, 6, 9, 12 pieces of products have not entirely developed, such a trend will now be accelerated.

Returning to the issue of the flattened HoReCa market or food service zone, we cannot exclude that some products typical of this zone until now, that is products of artisanal image, also layer cakes, individual portions in the form of sophisticated, ready to serve desserts, will undergo further "supermarketization", in order to be able to enjoy them in the privacy of our homes, in the atmosphere of tranquility and relaxation, because the pandemic state not only closed restaurants, bars and cafes, but even when we are returning to them, we are not returning entirely freely, and a restaurant visit is not 100% relaxation, bringing, in some sense, the exotica of returning to a place that had been abandoned, deprived of guests, not without joy of such fact, but also with a certain dose of tension and anxiety.

Reversing the above thesis it should also be noted that some products typical of retail sales are appearing, or will begin to appear in restaurants, cafes, bars. These are mainly products not requiring any interference of the staff of these facilities while serving them. Therefore, it will be more common to find tightly packed ice cream cones or industrially produced ice cream cups in restaurants.

Let's return for a moment to climate issues and matters related to the alternation of seasons in relation to the production and sales of ice cream.

Most of the European ice cream producers we know have started the season, and this is due to the excellent weather in Western Europe. In this group, producers operating for supermarket chains, developing private label products and placing their own products under these brands in these chains, certainly stand out. These producers were not only able to maintain full production during the pandemic, but are now gaining the additional comfort associated with the beginning of the summer season.

A phenomenon, which was signaled to me by a large group of startup Customers, is the insufficient number of personalized packaging, which was, unfortunately, not ordered by them on time, as in the 'dead' season and in the face of lack of income they tried to additionally limit their costs, cancelling or withholding orders. These producers, trying to currently compensate the situation, are faced with, as an employee of a large packaging producing company said, resistance, consisting in the fact that the production capacity in this company, for example, was exhausted in relation to the fats market, mainly due to a significant increase in the production of margarine packaging, as this product category has seen significant increases during the heavy pandemic, probably because of the longer shelf life.

In March and April this year we shipped machines ordered last autumn. Among our Customers, in relation to projects finished and delivered in season 2019/2020, are ice cream producers from: Russia,

India, Belgium, Czech Republic, Saudi Arabia, Iraq and the Ukraine. On the present list of projects that are open and in progress we have, for instance: Algeria, Mexico, Fiji, Belgium, Czechia and Uzbekistan. What is interesting, in case of one of the large, presently executed orders, we are talking about a completely new factory, a brand new ice cream company. It can be concluded, therefore, that in some countries the ice cream market is not entirely saturated.

Important dominants of Ice Group's work for today are focusing on new planes of communication with Customers, working on opening new sales channels and searching for innovative marketing methods, which are currently being looked at more favorably. Such solutions until recently were often either unacceptable or absolutely rejected due to the specificity of machines and devices for industrial ice cream production.

The current situation forced innovations in relation to everyday work methods, which, although incorporated as a necessity as a result of restrictions (in many countries such restrictions are still in force), their use will most probably become permanent, since the effectiveness of such methods cannot be negated and the savings they bring should definitely be pointed out. The main focus here are video conferences or better to say video meetings with Customers thanks to such tools as Teams or Zoom. During such video chats we can, on the one hand, continue the previously established contacts and, on the other hand, work very efficiently by making presentations, sharing files, correcting offers, discussing product drawings, amending contracts – all this interactively and in real time.

Ice Group introduced currently also the online installation supervision, as well as entries in contracts referring to the possibility of FAT procedures by means of remote contact, that is through electronic communication.

Here, of course, the situation is a bit different than in case of commercial activity. We are looking forward to the possibility of direct meetings, direct analyses of projects, direct presentations. We've usually hosted teams of project managers, as well as different specialists - electricians, programmers or mechanics – making detailed arrangements and we hope to be able to return to these practices.

It remains to be added that we are presently open to such direct meetings in Ice Group's seat again, so once the air traffic resumes on a larger scale, our work style should return mostly to our standard hospitality and to contacts not mediated through remote communication methods, so forms typical of the time before the pandemic state.

We have recently been troubled by the question of the effectiveness of our participation in trade fairs, the decline of which, implicitly, may result – mostly – from the restrictions related with the specific hygiene regime. Consequently, it will be difficult to develop relaxed relations typical for trade fair meetings.

I mean here, for example, multi-person socializing meetings on our stands or joint dinners – it's enough to mention the multinational meetings in Rimini or during the Anuga Food Tec show in Cologne, breaking stereotypes and, I'd even say, bringing formal enemies closer, or loosening political tensions or any other. We have always tried for our Customers to get to know each other, to enter into contact on professional level, because both getting to know each other and professional discussions eliminate barriers and prejudices.

These assumptions were the basis of the idea of Ice Republic, that is an abstract country integrating ice cream lovers, constituting a manifestation of communication between them.

Due to the likely change in the status of trade fairs, I'm also considering returning to the precisely targeted Ice Group seminars, symposia or presentation meetings with us in the company, and

therefore, I'm analyzing the idea of building a showroom and, at the same time, our own training and conference center.

I'm open to comments, I'm open to additional information about the market. I'm mainly interested in the changes in consumer habits, which usually shape over long periods of time, often over decades, and for today this process seems strongly accelerated and many of the innovations may prove durable.

Of course, I'm not looking at the phenomena discussed here as a former university employee, but as an entrepreneur, seeking clues to maintain the pace of development of the company, always as dynamic and creative as Ice Group. I think that you are also looking for such hints, and if yes, I invite you to exchange your views.

I hope that, together with those who are interested in this topic and who will respond to my publication, we will organize some kind of webinar, during which we can simply talk, not only write. Nevertheless, if somebody would like to write, here's my e-mail address: arek@icegroup.pl. I will be happy to reply any associations or additional information, I will also gladly discuss different opinions.

With all my best,

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