



THE
HOPLITE
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VOL 2
Q2 2024

**GDL
NOW
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**HOPLITE
SPOTLITE:
JOSE LUNA**

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**WHEN WILL THE UNITED
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A NOTE FROM THE CEO RICH KRUL



It was a busy first quarter at Hoplite full of exhilaration, stress, and challenges. We knew the day-to-day would have plenty of peaks and valleys when we started this journey, but no one can prepare you for the depths nor the heights of those experiences.

And yet, I know we wouldn't change a thing.

In our first three months in operation we:

- Opened an office in Guadalajara
- Attended our first conference as Hoplite (shoutout Manifest)
- Won tickets to the freakin Super Bowl (shoutout Manifest x2)
- Grew our customer base to double digits
- Hired two more amazing employees
- Navigated the worst February our industry has seen in years

Super Bowl aside, I'm very proud of these accomplishments. We've built some amazing relationships with our shipper and carrier base and we're excited to see those expand and grow. I can say with certainty that although I enjoy solving puzzles and creating structure, it is building bonds that I love the most. During COVID, I realized how much I took that human interaction for granted, and I know I've made sure to embrace it with gratitude every day since the pandemic ended. This is a long way of saying thank you to everyone who has given us the time of day and opportunity to do something we love. We don't take it for granted and we can't wait to show you all what is next.

With a great deal of gratitude,



Q1

REWIND





THE 2024 REEFER BUBBLE

WHEN WILL IT POP?



Written By: **ROB CONARD**

There is a 2012 film called, “*What To Expect, When You’re Expecting.*” As far as slogans go, this may be the most accurate for a first quarter refrigerated market which had as much hype around it as I can remember in the last 15 years. Many thought the second half of Q1 would start to see the market rebound beginning with produce season. This left many brokers and carriers in limbo on how to approach long-term pricing strategies for bids beginning in Q2 and beyond. What price point do you expect when you’re expecting a market turn, but the date keeps pushing out?

I’d like to go through the seasonal changes of the produce season throughout the United States and provide a bit of my analysis on which produce seasons are likely to cause the most disruptions to the US reefer market. My goal is to use the seasonal capacity swings in the reefer market to analyze which events in 2024 may lead to a market turning catalyst.

EVENT 1: THE SUNSHINE STATEMENT

Produce season begins south and moves north every year, but the big kickoff event is the arrival of produce season in FL, Southern CA, and AZ. South Texas has its produce season in Q1, but we typically don’t see the rate spike and publicity that we see in FL. Florida is the event that “goes viral” as the kids say. Every fresh college graduate who is starting in logistics has heard about the fabled Florida produce season, but why does it impact the market with such voracity? For 10 of the 12 months of the year, Florida is what I like to call a consumption state. In terms of bulk products, they receive far more than they ship. They also happen to be geographically located on a peninsula, which blocks the state off from receiving support from other states and metros. If you can’t find a load in MA, you can easily be in NJ the same day with options. If you are stuck in Miami, it’s a long way to Georgia. This works inversely during produce season. For about 60 days there are more loads in Florida than trucks by a wide margin and the product is time sensitive due to its shelf life. These shipments command the highest spot price which forces all other goods to compete to gain capacity. While this can be a stressful time for shippers in the sunshine state, it typically does not have the ripple effect across the US supply chain that other market events do.

LIKELIHOOD OF BEING A MARKET-TURNING CATALYST EVENT: LOW

EVENT 2: SOUTHERN COMFORT

The next produce season to kick off is in the traditional southeast (Georgia, Alabama, South Carolina) as well as southern CA and AZ. The majority of the year the Southeast is rather soft for refrigerated freight, so asset-based capacity quickly dries up as they are contracted direct with seasonal shippers. But by the time GA is in prime produce season, the Florida market has softened which allows relief for the Southeast as trucks start to reposition. It also helps that Atlanta is only 400 miles from major markets like Memphis and Charlotte which feed a steady supply of trucks into the region.

Out west in CA and AZ, there is again a geographical constraint due to the sheer size of California. It can be difficult to reposition capacity to capacity-depleted areas in a state 1,000 miles long. The relief for this season comes from a steady volume of shipments from all over the country to meet the demand of California's high population. Trucks delivering to the major freight hubs of Los Angeles and the bay area are within striking distance to heavy freight areas, as the metros are under 400 miles apart. Loads to the region will have a near 100% acceptance rate knowing an outbound spot shipment will be waiting. Additionally, the recent trend to avoid west coast ports for ocean containers reduces the amount of competing freight that can dry up capacity. The California produce season has been a true supply and demand bell curve in recent years. There is typically a weekly per mile rate carriers are requesting and if that demand is met, there will be capacity in the market. There are exceptions to this, as there are with any fluid market. High output ramp ups to Memorial Day weekend and 4th of July will always be outliers, but to see a true disruption ahead of May we would have had more freight flooding the west coast ports or a stronger produce push by now.

LIKELIHOOD OF BEING A MARKET-TURNING CATALYST EVENT: *LOW*

EVENT 3: CALIFORNIA DREAMIN'

Let's turn now to the September and late summer produce season where Northern CA, the lower Midwest and mid-Atlantic states are in peak output. Out west, we focus on the Salinas California region situated south of the Bay on the coast and is geographically accessible to trucks from Southern, Central and Northern CA. While southern and central CA will be through their peak season, they are not finished. This causes a log jam of capacity as 3 CA markets are vying for capacity. Moving east, KS, MO, KY, and the great plains capture capacity with corn, summer wheat, and soy. On the east coast, VA, MD, and NJ will kick off berry season. In my opinion, this is the first chance we have to see a market turning catalyst. While not the highest likelihood, we now have 3 separate regions coast to coast with more loads available than trucks. Just like our 3 markets in CA, capacity will be pulled from those regions to go to all points of the United States. Typically, trucks leave a produce rich area like CA with a head haul rate, and shippers get relief on price for the backhaul into the produce rich region. Late summer may mark the first time where both directions command head haul rates. Coupled with another 6 months of capacity exiting the market and we may start to see a significant impact.

LIKELIHOOD OF BEING A MARKET-TURNING CATALYST EVENT: *MEDIUM*



EVENT 4: WINTER IS COMING

The final produce season of the year is no doubt the toughest. The late produce season is focused in the northern states of the US, including NY, MI, ND, SD, ID, OR, and WA. With few major metros near the rural produce shipping points, trucks are in high demand and often are repositioning from further distances, elevating rates.

In addition to tightening capacity in the northern half of the country, we start to see the weather impact the refrigerated market. I-94 provides access to the Pacific Northwest and runs through high elevation points. When snow and ice close routes and cut off the supply of trucks, we see capacity tighten in peak produce markets leading to more open shipments and higher rates for shippers. As temperatures in the rest of the country drop, more and more dry van shippers require refrigeration to protect products

from freezing, further exacerbating the problem. This reduces reefer capacity throughout multiple markets simultaneously with no seasonality. Traditionally soft markets can become tight with a cold front. We also see peak meat season out of NE, IA, MO, and SD as retailers stock up for Thanksgiving and Christmas coinciding with the general holiday rush.

The fourth quarter is a crazy time in the refrigerated market. There are more pressure points on capacity during this quarter than any other. Combine that with nine months of capacity exiting the market and I think Q4 has the potential to be the powder keg that ignites the bull market and likely 18 months of a capacity shortage cycle.

LIKELIHOOD OF BEING A MARKET-TURNING CATALYST EVENT: HIGH

To sum things up, when will the market finally turn? Ultimately, it is anyone's guess. But if the past is any indication, we'll see things slowly start to trend positively throughout the summer before finally seeing the reefer bubble burst in Q4. The wait has been long, but the light at the end of the tunnel is getting brighter each day.



ABOUT THE AUTHOR



ROB CONARD has been in the logistics industry for 14+ years. He started his career at FreightQuote.com before transitioning to a Carrier Sales role at Coyote Logistics. Rob spent nine years specializing in the movement of refrigerated goods for Coyote, showcasing an amazing depth of knowledge for carriers and customers alike. He joined Traffic Tech as a Reefer Sales Manager in 2021, before joining Hoplite in 2024 as a Senior Sales Executive. You can reach him at RConard@shiphoplite.com for any of your shipping needs.

PARTNERSHIP PROFILE



An interview with Highway CCO Michael Caney



When it came to compliance, one platform continued to be recommended to us by our colleagues. That platform was Highway, and after viewing one demo we understood why. Not only has Highway created transparency on a carrier level previously unseen in the industry, but it offers a variety of fraud protection safeguards and carrier onboarding efficiencies that we love. We're thrilled to highlight Highway as a fantastic platform and strategic partner of Hoplite. We asked Highway CCO Michael Caney a few of his thoughts on the industry's future, Highway itself, and the future of the platform.



What insights can you provide about the current state of fraud in the industry, and what trends do you anticipate in the future for fraud prevention?

Michael Caney: Fraud in the transportation industry has reached unprecedented levels in recent years. Data sources that were once reliable are no longer secure, and old fraud prevention strategies don't work in combating the new fraud attack vectors that we're seeing. In response, brokers are spending more time and resources on keeping their businesses safe. Highway is a comprehensive IAM solution that provides dynamic security for their business transactions, helping to automate processes so that users get the security they need without wasting time and energy.

What makes Highway different?

MC: The freight industry is dealing with serious issues and missed opportunities right now: carrier identity theft, double-brokering, dispatcher services, and a lack of engagement by carriers in digital experiences. Each of these issues is an identity problem. At Highway, we've introduced the concept of Carrier Identity to the transportation industry. We offer a digital firewall to a broker's carrier network to prevent bad actors from gaining access to the heart of carrier authentication and authorization. Carrier Identity isn't just part of our product — it is our product. Dynamic data inputs on more than 165,000 carriers allow us to constantly adapt to changing attack vectors and trends that bad actors use to steal freight. We offer the only onboarding solution that uses single sign-on (SSO) for carriers, and the only product that prevents fraud as a comprehensive identity and access management (IAM) solution.

What can we expect from Highway in the future?

MC: Carrier Identity is Highway's sole mission. It will remain our focus as we serve brokers by helping them solve these major issues and take advantage of these previously missed opportunities. We will continue to partner with like-minded freight tech companies so that brokers enjoy a comprehensive ecosystem that aligns with their business objectives. We'll also continue to add new integrations and features to our product, always in an effort to deliver the most comprehensive Carrier Identity solution available.

A more secure and efficient future is ready and waiting for your freight.

Book a demo
highway.com

HOPLITE SPOTLIGHT JOSE LUNA

All about our leader in GDL.



Meet Jose Luna, Hoplite's first hire in Mexico and our leader in Guadalajara. Jose's infectious personality, clear determination, and natural leadership skills were a no-brainer for such an important role for us. Learn a little more about him and his journey below.

Question: Easy one to start. Tell me a little about your background and journey in logistics.

Jose Luna: I started working what I thought was a temporary job with FedEx back in 2010. I didn't realize at the time that it would become my career path. In 2017 I moved to Guadalajara and started looking for a new challenge. After sending out a few applications I decided on an opportunity with Rapido Solutions Group which was more focused on full truckload. I was one of the first employees and leaned on my customer experience and relationship skills to help their growth. We doubled the head count and started new opportunities for Service Assistants and Carrier Sales Reps. Arrive Logistics reached out in 2021 and I decided to take on a new opportunity since they had just acquired Forager Logistics and were focusing on cross-border freight. I helped the team grow really quickly and was promoted to a Tracking Manager and eventually to a Carrier Sales Manager role. Now at Hoplite I am taking on the

challenge of building capacity for both cross-border and US domestic freight, building carrier relationships, and growing the team out in our Guadalajara office.

Q: What are some unique challenges of cross-border freight operations, and how do you navigate these?

JL: The integrations between tracking in Mexico and in the US, specifically within a single TMS system is difficult. Learning how each carrier operates is difficult because it can vary so much between them. And having visibility at all times on loads within Mexico is a large challenge. Great communication is really the best way to solve all of these challenges right now.

"I started working what I thought was a temporary job with FedEx back in 2010. I didn't realize at the time that it would become my career path."

Q: How is nearshoring effecting carrier capacity in Mexico? What trends should we watch for in the next few years?

JL: I don't see nearshoring affecting capacity in Mexico. I see it the other way around. Capacity is affecting nearshoring because carriers are increasing their capacity by buying more trucks and trailers as companies migrate to Mexico. More and more US and Mexican companies are willing to interchange their equipment because of the growing need. Much of the nearshoring activity is still in the early stages, with a large majority of cross-border volumes still coming from shippers and players who are already established in Mexico. So we'll continue to see a steady buildup in 2024 but I'd expect the more transformative shift to take place in the mid to long-term.

Q: Who is the ideal carrier for you to work with?

JL: A carrier that has really great communication & transparency even when problems arise.

Q: Why should a carrier work with Hoplite?

JL: We listen to carriers and their needs. We make them feel that we are here for them when they need something. We truly believe that building

relationships with carriers is going to be a big part of our success, and it will help us build the right network.


Q: What do you like most about working at Hoplite?

JL: The environment and the amazing team that I am working with everyday makes a big difference. Everyone is willing to provide guidance and learn from each other, and the environment is extremely fast-paced.

Q: Outside of work, what do you like to do?

JL: Being a dad takes up most of my time. Watching cartoons, going out biking, and walking to the park with my family are my day-to-day activities. We also like to travel when we can. And I love watching European soccer.

Q: Anything you want to add in closing?

JL: It's been an incredible experience at Hoplite so far getting to do things I've never been able to at other companies and working with such talented people who go the extra mile. It really makes a big impact in the day to day at the office. 

A QUICK GLANCE AT HOPLITE GDL

To contact Jose Luna (Carrier Sales) or Miguel Morales Casio (Shipper Sales) please contact us at mexico@shiphoplite.com.



Hoplite Logistics is a Chicago-based logistics provider specializing in US domestic and Mexico cross-border trade lanes. Our specialties domestically include food & beverage, refrigerated freight, consumer goods and electronics. In addition to our domestic presence, Hoplite has a Guadalajara-based entity to help facilitate cross-border moves. With more than 40 years' experience from our founding team, we are a tech-forward firm that prioritizes service and customer experience above all else. We're looking for long-term partnerships with like-minded, expanding companies. Let's grow together.



HOPLITE **LOGISTICS**

NORTH AMERICAN FREIGHT WITHOUT BORDERS.



WE'RE LOOKING FORWARD
TO GROWING WITH YOU.

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