

TANZANIA BREWERIES SUPPLY CHAINS

Tanzania Breweries Limited (TBL) produces, distributes and sells malt beer in Tanzania, as well as non-alcoholic malt beverages and alcoholic fruit beverages. The company markets its own products under the following liquor brands; Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt and Konyagi. Tanzania Breweries also produces and distributes Castle Lager, Castle Milk Stout, Castle Lite, Peroni and Redds Premium Cold under license from SABMiller International BV. It also distributes international wines and spirits under license from Distell (Pty) Limited of South Africa. It is the largest and oldest brewing company in Tanzania, with breweries in Dar es Salaam, Arusha, Mwanza and Mbeya. Tanzania Breweries Limited is a subsidiary of SABMiller Africa BV. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya and ten depots throughout the country. It also produces malt at its malting plant in Moshi.

To improve its production capacity and supply of raw materials Tanzania Breweries Limited invest 27bn/- to support farmers to boost production of local raw materials for beer, wine and spirits making through contract farming as a backward integration of its supply chain. However there are also individual farmers who produce barley and sell directly to the company but their production quality and quantity are not well assured. Currently due to shortage of raw materials the company imports about 40% of its barley from South Africa to meet its demand.

The company through its plant in Moshi produces malt (work in progress brew before final production of beer) and stocks it before actual production at its branches in Dar es Salaam, Arusha, Mwanza and Mbeya. Barley is converted into malt, a key ingredient in the manufacturing of beer which is the primary raw material for production of beer.

TBL supply chain plan in the next five years is to make sure it gets its raw materials locally with assured supply chain by building a strong relationship with local farmers through contract farming like Kilombero Sugar in Morogoro. It also has a plan to find another source of raw materials for production of spirits through benchmarking from K-Vant Company which uses sugar canes and by products from sugar companies from nearby sugar produces.

The main producers of burley currently are farmers from wheat schemes in Karatu, West Kilimanjaro and Katesh which are reducing in numbers due to production of other competing products like flowers, beans, potatoes and maize. On the other side the cost of importing burley from abroad is very high due to taxes and corresponding logistics like transportation and agency fees which makes the company less competitive in the markets despite the largest share it has in the market currently.

The company also faces competition from the breweries companies in the country and potential small new entrants for wine production in the country. It was also learnt by supply chain managers that there is a big Chinese investor planning to open new plant in Dodoma to capture the central corridor market and take the opportunity of the new standard gage railway infrastructure for his logistics. They also plan to open their own farms in Mbarali and Kiteto which are the large farmers of maize but their research shows that burley can also grow well in that area.

With economic stance in the current years the customers of the beer have also started to be very sensitive to the pricing of beer and other beverages where their consumer behavior has drastically changed to quench the thirsty within their budget and the demand pattern is changing to harder drinks like spirits.

TBL currently uses its own vehicles to distribute its products to the markets through depots in almost all the regions served by plants in each zone in the four zones where they operate. In the future they are planning to outsource the physical distribution operation to the 3PL service providers with well-established logistics efficiency and concentrate on core activity of production.