

Abstract

The main goal of this study was to assess the physical distribution and performance of manufacturing industries. Serengeti Breweries Limited Company and Moshi was used as a case study. The study further examined competition among breweries companies in Tanzania which has made some companies such as Serengeti Breweries Limited to adopt physical distribution in order to reduce operating costs, to win new customers, retain existing ones and increase profit to ensure sustainable development of the businesses. The efforts of these industries to improve performance have been affected by the physical distribution challenges which result to higher cost, loss of sales, delays in delivery, decline in organization profit, market share decline and customers satisfaction

The specific objectives of this study were; -

- Assess the relationship between physical distribution and performance of the company
- Examine the contribution of distribution channels employed by Serengeti Breweries Limited in increasing its sales
- Determine the influence of order processing management on the profitability of the company
- Analyse how inventory management decisions contribute to cost reduction in physical distribution
- Identify physical distribution challenges faced by the company

The study adopted the theory of constraints which is a broadly applicable approach to managing operations within an [organization](#). Basically, the theory of constraints is a [management](#) philosophy designed to help [organizations](#) achieve their goals. The idea is to identify the goals of the [organization](#), identify the factors that hinder the achievement of those goals (Constraints), and then improve the operations by continuously striving to mitigate or eliminate the limiting factors. In this theory, the best way for an [organization](#) to achieve its goals is to reduce operating expenses while increasing output.

The study adopted a cross-sectional design. Data collection was done through interview and questionnaire. Respondents of this study were purposively and randomly selected. The total of 75 respondents (Table 6) were obtained from 295 people who were employed at Serengeti Breweries company. Serengeti Breweries based in Moshi Municipality was selected because it has active physical distribution activities compared with other companies that are available in Moshi.

Table 6: Distribution of sample size

Respondents	Number of Respondents
Head of Departments	5
Sales and Marketing Department	25
Procurement department	8
Accounts and Finance Department	5
Stores Department	7

Distributors and Wholesalers	25
Total	75

- Primary data were collected from staff in various departments in Serengeti breweries limited, distributors and wholesalers of the company in Moshi through the use of questionnaires and interviews.
- Secondary data were collected through documentary review of published reports from SBL. Reports on physical distribution activities and the performance trend of Serengeti breweries were reviewed. They included annual reports, financial reports, marketing and annual operational reports. Data were analysed descriptively and inferentially, also explorative statistical method such as principal component factor analysis was used.

The results on relationship between physical distribution and performance of Serengeti Breweries indicated that: -

- Indirect distribution channel used by Serengeti Breweries Limited has greatly contributed to the overall performance of the company in terms of market share, sales volume and costs reduction.
- Physical distribution (logistics) costs account for 30% of the cost of doing business. The management challenge is to consider achieving a high level of customer service and keeping the total cost of physical distribution as low as possible for a given customer service level so as to facilitate profitability growth.
- Physical redistribution in the company have negatively affected the performance of Serengeti Breweries. All these challenges affect the performance of the company by increasing more costs, slowing down the market share growth and growth in sales this also results to slow growth in the company profit.
- The study finding also reported some strategies used by SBL to maintain a good business relationship with its customers in the distribution channel. The strategies were based on instant delivering of products to the customers, information sharing between the company and the customers, and collective planning and marketing of the products between the company and its customers (sales agents).
- There must be the use of computer linked with Electronic Point-of-Sales Systems (EPOS) which link ordering systems with automatic stock control and stock re-ordering systems. Through these systems the company has been able to monitor stock levels of their distributors and provide them with the products in a due time while increases the inventory and sales turn over hence leads to the increase in profit.

Regarding the influence of order processing management on the profitability of Serengeti Breweries Limited, the study reported that; -

- Order processing management has impacted positively the profitability of the company. SBL has been more responsive to customer orders which has contributed to customer's satisfaction. Thus, SBL has a good order processing system whereby the distributors communicated with the company on their stock levels and the orders via marketing department through emails and purchase orders sent by distributors.
- Department worked closely with the distributors and responded quickly to the order placed. Also, SBL through their sales employees collected orders from the wholesalers and then direct the orders to the distributors who then provided the products to the wholesalers on time. Such ordering process has been very effective at SBL which in turn impacted positively the level of customers' satisfaction of Serengeti Breweries Limited and the overall customer satisfaction

On the contribution of inventory management decisions on cost reduction in physical distribution, the study found that:

- Effective inventory management has highly contributed to the overall total cost reduction and performance improvement in Serengeti Breweries Limited. This was due to that through inventory the company reduced a lot of costs, such as the cost of material handling, inventory holding cost, and the costs related to capital tied up and obsolesce. So, managing effectively the inventory helped the company to greatly reduce all costs associate with inventory.

Conclusion

- The study concludes that there is a strong relationship between physical distribution and the performance of Serengeti Breweries Limited. The indirect distribution channels employed by SBL have greatly contributed to the increase of sales and also have resulted to the growth of SBL's market share. Outsourcing the distribution function to the distributors has helped the company to increase efficiency in other areas such as marketing which has led to increase in sales, also the company has succeeded to cut down costs related to distribution of its products to the market. Thus, the type of distribution channel employed by SBL (indirect distribution channel) positively contributes to the increase in sales.

Recommendations

- Serengeti Breweries Limited should start distribute its products direct to its members in the supply chain which covers distributors, wholesalers, and retailers. This will enable the company to broaden up its market and gain more customers, increase sales and expand the probabilities of profitability increase.

- There is a need of the company to increase the number of its distributors and wholesalers so as to capture a wide market, to reduce the costs of distribution and to gain a competitive advantage over its competitors.
- The study also recommended that company should invest on the use of computerized system in order processing and inventory management. Systems such as Electronic Data Interchange (EDI) and Electronic Point-of-Sales Systems (EPOS) should be adopted by Serengeti Breweries Limited.
- Through computerized system the company should integrate its system to that of its distributors so as to be aware on the stock levels of its distributors.
- The company should establish its own depots and warehouses in prime markets which are not fully serviced and remote areas.
- The company should invest more on promotion and advertisement of its products so as to attract more customers and partners in the distribution of their products such as distributors and agents. This will broaden the market for Serengeti Breweries Limited products and increase the sales volume, revenue and finally leading to market share growth.

