

The impact of outsourcing distribution functions on the cost of distribution: a case study of Coca Cola Kwanza Ltd

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This study intended the impact of outsourcing distribution functions on the cost of distribution. Interviews and documents review methods which were adopted in collection of information in which case Coca Cola Kwanza Ltd was the company of study. Findings indicate that outsourcing of distribution function has great role to play in reducing costs of distribution of the manufacturing firms. It was also noted that success of this strategy depends on how accurately the outsourcing firm has evaluated that success of this strategy depends on how accurately the outsourcing firm has evaluated the practices company must not withdraw completely from distribution but they must provide support to distribution so that the function runs successfully. This includes training, rewarding the best distributors, incentives also developments of mechanism to control and measure performance. Manufacturing companies were advised to outsource distribution functions to third party so that they concentrate on core function such as production and other issues relating with the improvement of quality of the product. It was also re-emphasized that outsourcing companies must properly evaluate distribution network of the parties they expect to hire their services. This factor is very important because an agent with a wide network will enable products to penetrate the market through the distributors' channels of distribution. The government has advised to ensure that it creates a sustainable business environment through provision of good business policies guiding fair competitive practices, reviewing taxes on distribution which will influence investors in this sector.