

SORGHUM CLEAR BEER VALUE CHAIN

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INTRODUCTION

- The markets and industrial utilization of agricultural commodities have undergone considerable change in the last few decades.
- In Zambia, sorghum was considered a traditional crop with limited industrial uses

INTRODUCTION CONT'D.

- Research and transformations in consumer tastes and preferences have led to the development of new uses for sorghum.
- Potential markets for industrial utilization of sorghum have been identified as food processing, beer brewing, feed concentrates and energy production.

INTRODUCTION CONT'D

- One of the success stories in industrial utilization of sorghum has been Eagle, a sorghum based clear beer produced by Zambian breweries
- The study reported in this paper aims to examine the main linkages in Eagle lager value added supply chain

OBJECTIVES

The main objectives were to:

- Identify the key players in the supply chain
- Examine the value addition activities performed by the chain players

INDUSTRIAL UTILIZATION OF SORGHUM

- Industrial utilization is still low in sub-Saharan Africa (Rorhbach).
- Less than 3% of the sorghum produced in sub-Saharan Africa undergoes commercial processing.

CONCEPTUAL FRAMEWORK

- A value chain analysis provides useful information on the main activities and operations of a supply chain
- A value chain has the following primary components; inbound logistics, operations, outbound logistics, marketing, and sales and services (Porter, 1980)

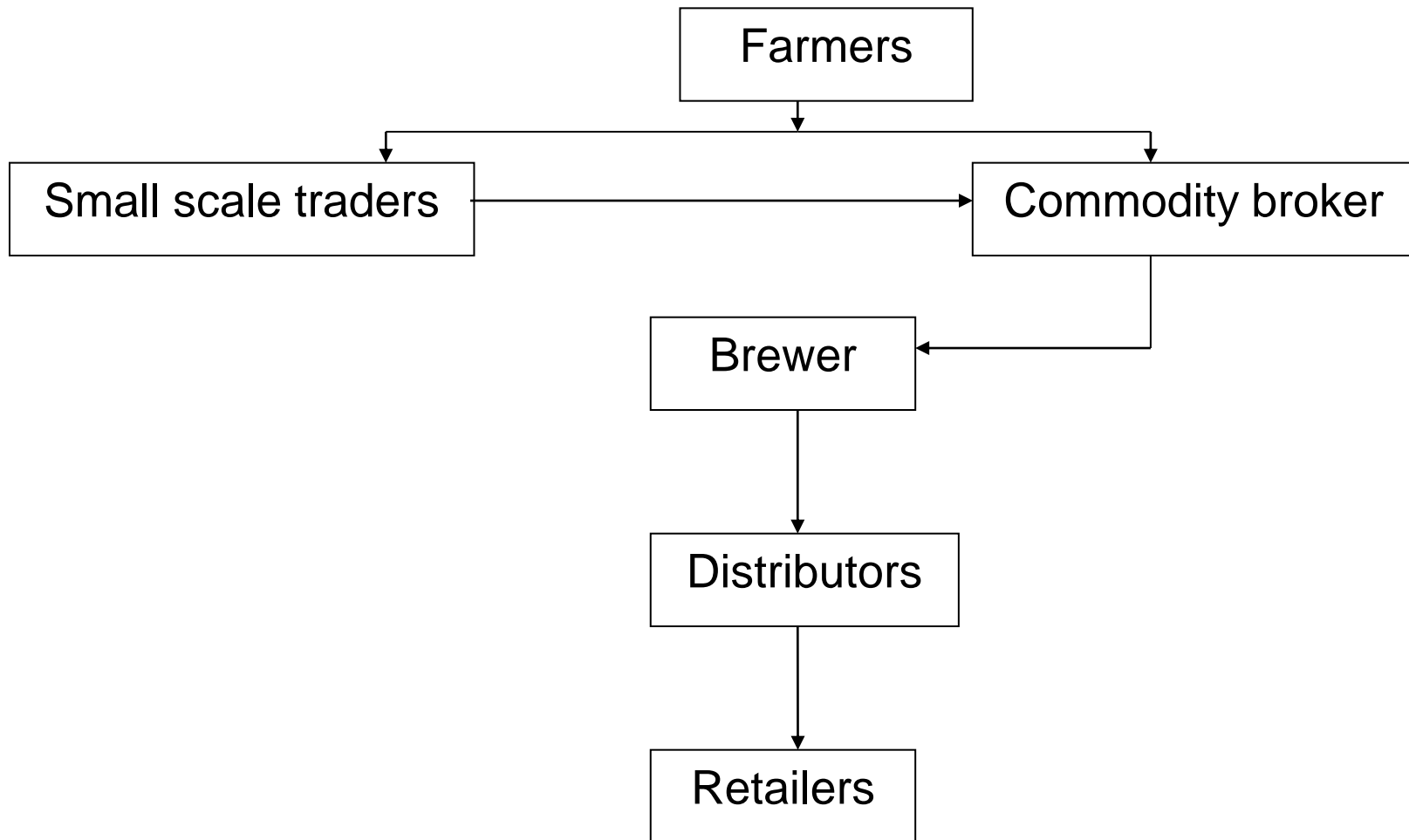
METHODS

- The study involved a questionnaire based industrial survey of Lusaka-based Eagle lager value added supply chain players.
- Interviews were conducted with key informants at CHC commodities, Zambian Breweries, Nenima trading, R.S distributors, Dandiker Holdings and Jonathan Njobvu bar.

EAGLE LAGER SUPPLY CHAIN

- Eagle lager was introduced on the Zambian market in 2005
- Started out by contracting 2,500 small scale sorghum farmers in the 2004/2005 agricultural season (Inspiris, 2006).
- The key players in this value added supply chain are sorghum farmers, traders, brewers, distributors and retailers.

EAGLE LAGER SUPPLY CHAIN



COMMODITY BROKER

- Currently, Zambian Breweries (ZB) gets all of its sorghum supplies from a local commodity broker, CHC commodities
- It purchases sorghum from small scale farmers, small traders and large scale farmers
- Prices were K960,000-K1,125,000 per metric ton

COMMODITY BROKER

- The sorghum collection point for CHC Commodities was based in Kabwe District, Central Province.
- During the 2005/2006 marketing season, the broker purchased 2,900 metric tons of sorghum.

BREWERS

- Eagle lager is brewed by Northern Breweries, a subsidiary of Zambian Breweries, in Ndola
- The company produces 4-6 brews in a week with each brew yielding 30,000 litres of beer from 3.8 metric tones of sorghum

BREWERS

- The beer is bottled in 300 and 375 ml glass bottles and packed in crates of 24 bottles
- distributed to the main Zambian breweries depots around the country
- Eagle lager is advertized in print media, promotion and road shows

DISTRIBUTORS

- Responsible for distributing eagle lager to retailers around the country
- The main distributors are R.S. Distributors, Nenima Trading , Anthion Distributors, Prav and Shavon

RETAILERS

- Responsible for distributing the beer to the ultimate consumers through bars and bottle stores
- Most outlets sell at recommended prices of K2,500 and K3,000 for the 300mls and 375mls bottle respectively

OPPORTUNITIES AND CHALLENGES

- provided employment and business opportunities to the distributors and their employees
- Retailers are now able to improve the variety of beer offering to their customers
- Consumers are offered a clear beer at a lower price than that of other clear beers

OPPORTUNITIES AND CHALLENGES

- The introduction of Eagle lager has benefited all the stakeholders involved in the supply chain
- provided sorghum farmers with a ready market for their produce
- ensuring reliable reasonably priced sorghum supplies to Zambian breweries

OPPORTUNITIES AND CHALLENGES

- Eagle lager enjoys 15-17 percent clear beer market share and is reportedly growing at 5-10 percent per annum
- The commodity broker, CHC commodities, encounters insufficient supply during slack periods of the year

CONCLUSION AND RECOMMENDATIONS

- Zambian breweries should invest more in improving the image of eagle lager
- Zambian breweries should follow up on pricing and beer strength complaints expressed by consumers

THANK YOU!