

## ABSTRACT

Transportation issue has been a challenge on many beverage companies within or outside Tanzania. The rise of cost, lead time and decrease in the service quality of the produced products are few to mention impacts of outsourcing transportation in beverage industry. The study examined the impact of outsourcing transportation in beverage industry using Tanzania beverage industry as a case study. The study was guided by three specific objectives the: to examine the influence of cost on the profitability of beverage industry, to determine the influence of lead time on the profitability and lastly assessing the influence of service quality on the profitability of beverage industry. The sample size of 30 respondents from TBL Company and 30 customers were used from the target population in the process of attaining data. The data collection methods used were questionnaires, interview and observation. 100% of the targeted respondents participated fully in the process of attaining the data. Both quantitative and qualitative methods were used in data analysis of the research. From the study it was revealed that transportation cost has large impact on the sales performance and hence impact the profitability of that particular financial year. On the side of lead time variation it was seen that the performance of the outsourced company in terms of management, staffs and planning has impact on the product reaching the customer at the right time. Lastly on the service quality the customers appreciate and commented on the service offered by the TBL. The study concluded that for a company to have a positive impact on the profitability every action should be pre-planned. The researcher recommended that pre-planning of activity before and after outsourcing in such a way to measure the decision to be valid for many financial years. On the other hand close monitoring and evaluation should exist between the principal (TBL) and the agency (third party).

