

EAST AFRICA DAIRY DEVELOPMENT – EADD II PROGRAM, TANZANIA
Terms of Reference for Tanzania Dairy Consumer Study

1. BACKGROUND

The East Africa Dairy Development Project (EADD) is a regional industry development program supported by Bill and Melinda Gates Foundation (BMGF) focused on enhancing dairy production and market access for smallholder farmers in East Africa. The project goal is to help dairy farmers in East Africa double their dairy-related incomes by increasing ownership of improved breeds, increasing milk production and improving access to markets. EADD Phase I aimed to work with 179, 000 farm families; reaching approximately one million people living on 1-5 acre farms.

Building on the success and learning from Phase I, East Africa Dairy Development (EADD) II is an ambitious five-year program designed to help 136,000 (Ug: 43,000; Tz: 35,000; Ky: 58, 000) smallholder farm families to achieve sustainably improved livelihoods - as well as stimulate income growth for an additional 400,000 secondary beneficiaries - in Uganda, Kenya and Tanzania by 2018. The vision of success for EADDII is to transform the lives of resource-poor farming families with improved market access to a wealth-creating, robust dairy value chain that benefits all industry stakeholders.

This project is implemented through a consortium of five organizations: Heifer International (lead), TechnoServe (TNS), the International Livestock Research Institute (ILRI), African Breeders Total Cattle Management (ABS-TCM) and the World Agroforestry Centre (ICRAF). Phase I of the project began in 2008, which was implemented in Uganda, Kenya, Rwanda and ended in October 2013. Phase II was launched in January 2014 and will expand into Tanzania.

TechnoServe one of the key consortium partners is an international non-profit economic development organization that provides business solutions to poverty in the developing world by linking people to information, capital and markets. TechnoServe will be the contracting authority for this service.

The gap

Eastern African dairy industry is constrained by the milk paradox: farmers cannot access formal markets for their milk and processors cannot find consistent sources of milk. In addition to an inconsistent supply of variable quality milk, processor performance is hampered by low capacity on several dimensions: poor knowledge of consumer market opportunities and limited product development; a weak understanding of the performance of existing products and market channels; inefficient distribution; and inefficient & poor quality plant operations in many cases.

Lack of information about the size and composition of the consumer dairy market is a major barrier to recommending strategies to processors and producer organizations seeking to diversify their marketing strategies. This study will be a first step towards understanding dairy consumer market and hence development of strategies to grow formal and informal markets.

2.0 OBJECTIVES OF THE STUDY

Key objectives of this study are:

1. Quantify consumer dairy market, by product, consumer segment, marketers and regions including import & export markets.
2. Identify and describe the consumer segments
3. Understand the attributes that drive dairy consumption including functional and emotional features across each consumer segment
4. Determine what informs purchase decision to buy a particular dairy product from a selection of similar goods
5. Assess consumer segments' perceptions and understanding of quality milk and willingness to pay a premium price for quality and other attributes
6. Determine the availability and prevalence of processed dairy products (UHT, powdered milk, yogurt, etc.) by competitive brand in retail outlets throughout the country
7. Assess the current marketing strategies by milk processors and producer organizations including infrastructure, processing & products; distribution; communication (promotion) and competition strategies, highlighting weaknesses and opportunities.
8. Identify policy issues related to consumption of dairy products & how they influence marketing and consumption in the country.
9. Identify and recommend strategic, policy and capacity issues to be addressed in expanding dairy market in Tanzania.

3.0 SCOPE OF WORK

This assignment will entail:

a) Designing and conducting market research as follows:

i) A segmentation study:

- Identify and profile consumer segments including consumers of processed and unprocessed milk products.
- Provide a geographic, demographic, socio-economic and psychographic profile of each segment.
- Identify and rank-order the functional and emotional attributes that drive dairy consumption per product by segment
- Identify consumer needs-states per segment.
- Identify habits and attitudes with respect to the dairy category per segment.
- Determine each consumer segments' perceptions and understanding of "quality" as a milk attribute and determine willingness to pay a premium for higher quality milk.
- Identify the sources of information and factors that influence each segment's decision to buy respective dairy products.

ii) Household penetration study:

- Quantify how much dairy (volume and value) is consumed and in what product forms (across both formal/processed and informal channels/unprocessed).
- Size and rank order geographic districts by volume and value purchased.

- Size and rank order consumer segments by contribution to total dairy category (US\$), by contribution per dairy product and by volume purchased per product.
- Identify frequency of purchase of various dairy products per segment
- Identify household penetration per product per consumer segment
- Identify disposable income allocated to purchase of dairy products per segment
- Quantify percent of consumer segment's shopping basket owned by each dairy product

iii) Retail survey:

- Identify the current retail channels in the formal milk market.
- Identify the geographic penetration of refrigeration units/cold chain.
- Identify the competitive set in the formal market, including competing brands, pack sizes and relative pricing as well as characteristics of sellers.
- Identify the product range offered to consumers in the informal marketing, including unit sizes, packaging and relative pricing.
- Quantify current availability per processed dairy product, brand and pack size within formal distribution channels and identify in which geographies and retail channels processed dairy products are under-distributed
- Quantify the forward share (percent shelf space) of respective brands and pack sizes per dairy product within formal retail channels, as an inference of market share.
- Determine challenges and opportunities in the retail market

iv) Milk collection, Processing and Marketing Strategies Study:

- Assess milk collection; processing capacity and products of dominant processors in the dairy market including volumes handled; milk quality; operational efficiency; facilities/ infrastructure; distribution networks; communication (promotion) and competition strategies.
- Assess the implication of policy on milk processing, infrastructure, marketing, consumption and human resource.

b) Conducting surveys, desk reviews and collecting and recording responses into databases.

In addition to conducting data collection using tools developed, the consultant will be required to collate and review relevant documents and records relating to the assignment and previous market study reports for dairy.

c) Providing analysis and reporting of results, including:

- Summary of key findings
- Summary of recommendations
- Tables and graphs to present findings for questions outlined in the scope of work
- Basic narrative to accompany graphic representation of findings

d) Generating PowerPoint presentation and presenting the report to the project team

e) Managing Delivery

The research firm/ consultant will report on a day to day to TechnoServe – EADD II Project Manager or appointed person, with a dotted line to EADD II regional program manager on some technical aspects of this assignment.

f) Deliverables

The consultant will produce the following deliverables:

- a) Four narrative reports (one per survey) outlining the findings for questions outlined in the scope of work. 2 hard copies and a soft copy (in CD ROM) in each case submitted to TechoServe
- b) Any dataset(s) generated as a result of the study
- c) Soft copy of PowerPoint presentation(s)
- d) A compilation of any outside references used to complete the final reports

g) Time Frame

This assignment will take approximately **Four** months, starting in the month of November 2014. The consultant is required to submit a staffing scenario and budget consistent with this timing. A work plan of activities needs to be submitted as well.

h) Knowledge management

Generating new knowledge is one of the key outputs for EADD II project. This assignment is intended to generate quality industry knowledge that will inform the dairy value chain actors in coming up with strategies to expand dairy markets and milk consumption in Tanzania.

4.0 PROPOSAL CONTENTS AND EVALUATION CRITERIA

a) Application Submission Guidelines

The bidder profile and references need to be structured in order to prove bidders expertise for this assignment in accordance with required qualifications and expertise defined in this ToR.

The consultant should include the following components in the application:

- **Technical proposal:** The consultant shall describe the research design (including sample design) and methodology proposed to achieve required deliverables, including a segmentation study, a household dairy category penetration study, retail survey and processing capacity and marketing strategy study. This should include both a description of activities and the proposed timeline.
- **Financial budget:** The consultant shall propose a reasonable cost estimate for the assignment, which will include a breakdown of the budget, justification of the expenses and clearly outline level of effort in terms of days. ***All sums need to be submitted in gross amount and must include all the applicable taxes.***
- **Personnel:** The consultant shall provide a list of names and qualifications of the personnel proposed to work on the assignment. CVs of the proposed individuals shall be included as an

appendix. In the event that the supplier intends to sub-contract work, CVs of the key staff at the sub-organizations should be provided.

- **Experience of the firm:** The consultant shall also provide a description of the capabilities of the firm. This should include a general description of the firm, the technical qualifications of the staff and relevant previous experience. The consultant should provide a list of relevant assignments within the last year, including the name and location of the contract as well as a brief description of the assignment. In the event that the supplier intends to sub-contract work, credentials of the sub-organizations should be provided.

b) Roles and Responsibility:

Consultant/ Research Firm

- Prepare the methodology and develop appropriate tools for the study in consultation with TechnoServe
- Conduct data collection, analysis and reporting with the approval of TechnoServe
- Submission and presentation of consumer study reports to TechnoServe
- Organize logistics for the consumer study including recruitment, transport & training for the enumerators, meetings with informers, secondary data gathering; data analysis tools & equipment.

TechnoServe

- Provide funds, relevant logistics and coordination for the assignment
- Provide technical guidance and quality assurance for the exercise
- Review and approve the methodology, tools, work plan and reports for the assignment
- Help with identification of sources of information and stakeholders during the study.
- At least three TechnoServe Advisors will work with the research firm on this assignment.

c) Budget/Payment Schedule

The envisioned payment schedule will be 40 percent upfront; 30 percent upon submission of a draft report and balance on completion. Costing should be on a line item basis, breaking down cost on respective activities, from field work, analysis, to reporting.

d) Qualification of the consultant

The assignment will be undertaken by a consultant/research firm meeting the following qualifications;

- Degree in Business Studies; Commerce, Marketing, Research or a related field of study
- At least three years' experience in development work related in the dairy sector Tanzania
- Demonstrated capacity to conduct market and business research and report writing
- Experience in designing and conducting consumer studies/ market research for agricultural value chains.
- Proven track record in providing consulting and capacity development services
- Experience in application of participatory methodologies participatory research methods; participatory planning, monitoring and evaluation methods and techniques.
- Ability to manage stakeholder relationships and expectations

- Adept in the use of data analysis and statistical packages for research
- Strong communication and computer skills

e) Work plan

The consultant should provide an indicative work plan as part of the proposal. Specific days of the work plan will be agreed upon between TechnoServe and the consultant after signing the contract.

f) Submission Due Date

The technical, capability statement and financial proposal to be submitted to TechnoServe Tanzania Operations Manager not later than 7th October, 2014 by 5.00 pm, via email address: TZ-info@tns.org, with a subject clearly marked “**EADD II Consumer Study, Tanzania.**”

Only shortlisted consultants will be contacted. TechnoServe reserves the right to reject the lowest bidder or any other proposal without providing any explanation.

TechnoServe is an equal opportunity employer.