

SATELLITE LOGISTICS GROUP: “KEG CENSUS: DECREASE KEG LOSS RATES, REDUCE COSTS”

It is estimated that there are close to 12 million kegs in service in the U.S. The average life cycle of a keg is around 20 years. Unfortunately, when kegs disappear in the supply chain, brewers fall short of their original keg investment ROI forecast. Moreover, the time-consuming and difficult task of accounting for an entire pool of kegs often means brewers do not have a true picture of the cost impact lost kegs have on their bottomline objectives.

According to the Brewers Institute, the national keg loss rate in the U.S. averages close to four percent, representing an annual loss to brewers of about \$52 million. To try to reduce this kind of loss it is crucial for brewers to monitor the quantity and location of their kegs. By staying on top of keg management, brewers can avoid substantial capital investments resulting from the need to replace kegs that have disappeared over the years.

Once considered an acceptable “cost of doing business”, higher initial investment and replacement costs (about \$125 per new keg) have pushed brewers today into taking necessary, and more aggressive steps to account for their kegs and pallets.

Since 2006, Satellite Logistics Group, a globally respected supply-chain solutions provider for the beverage industry, has been helping brewers determine their keg/pallet cycle loss rate by conducting periodic Keg Census surveys for them, a valuable service that provides a realistic snapshot of their inventory quantities at any given time.

The Satellite Logistics Group team administers the Keg Census by reaching out to every distributor in the producer or importer’s network (multiple times if necessary). Those “point in time” results are then compared to the brewer’s historic keg/pallet book balances. These results allow brewers the ability to make a number of vital decisions in how they collect and refund keg deposits; and manage and allocate their current inventory. The data can help identify seasonal or geographic patterns of loss, which also helps the brewers investigate any potential concerns. Additionally, Satellite Logistics Group’s Keg Census safeguards them in the event a distributor or importer changes ownership and assets must be quickly and accurately accounted for.

“There are numerous touchpoints for a keg across its life cycle,” said Kevin Brady, President of Houston-based Satellite Logistics Group. “That makes it extremely difficult for brewers to keep an accurate account of exactly how many kegs they have in



an active life cycle and where they are within that cycle at any given time. It is our goal with the Keg Census service to help beverage companies make better choices for their inventory from cradle to grave so they can lessen the financial impact of unnecessary keg loss or purchases through improved accountability.”

In the end, Brady says, beverage companies can feel good knowing where their reusable asset is and how it’s being utilized across its life cycle.

“With the innovative steps large brewers and beverage providers are taking to better manage their inventory, along with supply-chain solutions such as the Keg Census, the beverage industry is in a better position to grow economically and reduce increased costs such as those imposed on distributors as a result of lost kegs or pallets.”



CONTACT

Andy Bornefeld

Vice-President of
Operations

(877) 795-7540

Andy.Bornefeld@slg.com

www.SLG.com