



***The Coffee Club* brews success**

When the doors opened to the first *The Coffee Club* on Brisbane's Eagle Street Pier on Monday November 2 1989, Directors Emmanuel Drivas, Emmanuel Kokoris and John Lazarou unknowingly began one of Australia's most successful franchises.

"I remember when the only place in Brisbane you could get a coffee after 10pm was at a fine dining restaurant, a service station or McDonalds, so to say café culture has come a long way is an understatement, and not just in Brisbane but across the country," Director John Lazarou says.

This year *The Coffee Club* celebrates 21 years in operation, employing more than 6,000 employees and serving more than 40 million coffees annually in its 252 cafés across Australia, New Zealand and Thailand. These statistics make *The Coffee Club* Australia's largest home-grown café group, famous for its *Good Food, Great Service* and *Excellent Coffee*.

To this day, *The Coffee Club* strives to maintain its essence of being a family-grown business and strongly believes it is what has made the company boom.

"We have instilled a philosophy in our staff to treat our customers as they would treat them in their own homes, so *The Coffee Club* experience has now become more than just a coffee and a meal."

When *The Coffee Club* celebrated its 20th birthday late last year, it was only fitting that its very first customer, Doreen Crooksten, who had ordered a cappuccino at 9.03am on the day they opened, was the guest of honour at the celebrations.

"She's now 79 years old and we've kept in touch over the years. Her photo even appears in our franchise manuals and in my office. It's our personal touch of really knowing our customer which I believe is the reason we've been so successful over the years," Lazarou reflects.

According to Lazarou, the group's biggest success has been its staff. Many have joined at a store level and gone on to be a store manager or own their own franchise.

"It's humbling to know that our people love the company and the brand as much as we do. In 2005, two of our employees, Brad Jacobs and Andy Lucas, bought the master franchise licence for New Zealand and later that year opened the first *The Coffee Club* café in Wellington. Now we now have 26 cafés across the north and south islands," he says.

And it's not just the staff members that have recognised the business potential of *The Coffee Club*. In June 2008, Minor International, one of the largest hospitality and leisure companies in the Asia Pacific region with more than 1,000 restaurants and 27 hotels, bought a 50 per cent stake in company, fuelling its international growth.

As a direct result, *The Coffee Club* has expanded into five new Thai locations since opening its first store in the country in February 2009. *The Coffee Club* now employs a team of 120 in Thailand and has realised revenue growth of 209 per cent, increasing more than 80 per cent in the past quarter alone. The aim is to have a total of seven cafés before the end of 2010, with a focus on securing a high-street location in Bangkok.

The three directors are jetting off to Bahrain at the end of July and there are plans to appoint master franchises in Vietnam, Mauritius and Dubai before the year's end. In September, the doors will open to *The Coffee Club*'s first café in New Caledonia.

Lazarou says Minor's investment has been a key to *The Coffee Club*'s international expansion.



“Our partnership with Minor International is enabling *The Coffee Club’s* expansion now and into the future. I have visions of landing in countries around the world and being welcomed at the airport by a *The Coffee Club* café - that dream is now within reach,” he said.

Despite its rapid growth, franchising was not an easy route to expansion for the brand. It wasn’t until 1994, nearly five years after opening its doors, when there were seven company-owned stores that Lazarou and ‘the Emmanuels’ (Kokoris and Drivas) realised people wanted a business like they had.

“We were often asked if it was an American business and it was rather amusing to see the disbelief on people’s faces when they found out we were Australian,” recalls Lazarou.

Lazarou admits finding the right people to become *The Coffee Club* franchisees has been one of the business’ biggest challenges.

“Strong ethics and positive business acumen are the ideal skills required for what we believe to be the recipe for owning a successful franchise, along with a commitment to excellence, a thirst for knowledge and a passion for people. We look for franchise owners with the right personality and attitude - people who want to enjoy what they do.”

Once the franchise system was put in place, *The Coffee Club* network began to expand rapidly through Queensland, northern New South Wales and South Australia. While Lazarou reveals there was no clear strategy around selecting locations, they knew where they wanted to be and grabbed sites as they became available.

There are three options for franchisees looking to open an outlet: a licensed, extended hour *Café, Bar and Restaurant* with full table service; the *Club* store, which is typically located in high pedestrian areas and focuses on light meals and snacks with counter service; and the *Kiosk*, a counter service shopping centre option.

The Coffee Club is now looking at regional development, following the opening of cafés in Katherine in the Northern Territory and Kalgoorlie in Western Australia.

“The growth of our regional cafés has surpassed expectations and proven there is a real hunger for brands that are usually seen as city conveniences.”

Along with securing visible positions in retail precincts and high street-style locations, *The Coffee Club’s* striking black and white logo and modern café-style decor has contributed to its strong brand awareness. In order to continue building its brand awareness, which *The Coffee Club* recognises as the major key to its international and national expansion plans, it has an extensive marketing strategy in place that includes a regularly changing calendar of in-store promotions; sponsorship of sporting teams including the Brisbane Broncos and Brisbane Roar and various community events; and generously supports a wide range of local and national charities. Franchisees are also encouraged to undertake their own local area marketing, with support from *The Coffee Club’s* Corporate Office team.

“Many of our franchisees support their local sporting teams and charities through a number of fundraising initiatives. We encourage them to look for other small businesses that would benefit from the support we can give them as a highly recognised brand and to give back something to the customers who make their own business a success; this would have to be one of the simplest yet effective marketing tools available,” enthuses Lazarou.

Over the past two decades, *The Coffee Club* has supported many charities and donated or fundraised more than \$5 million for charity organisations personally selected by its directors and staff, including the Royal Children’s Hospital, National Breast Cancer Foundation and The Westmead Children’s Hospital.

In a move to ensure the Group’s corporate social responsibility program extends beyond its charity support and into its everyday product offering, *The Coffee Club* coffee now has the stamp of approval from UTZ



CERTIFIED – one of the world’s largest coffee certification programs, which aims to set the world standard for socially and environmentally responsible coffee production and sourcing.

Unlike other certified programs which require only 30 per cent of coffee beans to be grown using sustainable methods, the UTZ program offers customers the assurance that 90 per cent or more of the beans in every cup comes from a certified farm.

“Coffee drinkers today are very eco-savvy and they want to know where their coffee comes from and how it was produced. We are strong supporters of creating coffee that has only been grown in a decent manner, without exploiting people or the environment.

“Although it’s the same excellent blend our customers have grown to love, we are particularly proud our coffee now comes with an assurance it has been grown using sustainable methods that care for the environment,” Lazarou said.

The Coffee Club recently released its menu changes for 2010 with a strong focus on incorporating fresh, seasonally-available produce in a wider range of health-conscious meals.

According to Lazarou, the menu update is based on research showing a growing appetite for healthier eating options and value-for-money dining.

“We update our menu once a year to ensure our *Good Food* keeps up with the constantly changing tastebuds of *The Coffee Club*’s customers. This year we’ve focused on freshness. All our research shows us Australians are increasingly health-conscious and are looking for seasonal ingredients to be incorporated into more healthy meal options,” he revealed.

“Quick snacks like our Club Nachos - which sell more than 140,000 serves each year - are still favourites; however, we’re definitely seeing a shift towards healthier eating through an increase in popularity of our gourmet salads, sandwiches and wraps.”

It is not only *The Coffee Club*’s commitment to the freshness of its food and beverage offering, but its ability to constantly refresh its marketing and brand strategy coupled with a dynamic franchise system, that is driving its success both within Australia and beyond our shores.

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