



Capitalising on the coffee break

A coffee franchise is enjoying exponential expansion

Whether it's one cup or five, coffee lovers will stop at nothing to get their fix and Stephen Spitz and Paul Crabtree, founders of the highly successful coffee franchise Xpresso Delight have capitalised on answering this 'dire' need.

The Sydney-based franchise established in 2004 has achieved phenomenal revenue growth with a 186 per cent increase in the last year, indicative of the success the business has enjoyed.

The Xpresso Delight concept works by placing fully automated, commercial grade, gourmet espresso coffee machines into workplaces free of charge, costing just \$1 per cup. With 81 franchisees servicing over 800 coffee-loving businesses throughout Australia the business is on track to take a large share of the industry.

Mr Spitz said crucial to the success of the business has been its ability to provide franchisees with an impressive return on time invested.

"We have a strong business model which allows franchisees to leverage their valuable time to the fullest and earn a minimum return on investment of 40 per cent or better each year," Mr Spitz said. "Once the machines are installed they require only weekly servicing to keep on generating income, cup by cup.

"The average franchise can earn better than the national average wage for working under 10 hours per week and our highest-earning franchisee has a turnover greater than a quarter of a

million dollars per year for around 35 hours work per week."

Since starting franchising four years ago, Stephen and Paul have built a network of 81 franchisees across Australia and New Zealand, selling over five million coffees per year, and Mr Crabtree said plans were afoot to establish another 19 franchisees by the end of 2008.

"We have a saying amongst all of our Master Franchise Agents which is "100 '08" or in other words '100 franchisees by the end of the year,'" Mr Crabtree said. "We know there is a huge market waiting to be tapped and we have invested considerable time and money into finding the right technology, coffee blend and suppliers to become a market leader.

"Our long-term goal is to operate a network of 250 franchisees by 2012 and the majority of our franchise growth will come from full-time workers and stay-at-home parents looking for an extra source of income or a flexible business opportunity.

"We have also been considering expansion overseas and in 2009 we will be investing in research to identify the best locations for our franchisees. However, our primary focus will be on developing and growing Australia and New Zealand first."

Stephen and Paul started Xpresso Delight in 2003 with 10 coffee machines and quickly realised the potential of franchising.

"Within eight weeks of establishing Xpresso Delight we had the founda-

tions of a great business and we realised the business model and systems could easily be duplicated," Mr Spitz said. "Franchising was the obvious model to accomplish this and we have grown from there.

"Our attitude is that we're in a partnership with our franchisees and we try to encourage a good work ethic, excellent customer service and the importance of work-life balance. We want our franchisees to enjoy their business and not be run by it."

In 2007 Stephen and Paul recognised a gap in the marketplace for a more personalised service and started a new division of the company, Xpresso Delight coffee&go using a mobile coffee van system they developed.

"We discovered that a significant proportion of franchise enquirers were looking for a more hands-on coffee business with full-time involvement and we decided to investigate the opportunity for ourselves," Mr Crabtree said.

"It has proved popular with many workplaces and while there are a number of franchise systems already in the field, Xpresso Delight coffee&go has a real competitive advantage in terms of speed and efficiency. We have configured a unique hybrid machine and 'pod' style coffee infusion that enables faster, more exact and simpler production of coffees."

Xpresso Delight was ranked 2nd fastest-growing franchise by revenue and 12th fastest-growing franchise by outlet in BRW's Fast Franchises 2008.

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FULFILLING A NEED: Paul Crabtree and Stephen Spitz have had great success with their coffee franchise.