

Wake up and smell the coffee

The easy way to do business in a booming coffee sector whatever your level of investment



It was while Mayfair beverage and entertainment entrepreneur Nathan Lowry was having a celebratory coffee with easyJet founder Stelios Haji-Ioannou, after sealing a seven-figure business deal, that the two men came up with the idea for easyCoffee. Hoping to replicate the success of easyJet, which revolutionised the airline industry with its high-value but low-cost flights, the duo have turned their attention to the lucrative coffee shop and coffee vending sectors.

Launched two years ago, the latest member of the 'easy' family, easyCoffee, is taking on the major coffee chains with its quality fairtrade coffee at value prices. In a booming market — the coffee market was worth £9.6bn last year — selling quality coffee at 25% lower prices than the major chains is a disruptor move that's already made easyCoffee one of fastest-growing coffee chains on the high street.

In a crowded market and shrugging off the woes facing other high street chains, easyCoffee appears to have found a gap in the market for customers wanting a quality coffee at a value price in attractive surroundings, and in the rapidly growing coffee-vending business. It's seen the chain grow from an initial flagship shop in Leicester Square two years ago to selling its millionth cup of coffee earlier this year in a dozen UK coffee shops and scores of vending machines.

Nathan attributes much of the chain's success to the time the company spent perfecting its franchise model before embarking on ambitious expansion plans that will see it open 200 coffee shops over three years and install 800 vending machines in the next year. The company offers two franchise models: capital-lite vending machines; and single or multi-store coffee shop franchises. Yet, he admits that a franchise operation wasn't initially on the cards.

After opening its first easyCoffee shops in London, easyCoffee was inundated with enquiries — more than 1,000 to date — from people wanting to open their own easyCoffee shops or get involved. However, in addition to being attracted by the strength of the 'easy' brand and the tax benefits that come with a franchise business investment, they also wanted the support of an experienced team to help them launch and run their businesses.

Nathan explains: "The 'easy' brand is known for value and is much loved — people may have taken their first holiday on an easyJet flight, or use it regularly for business trips. The people contacting us saw the financial advantage in being part of a brand with such wide appeal and emotional connection."

It quickly became clear to Nathan that a franchise operation was the best way forward.



NATHAN LOWRY



The 'easy' brand is known for value and is much loved — people may have taken their first holiday on an easyJet flight, or use it regularly for business trips. The people contacting us saw the financial advantage in being part of a brand with such wide appeal and emotional connection



In it together

With seven multi-franchise partners already committed to opening half of the proposed shops, the company can focus on selecting the right partners for its remaining planned shops. Having developed his business acumen running a string of his own high-end bars and eateries in the West End, Nathan knows first-hand the qualities needed to run a successful franchise.

He explains: "We look for positive problem-solvers who enjoy working with people."

While would-be franchisees often bring a wealth of experience to the partnership, many are attracted by the support easyCoffee offers. In addition to sourcing a suitable location and setting up the store, for a £200k investment, easyCoffee provides franchise partners access to: training programmes, including barista certification; marketing and innovation input, including shop launch activity; strategic planning and operations consultation; and opportunities for cross-promotion with other 'easy' brands.

Armchair investors

Despite the level of provision offered to its franchise partners, easyCoffee realised, however, that some investors might want to tap into its expertise without the financial and time commitment required for a franchised shop. For this group, it offers a more capital-lite franchise option: vending machines. Every year, UK consumers spend about £1.5bn in more than 420,000 refreshment vending machines. It's an attractive proposition for many armchair investors.

The potential of this high-growth sector hasn't been lost on the investor community either and easyCoffee recently secured £10m of backing from investment fund Stellar Asset Management to expand this side of its business.

As part of the £15k vending package easyCoffee offers franchisees, it provides and manages a vending machine in a high-traffic location. There are already more than 50 of the 850 planned easyCoffee vending machines in convenience shops, leisure centres, forecourts and other outlets across the UK, as the company begins a major roll-out programme. Investors, who usually invest in between one and five machines each, share a slice of the profits on sales, which they can track in real time on a specially designed telemetry app.

Nathan explains: "We realised early on that some investors are looking for a more passive franchise arrangement, where the work is done for them and they have less exposure to the volatility of other types of financial investment, such as the stock market. Investing in a vending machine means they can share in the success of the business, enjoy considerable tax benefits, and reap the rewards in a highly profitable sector with very little effort on their part. And they don't even need to give up the day job!"

He adds: "Without a doubt, the coffee-to-go market is an exciting place to be right now with massive growth potential, both in the UK and abroad."

With 80 million easyJet customers flying to more than 30 countries, Nathan knows he's also



STELIOS HAJI-IOANNOU

wealth of opportunities for our franchise partners — whether they're simply wanting to beat the banks with a better return on their cash through a vending machine investment, or by taking on a multi-store franchise. Whatever their level of investment, our franchise partners know that they can tap into our expertise and knowledge about the next upcoming location, food and drink trends, and what customers are looking for now and in the future, in the UK and beyond."

well-positioned to take advantage of the expansion opportunities this offers easyCoffee for vending franchises in airports in the UK and abroad. There's also scope for vending expansion into other 'easy' businesses, such as easyHotel and easyGym among others.

He says: "Being part of the 'easy' family of brands brings with it a

Full of beans

The UK coffee shop market is steaming ahead:

- We now drink 95 million cups of coffee a day and consumers spend £9.6bn every year in coffee shops.
- 81% of people visit a coffee shop weekly.
- The coffee shop market is predicted to be worth £13bn by 2022.

Source: Allegra Project Cafe 2018; British Coffee Association

• To speak to the easyCoffee team about franchise investments, get in touch with the franchise team on:
T: 020 7499 3543
E: franchise@easy.coffee
You can also find out more at: easy.coffee

easyCoffee