

Chain specialists

YOUNG AND AMBITIOUS RFG AUSTRALIA OPERATES FOUR DIFFERENT FRANCHISE SYSTEMS AND HAS BECOME A RECOGNIZED LEADER IN RETAIL FOOD FRANCHISING



++ figure 1
Donut King

It all started in 1989, with a young team making its way to the top of the Australian food chain industry. The first was Donut King, with shopping center stores offering cakes, donuts, éclairs, raisin toast and donut dinosaurs for kids as well as giant size numbers, letters and other shapes for birthday celebrations for all ages. The main products are donuts which are baked on-site at “older” locations and delivered as frozen goods to “newer” locations. The products are reheated in the shop, filled, embellished in countless variations and sold individually or as a multipack. One key point in the concept is the diversity of fillings and decorations. Today, there are more than 300 Donut King stores in Australia.

The second arm of the business was first called bb’s Coffee & Croissant, since renamed to bb’s café. Located in shopping malls, they offer breakfast, sweet treats, light meals and signature coffee in a coffee shop atmosphere. The 69 bb’s stores bake their muffins daily, make sandwiches on a daily basis and are supplied with cakes from a third party supplier.

In September 2007, the Brumby’s Bakeries chain, with more than 300 outlets, was acquired. Brumby’s Bakeries offer 450 different baked items, which are all produced on site in shopping malls, neighborhood centers and shopping streets. This distinguishes Brumby’s successfully from its competitors. Three months later, RFG took over Michel’s Patisserie,



++ figure 2
Michel’s Patisserie – typical shop in a mall

also a franchise chain with more than 350 outlets offering over 200 bakery items in stores with a 30-90 sqm footprint. Together, all four parts of the company have achieved a turnover of 306m AU\$ (about 180m Euros) in the first half of the business year 2008 (ending February 2008). The growth rates for the Donut King and bb’s divisions were 21% above those of last year. The success of the listed group increases with each newly-added franchise chain. The entire structure of the franchise system management, including training center, computer department, had already been established for Donut King and is now used for all four franchise systems. Each franchisee is trained for six weeks (Donut King, bb’s and Michel’s) or 12 weeks (Brumby’s) respectively. Subsequently, he or she will be provided with a shop supplied with goods and raw materials, packaging, central book keeping, advice and service, if needed; everything to the smallest detail. The management is strict, the effort is high, but also the success. EBIT increased by 154% to 16m AU\$ compared to the first half of 2007. RFG is already present in New Zealand with bb’s, Brumby’s and Michel’s Patisserie. Donut King is about to follow. Since the group holds the international trademark rights, nothing can stop further internationalization. According to Gavin Nixon, Sales and Leasing Manager at RFG, the next possible target markets are South Africa, China and India. +++

Franchise system	Outlets (total)	Outlets (Australia)	Outlets (New Zealand)
Donut King	302	302	0
bb’s cafe	68	44	24
Brumby’s Bakeries	330	308	22
Michel’s Patisserie	353	347	6

Stand: January 23, 2008