



Minor DKL Food Group case study

How a **\$300m foodservice** franchise business rapidly evolved in response to **COVID**.

It's no secret that the foodservice industry was ravaged by COVID-19. Widespread lockdowns and restrictions on eateries and bars led to much despair for businesses within the industry. Though with crisis often comes opportunity.

It's entrepreneurial minds that can adapt, pivot and reimagine core business models during uncertainty. In the case of Minor DKL Food Group, owner of the The Coffee Club franchise, it was no different. During the height of the pandemic, the \$300m a year operation needed to rapidly adjust to external macroeconomic pressures.

MINOR DKL

FOOD GROUP



4,000
staff

270
stores

\$300m+
revenue per annum



Experts in good food,
great service
and excellent coffee



The challenge

Massive demand shock and a nationwide lockdown caused 270 franchise and company-owned restaurants to shut their doors. The clock started ticking on \$7.5m worth of smallgoods with a 21 day shelf life and millions of eggs with a 41 day shelf life. Inventory risk was a real issue and avoiding stock write-offs became a top priority.

Compounding the issue was the inconsistency of lockdowns with every city and state in Australia operating on their own tightening and easing schedule. The Coffee Club stores were often shut in one location and open in another.

This created an unpredictable operating environment with forecasting near impossible. It was time for the business to quite literally juggle inventory through its entire supply chain in order to respond and survive.

The consumer also changed. The average Australian was no longer able to dine-in and so instead focused on home cooking or a restaurant's takeaway offering. Australian's became digitised and used online ordering via delivery partners with contactless delivery. The menu offering for The Coffee Club needed a re-think as a result. To succeed in foodservice during this time, you needed a brilliant takeaway offering. This realisation created the other key shift in the Minor DKL Food Group landscape.



The solution

Emergency meetings were held with various supply chain stakeholders in order to help create a response plan. Bidfood, being the key foodservice distributor across Australia, was asked to contribute commercial thoughts and manpower. Through a consultative approach and dynamic planning, it was decided to freeze and preserve the smallgoods, without compromising quality, within Bidfood branches.

Perishable goods that could not be frozen, such as eggs, were transported to operational areas and away from COVID affected locations. “The team at Bidfood demonstrated a real partnership and can-do attitude during a tense time,” said Jon Saunders, General Manager of Supply Chain at Minor DKL Food Group. “The logistics were handled brilliantly and helped mitigate loss of goods,” he added.

After the short term inventory risks were addressed, the business began to reimagine its menu offering so that it could respond to a changing consumer. “The Coffee Club created incremental business through repurposing core assets into a delivery model focused menu offering,” said Jon.

This move translated to a leaner, smaller menu which meant stores did not have to hold as much stock, therefore reducing the overall liability. The options on the new menu were also highly appealing for customers hunting takeaway options with an exciting new ‘Burgers that bring people together’ range. Paired with other fresh menu additions, the consolidated menu kicked goals.



The outcomes

As decisions began to take flight, the business model of The Coffee Club began to evolve. The first metric impacted was the split of sales between dine-in versus takeaway.

“Sales shifted from 90% dine-in and 10% takeaway to a staggering 90% takeaway at the peak of lockdown. We have since normalised at 80% dine-in and 20% takeaway,” mentioned Jon. “That’s a lot of movement for a business of our size,” he noted.

Watching this sequence of events unfold so successfully was, by and large, representative of the group’s ability to change with consumer habits and the macro-effected landscape following the virus. But it wasn’t just the sales mix that changed, the business doubled down on its customer focus and philosophy towards Australian made products.

\$7.5m
in stock
write-offs avoided



January 2020

90%
dine-in

10%
takeaway



April 2020

10%
dine-in

90%
takeaway



Present

80%
dine-in

20%
takeaway



Looking to the future

Bidfood has always been motivated to help Minor DKL Food Group succeed. Minor DKL has worked closely with the experienced Bidfood seafood team in increasing the natural fish content in its Marine Stewardship Council (MSC) whiting.

Looking ahead, the two businesses are hoping to increase multi-tier sustainability through a continuous focus on quality, sustainably sourced food and non-food products. Rolling out biodegradable straws, continuing its cage free egg program and securing MSC certified seafood are current developments and reflect a growing demand for sustainability, undoubtedly a top priority for both organisations.

This narrative reflects the strength of the overall strategic partnership between Bidfood, Minor DKL Food Group and The Coffee Club network it owns. Through working together in 2020, significant stock write-offs were avoided and The Coffee Club has successfully evolved its menu offering to the Australian market during a 1 in a 100 year crisis event.

Bidfood and Minor DKL Food Group will continue to explore innovative food and beverage solutions to manage supply chain risk, increase customer satisfaction and improve profitability.

