

# PEOPLE & ECONOMIC ACTIVITY

## GLORIA JEAN'S COFFEES

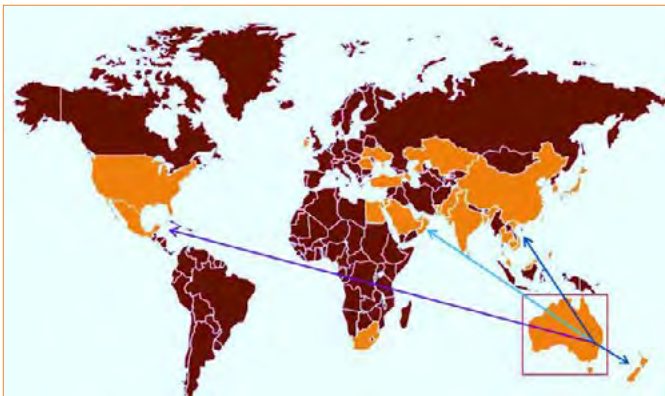
### An economic enterprise at a local scale

Dr Susan Bliss

Today Gloria Jean's Coffees is Australia's leading specialty coffee house, serving more than 35 million customers each year across the country.

- Franchised specialty coffeehouse company similar to fast food chains
- Organisation's board consists of Chairman Nabi Saleh, and Directors John Dwight, Peter Irvine and Andrew Tyndale.
- Strong international and domestic footprint
- About 1000 companies across 39 markets. Over 460 in Australia and 110 in USA.
- Location of Gloria Jean's Coffees – Australia, Azerbaijan, Cyprus, India, Bangladesh, Malaysia, USA, Ukraine, Pakistan, Philippines, Vietnam, Cambodia, Thailand and Taiwan. List of coffee chains – [https://en.wikipedia.org/wiki/List\\_of\\_coffeehouse\\_chains](https://en.wikipedia.org/wiki/List_of_coffeehouse_chains)

**Gloria Jean's Group (GJG) – global locations (external linkages)**



Map and table <http://www.aspecthuntley.com.au/asxdata/20141024/pdf/01566122.pdf>

Licenced Territories	
<b>APAC</b>	<b>EMEA</b>
New Zealand	Saudi Arabia
China	South Africa
Fiji	Azerbaijan
Indonesia	Cyprus
Singapore	Ireland
East Timor	Kazakhstan
Malaysia	Romania
Brunei	Turkey
Cambodia	Ukraine
Japan	Bahrain
Korea	Egypt
Macau	Jordan
Philippines	Kuwait
Taiwan	Lebanon
Thailand	Oman
Vietnam	Qatar
Bangladesh	UAE
India	
Pakistan	<b>Americas</b>
Sri Lanka	Hawaii
	Mexico

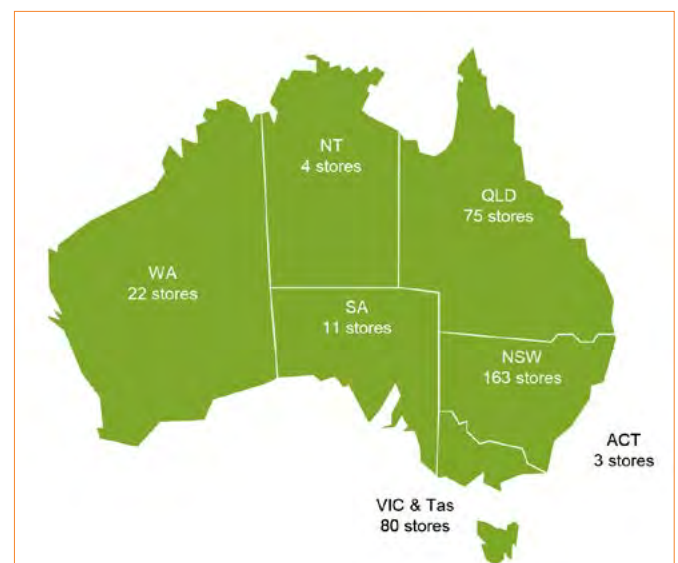


<http://prelive.gloriajeanscoffees.com/mo/About/Products.aspx>

### About Gloria Jean's Group Australia

- Established footprint in the domestic specialist coffee shop market:
  - 358 stores
  - \$242.0m retail sales in FY14
  - Outlets franchised
  - c. \$8.6m contribution to pro-forma normalised FY14 Group EBIT
- Diverse revenue streams:
  - Franchise and development fees c. 6% (excluding marketing)
  - Licence fees
  - Coffee supply
  - Allied product supply
  - Initial training and other relevant fees
- Outlet rationalisation program substantially completed:
  - Outlets peaked at c. 500 in Australia
  - Commenced store consolidation and rationalisation program in 2012
  - Additional 40 potential closures provisioned
  - Outlet proliferation to be re-energised with pilot concepts
  - 2.4% average weekly sales increase over PCP

### FY14 Outlet Population by Territory



Map: <http://www.aspecthuntley.com.au/asxdata/20141024/pdf/01566122.pdf>

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## History

Since 1979 Gloria Jean's Group (GJG) has been transformed into an internationally recognised brand:

- 1979 first store opened Chicago, USA
- 1995 Jireh International Pty Ltd holds the right to franchise Gloria Jeans in Australia. It also purchased rights to Gloria Jeans for other countries
- 1996 first Gloria Jean's coffees in Sydney-Miranda and East Gardens. Now established in every state in Australia
- 2014 Gloria Jeans purchased by Retail Food Group (RFG) for \$163.5 million. The company had 519 coffee outlets in Australia and 183 internationally, under the following brands: Michel's Patisserie, Esquires, BB's, Coffee Guy and Cafe2U. Gaining Gloria Jean's made the Retail Food Group (RFG) the leader in retail food franchises specialising in coffee.

## Gloria Jean's Group – timeline

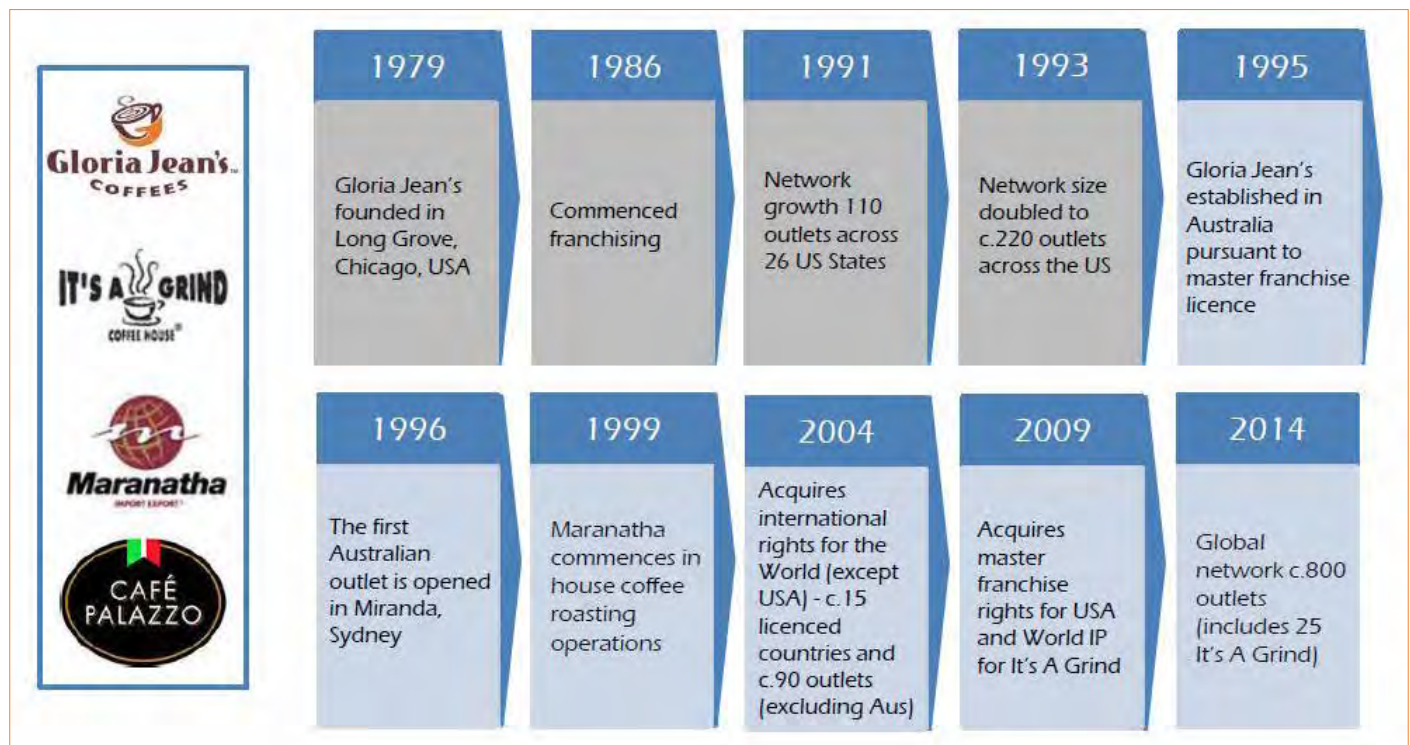
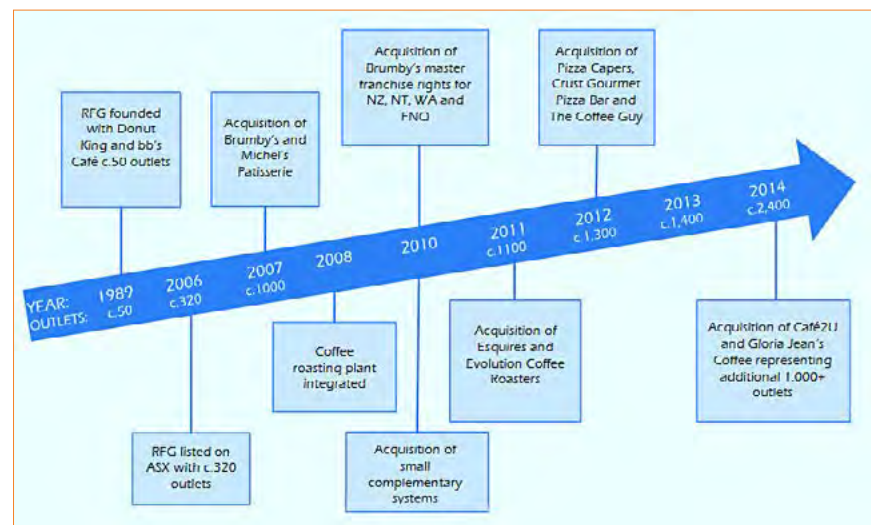


Diagram: <http://www.aspecthuntley.com.au/asxdata/20141024/pdf/01566122.pdf>

## Gloria Jean's Group – acquisitions and growth



Time line <http://www.aspecthuntley.com.au/asxdata/20141024/pdf/01566122.pdf>



[https://commons.wikimedia.org/wiki/File:Gloria\\_Jeans\\_Sydney.JPG](https://commons.wikimedia.org/wiki/File:Gloria_Jeans_Sydney.JPG)



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## Gloria Jean's Group-enterprise summary (internal linkages)

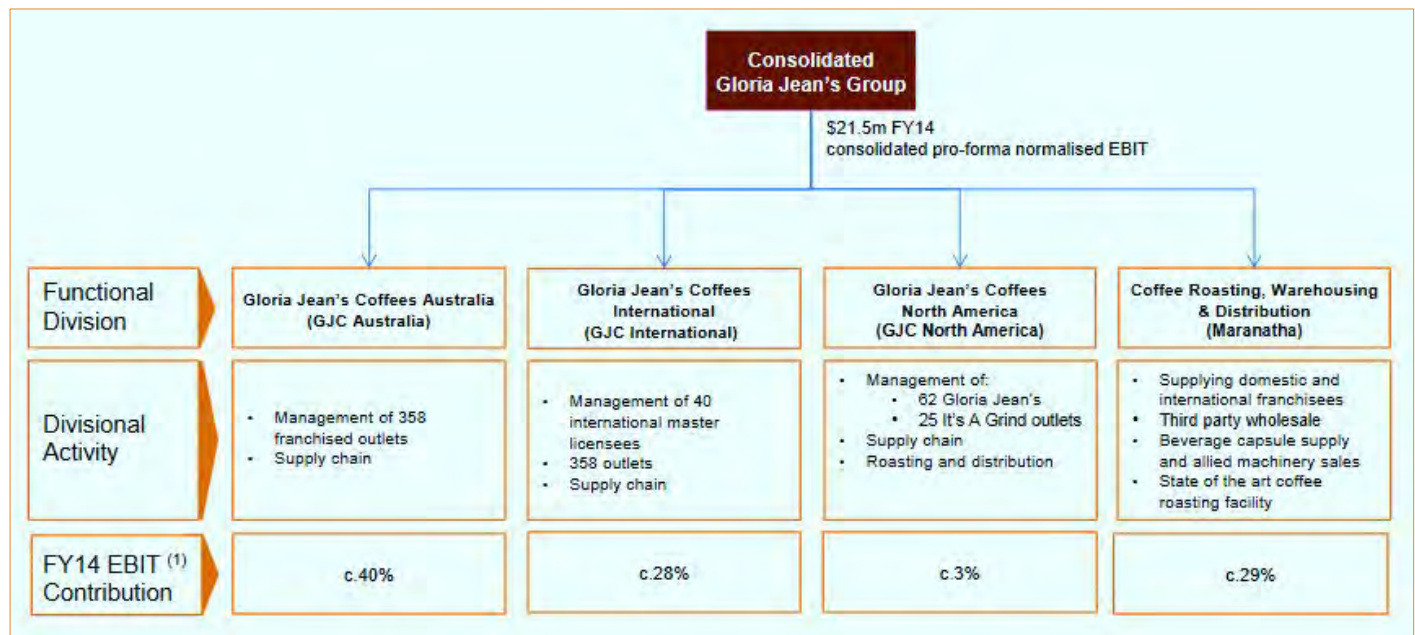


Diagram <http://www.aspecthuntley.com.au/asxdata/20141024/pdf/01566122.pdf>

## Vision

The Gloria Jean's Coffee Vision is to be the most loved and respected coffee company in the world. Additionally its vision encompasses"

- Pursuit of highest quality coffee-commitment to excellence
- Provide personalised service in a vibrant store
- Fostering a culture of joy and passion throughout the company
- Maintain growth
- Open 1500 stores worldwide
- The drive through concept allows the brand to reach customers by responding to their busy lifestyles and need for convenience
- Future-remote ordering and delivery service

## Imports

- Industrial and consumer goods
- Ingredients-coffee beans, sugar

## Products

- There are over 30 varieties of single origin, blends, flavoured infusions and decaffeinated whole bean coffees. Both hot and cold drinks are available.
- The Gloria Jeans Caffè Italy Capsules are sold in their shops and are also available at Woolworths Supermarkets.

## Types of products



Source: <https://www.crooz.com/upload/loc1024/1486730851location789.jpg>

## STRENGTHS

- Offers lower prices and fast service
- Located in strategic positions
  - high traffic areas to attract more customers
  - vehicular and pedestrian access
  - proximity to major residential areas and major retail businesses
  - location of store within a shopping centre or street front
- Offers variety of quality coffees with popular flavours
- Provides food to support coffee e.g. cakes, sandwiches and light snacks
- Sales of products in supermarkets
- Provides comfortable atmosphere for students and families
- Co-branding with other food products

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- Changes with consumer tastes
- Engages with current technology- constant updating; integrate with social media (Facebook, Twitter, Instagram)
- Developed production equipment
- Trains and recruits staff

## WEAKNESSES

- High operating costs
- Profits dependent on quality of the coffee
- People becoming more health conscious and reducing their intake of coffee
- Many customers are moving to smaller specialist coffee cafes
- Accused of high sugar and fat content in some of their products
- Failing to provide nutritional information to their customers
- Franchise at Caulfield in Melbourne was accused of under paying staff by Fair Work Ombudsman
- Competition from small coffee specialists – crowded market place

## Corporate Social Responsibility

### COMMUNITY INVOLVEMENT

- Responds to needs in the community
- Invests in children, young people and families
- Supports more than 300 children from the coffee-producing regions of Brazil. Provides them with improved health and educational opportunities.

A good coffee stimulates whole communities



Poster [http://www.bestadsontv.com/files/print/2011/Jul/38327\\_Rainforest\\_Alliance.jpg](http://www.bestadsontv.com/files/print/2011/Jul/38327_Rainforest_Alliance.jpg)

- Supports charities such as Jeans for Genes, Variety and Salvation Army

## ENVIRONMENTAL SUSTAINABILITY

- Promotes sustainable farming
- Better working conditions for farmers
- Collaboration with Rainforest Alliance
- Supporting sustainability in agriculture, forestry and tourism.
- Focusing on the impact of packaging on the environment
- First Australian company to receive the Corporate Green Globe Award





# PEOPLE & ECONOMIC ACTIVITY: GLORIA JEAN'S COFFEES



## STAGE 6: PEOPLE AND ECONOMIC ACTIVITY

*'Students will conduct a geographical study of an economic enterprise operating at a local scale. The business could be a firm or company such as a chain of restaurants.'*

1. What is the nature of the economic enterprise?  
Gloria Jeans-global chain of coffee shops
2. What are the locational factors of a Gloria Jeans coffee shop in Australia?  
Site, situation, latitude, longitude  
Reasons for location  
Download map showing location of stores in Australia.  
Annotate map.
3. What are the different flows essential for the operation of the economic enterprise?  
People: customers – ages  
Goods: coffee, milk, sugar, food  
Services: training, different types of coffee, drinks and food sold  
Ideas: new technology, coffee species and brewing methods. Social media-Facebook
4. What are internal and external linkages involved in management of the economic enterprise?  
Internal linkages: goals, revenue, business operations, managers, staff, brewing methods, packaging, advertising. Business times, types of coffee, drinks and food, gifts, incentives, promotions  
External linkages: trade, transport, advertising. Digital links, Wi-Fi
5. What are the ecological dimensions of the economic enterprise?  
Inputs: coffee, sugar, milk, food, power, water, transport, buildings  
Outputs: carbon and water footprints; waste. energy  
Environmental goals: sustainability. reduce ecological footprints and waste, recycling, corporate social responsibilities, Fairtrade
6. What are the environmental and social constraints imposed on the economic enterprise  
What are the Environmental laws (local, national)? Is the business sustainable (environmentally, socially and economically)?  
What are the future environmental plans?
7. What are the effects of global changes on the enterprise?  
Prices, Competition (e.g. McDonalds, soft drinks, tea, water), Changing consumer tastes. Growth of organic and speciality coffees. Future trends

