

# PASTA INVASION

A successful Adelaide restaurant chain is making a bold push into the eastern states, where it can expect some tough competition. **By Andrew Heathcote**

## CAFFÈ PRIMO

Rank: 4  
 Business: **Pizza and pasta restaurants**  
 Franchises: 8  
 Turnover 2004-05: **\$20 million**  
 Growth: **167.59%**  
 Chief executive: **Dino Vettese**

**A**fter taking a stranglehold of the Adelaide market, Caffè Primo and its Italian à la carte menu are heading east. Caffè Primo is a fast-growing food chain that started in Adelaide in 1997. It has 11 stores; three are owned by founder Dino Vettese and the rest are franchised.

By the end of 2006, Caffè Primo expects to have opened its 20th store in Adelaide and to have begun its assault on the eastern states. Vettese wants to start his expansion in Melbourne, where the pizza and pasta chain La Porchetta is prominent in the market for low-priced Italian food.

For Caffè Primo, the fight for domination over La Porchetta will be a tough battle. La Porchetta is a well-established brand in most parts of the country. It also sells franchises but refused to talk to *BRW* about its strategies and rivals. La Porchetta has about 100 restaurants in all states except South Australia (it is also in the Australian Capital Territory and New Zealand), so this is the first time the two chains will be directly competing. Vettese is eager for the challenge. "I want to go head to head with La Porchetta. I think we do it a lot better."

Caffè Primo has grown from a \$1.5-million business in 2002 to a \$20-million business in 2005. The growth has been largely unplanned. Vettese says: "It has all happened so quickly that it wasn't until six months ago that we sat down and developed a business plan."

In a market as small as Adelaide, 20 stores sounds like a lot. But Vettese says extra outlets do not steal business from others in the group. Instead they act as a form of advertis-

ing for each other. Caffè Primo spends about \$1 million advertising in Adelaide each year. Vettese says stores can be opened three kilometres from each other without cannibalising profits.

Although franchising has worked well for Vettese's business, he is planning to increase the proportion of company-owned stores. He says the three he owns are the best performers of the group, "and I don't think it is a coincidence".

Caffè Primo franchises are sold only to owner-operators. The average cost to buy and set up a franchise is \$450,000. "We had a building company own a store," Vettese says. "The turnover was fantastic but the bottom line was horrendous. Owner-operators are much better at controlling costs."

He does not agonise about finding prime locations. "We can open up in locations that other people may not want because we are out there in the media so much." His three oldest children, aged 20, 18 and 17, are heavily involved in the business and do a lot of the setting up of new restaurants.

Vettese says he has no plans to list or sell Caffè Primo and is not looking to take on

business partners. Finding franchisees has not been hard; he has never advertised for them and gets many more suitable applicants than he can afford to take on.

One of the biggest problems facing the business has been finding and retaining suitable staff. Table staff are easy to find but Vettese says few people want to work as cooks or dishwashers. "There are not enough who want to learn a trade," he says. "Young people just don't want to get their hands dirty."

Caffè Primo offers four-year apprenticeships to 16 and 17-year-olds. It has about 25 apprentices on its books. To improve the retention of young staff, Vettese has improved the screening of applicants and gives new staff a three-month trial.

Vettese says the success of his business is due, in part, to his realistic expectations about how much money he can make from it. He says a franchisor should not expect to profit at the expense of its franchisees. Caffè Primo does not take a percentage of its franchisees' revenue; it charges a fixed rate of \$325 a week. "You have to make sure they [franchisees] are making a very good return and feel like it is their business." ●



DINO VETTESE: Make sure franchisees are making a good return

## STAR PERFORMERS

50 fastest-growing franchises by revenue

RANK NEW	RANK PREV	FRANCHISE CHAIN	REVENUE 2004-05 (\$m)	AVERAGE ANNUAL REVENUE GROWTH OVER THREE YEARS (%) <sup>1</sup>	AVERAGE ENTRY COST (\$)	AVERAGE REVENUE PER FRANCHISE IN 2004-05 (\$)	NUMBER OF OUTLETS (2005/05)	HEAD OFFICE LOCATION	LISTED	FOUNDER / CHIEF EXECUTIVE / MANAGING DIRECTOR	SECTOR
1	7	Essential Beauty	10.60	420.50	250,000	500,000	20	SA	No	Tony Maleilo	Health, community services
2	N/R	The Crepe Cafe	10.11	189.80	330,000	580,000	24	Qld	No	Jean-Pierre Cogniet, Norbert Bailllette	Accom, cafe, restaurant
3	1	Boost Juice Bars	77.54	172.35	300,000	629,000	151	Vic	No	Janine Allis	Retail trade
4	N/R	Caffe Primo	20.00	167.50	450,000	2,080,000	8	SA	No	Dino Veltesse	Retail trade
5	2	Cartridge World	192.33	135.27	120,000	250,000	913	SA	No	Bryan Stokes	Retail trade
6	N/R	Hydrodog	9.21	108.83	37,345	40,000	170	Qld	No	Cristian Amos	Personal, other services
7	N/R	Healthy Habits	5.06	99.74	250,000	800,000	15	Vic	No	Katherine Sampson	Accom, cafe, restaurant
8	3	Granite Transformations	258.00	99.31	60,000	1,600,000	142	NSW	No	Colin Mackenzie	Construction
9	N/R	Howards Storage World	53.67	77.37	650,000	1,482,500	42	NSW	No	Dirk Spence	Retail trade
10	N/R	Computer Troubleshooters	31.75	73.26	25,000	109,000	443	NSW	No	Wilson Mcrist	Property, business services
11	12	BBNT	3.53	72.63	250,000	N/D	5	Vic	No	Wayne Butcher	Accom, cafe, restaurant
12	4	Workforce Extensions	75.77	68.16	135,000	3,674,000	7	Vic	No	Michael McTiernan	Property, business services
13	8	Gloria Jean's Coffees	163.95	66.94	450,000	526,377	462	NSW	No	Nabi Saleh, Peter Irvine	Retail trade
14	N/R	CareersMultiList	325.00	63.67	15,000	3,250,000	100	NSW	No	Greg Riley	Personal, other services
15	20	Jumping J-Jays	6.00	61.19	95,000	115,000	38	Qld	No	John Newton	Cultural and recreational
16	23	PoolWerx	16.02	48.54	84,950	190,000	200	Qld	No	John O'Brien	Retail trade
17	N/R	Housework Heroes	1.30	41.82	15,000	40,750	42	WA	No	Mike Stringer	Personal, other services
18	15	Formwood Women's Health Clubs	77.14	40.96	650,000	1,186,704	65	Vic	No	Diana Williams	Health, community services
19	10	Operto	75.00	38.30	450,000	1,100,000	82	NSW	No	Jeff Fisher	Retail trade
20	11	Hairhouse Warehouse	39.50	38.23	400,000	800,000	50	Vic	No	Joseph Lattouf	Retail trade
21	14	Subway*	475.00	36.84	250,000	600,000	795	Qld	No	Tracy Steisward	Accom, cafe, restaurant
22	N/R	United Home Services	3.00	29.98	19,000	45,000	70	Vic	No	Ini Heebie	Personal, other services
23	N/R	Bonino's Pizza	151.10	29.13	350,000	900,000	387	Qld	Yes	Don Meij	Accom, cafe, restaurant
24	30	Jamaica Blue	41.90	28.26	320,000	581,000	71	NSW	No	James Fitzgerald	Retail trade
25	N/R	Cold Rock Ice Creamery	15.05	24.93	300,000	330,000	46	Qld	No	Norm Hunt	Retail trade
26	28	Michel's Patisserie	220.00	24.62	280,000	700,000	340	NSW	No	John Livi	Retail trade
27	21	Mortgage Choice	108.20	24.13	35,200	N/D	467	NSW	Yes	Paul Lahiff	Finance and insurance
28	24	Kando's	69.59	23.75	380,000	720,000	100	Vic	No	Norman Picker	Accom, cafe, restaurant
29	N/R	Quest Serviced Apartments	105.00	22.64	800,000	1,100,000	94	Vic	No	Paul Cosentinos	Accom, cafe, restaurant
30	N/R	Baskin-Robbins	26.79	22.02	280,000	280,000	83	US	Yes	Peter Graham	Accom, cafe, restaurant
31	26	All Boba Lebanese Cuisine	25.51	21.36	280,000	561,000	44	NSW	No	Robert Marjan	Retail trade
32	18	Worldwide Online Printing	48.45	21.31	140,000	690,000	70	WA	No	Mark Manderson	Communications
33	N/R	Signwave Australia	9.61	20.99	250,000	650,000	19	WA	No	Matthew Penfold	Property, business services
34	N/R	holysheet	12.00	20.16	230,000	750,000	17	NSW	No	Edmund George	Retail trade
35	29	Car Care	7.82	19.58	30,000	72,400	108	WA	No	Mike Stringer	Personal, other services
36	N/R	Pack & Send	16.90	15.31	150,000	285,000	67	NSW	No	Michael Paul	Transport, storage
37	N/R	Fastway Couriers	232.00	14.98	N/D	N/D	1569	NZ	No	Bill McGowan	Transport, storage
38	N/R	Jani-King	80.05	14.87	26,000	87,202	712	Qld	No	Ben Stoltz	Property, business services
39	N/R	Muffin Break	124.27	14.48	290,000	540,000	230	NSW	No	James Fitzgerald	Retail trade
40	N/R	Vides Ezy	330.00	11.32	250,000	600,000	569	NSW	No	Bob Maidment	Personal, other services
41	N/R	Cloaks Fresh & Tasty	11.00	11.20	285,000	716,700	17	WA	No	Steve Hansen	Retail trade
42	N/R	The Athlete's Foot	95.00	11.01	350,000	890,000	112	US	Yes	Michael Cooper	Retail trade
43	9	Bright Eyes Sunglasses	42.94	10.98	160,000	344,183	116	Qld	No	Geoff Harberl	Retail trade
44	N/R	Bakers Delight*	450.00	10.26	380,000	515,000	700	Vic	No	Roger Gillespie	Retail trade
45	N/R	Just Cuts	67.00	10.25	220,000	450,000	123	NSW	No	Denis McFadden	Personal, other services
46	N/R	7-Eleven	986.00	9.97	300,000	1,400,000 <sup>1</sup>	359	Vic	No	Warren Wilcott	Retail trade
47	N/R	Red Rooster	340.00	9.12	500,000	925,000	367	WA	No	Phillip Tama	Retail trade
48	N/R	Lenard's	144.90	8.42	250,000	757,000	193	Qld	No	Bruce Myers	Retail trade
49	N/R	Autobarn	209.00	7.45	650,000	1,880,000	93	Vic	No	Peter Fox	Retail trade
50	N/R	Brumby's Bakeries	172.00	6.64	360,000	650,000	300	Vic & Qld	Yes	Michael Sherlock	Retail trade

\* BRW estimate

<sup>1</sup> Franchise chains with less than \$250,000 revenue in 2001-02 have been excluded

<sup>2</sup> Merchandise sales only — fuel excluded

N/R Not ranked last year

N/D Not disclosed

Source: BRW

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