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News Article

April 21, 2009

Mobile businesses, like Cafe2U, keep on rolling

As shop fronts feel the effects of the global crunch, mobile businesses are being seen as a good bet to stave off recession-wrought belt tightening by consumers.

While Australians continue to reduce discretionary spending in the retail sector, the founder of Australia's global mobile coffee franchise Cafe2U, Andy Simpkin believes mobile businesses hold a significant ace up their sleeves – mobility.

"I wouldn't want to rent a space in a shopping mall right now," he said.

"The foot traffic in shopping centres and retail districts has obviously quietened since the downturn took full effect. Affordable luxuries are still appealing to consumers but they aren't venturing into retail territory to indulge in them as much, which hurts the shop front retailer.

"In our case coffee is an affordable luxury but you have the advantage of being able to go to the customer. You are going to the business, not the other way around."

While he said small luxury items were still relatively recession-proof, the lack of competition was what also helped elevate mobile franchise businesses above their stationary counterparts.

"You have limited competition, you are not competing for the same dollar as you do in a mall. If less people are visiting an area and you are one of a number of coffee shops within a small radius, it has to affect your bottom line. Whereas if you are a mobile business that is the only one of its kind in an industrial estate for example, you simply have no competition.

"In addition, compared to fixed locations mobile operations such as ours are a low investment model which offers a high return on investment."

Mobile businesses were also likely to offer more flexibility in working conditions, he added.

"There are often constraints when it comes to the hours a shop front can operate, particularly in shopping centres. They open and close at a certain time and you are legally obliged to operate within those hours. A mobile operation is more likely to provide you with the work hours you want and greater flexibility."

Using recent redundancies for business investment is preferable to staying in a holding pattern, according to Mr Simpkin.

"It can be better than frittering away your redundancy while you wait for your next job, which may be slow in

coming. And there are more tangible rewards and control than putting money in super or shares with the current volatility of the share market.”