



Carlton Strategy Advisors

Commercial | Market | Advisory

NEWSLETTER

April 2013

Latest News from CSA

CSA sizes workplace coffee demand for Kafevend and ISIS Equity Partners

Carlton Strategy Advisors has successfully supported Kafevend Limited, a private equity backed drinks vending machine service provider, with a mandate to appraise demand in the workplace for its range of products and services.

CLIENT SITUATION: Market research and intelligence to support future business development

Head-quartered in Crawley, and with a national vending services footprint, Kafevend is backed by ISIS Equity Partners. Kafevend's range of drinks vending solutions covers both the supply of the equipment and also their accompanying ingredients and ancillary products. However, the industry supply chain, which includes drinks products manufacturers, equipment manufacturers, resellers, wholesalers, operators and caterers in addition to the workplace consumer is highly convoluted and not readily transparent – even to an experienced sector participant, such as Kafevend. As a precursor to further business planning, Kafevend required the services of a business and market strategy consulting firm to size the market most specifically addressed by the company.

PROJECT SCOPE: to research, characterise and provide strategic thought and insight about the addressable market

Drinks vending services suffers from a deficit of information held in the public domain about the nature of demand within the workplace for single-serve, in-cup and bean-to-cup vending machines; ancillary components, such as coffee, tea and milk ingredients; cups and stirrers and other items that lend themselves to the workplace, eg cabinets. Consequently, CSA was asked by John Collins, CEO of Kafevend, to map out the nature of the competitive landscape and characterise the business-to-business relationships between identified sector participants involved with these products and services. Project scope and approach was therefore directed towards sector primary market research by way of a programme of direct market contact through telephone interviews and face-to-face meetings conducted by CSA.

RESEARCH OUTPUT: A report combining high level, macro-economic analysis and more fundamental, micro-level analysis of demand – backed by CSA evidence-based opinion

To meet our client's business planning requirements, CSA's programme of work was conducted over a compact timeframe in early 2013.

CSA reported workplace volume and value, based on the estimated number of companies in the UK with over 20 people, the average number of vending machines per workplace/office population and drinks consumed per day at a given unit cost. This was then cross-referenced with trade census information about the size of the UK vending park, marked against average throughputs and unit costs for freshbrew, instant and in-cup dispensing.

John Collins, Kafevend, commented, "After agreeing the project's scope, CSA delivered their written report on time and to budget. CSA gave us the information about our marketplace that we lacked, but required for forward business planning purposes in a well laid out and presented reporting format – details we ourselves had tried to collate, but ultimately relied on the services of CSA to generate."

Benoit Broch, Investment Director at ISIS, said, "Owing to the complexity of the workplace drinks vending supply chain, we thought it would be useful to introduce CSA to Kafevend, one of our portfolio investments. We thought CSA's structured approach, as commercial due diligence reporting advisors, could be of help and benefit to the Kafevend management team - and so it proved."

David McClelland is Director of Carlton Strategy Advisors Ltd. CSA is a commercial due diligence and business strategy consultancy, with clients across the Private Equity, Bank and Corporate sectors.