



The value of the virtual customer

They don't spill the sugar or drop crumbs on the floor. Their plates don't need washing and they never trail mud in on a winter's day – in fact they don't walk in through the door at all. Two Auckland cafés have discovered the value of the virtual customer – and there's more to it than meets the eye.

Bob's story - Bob Han, manager of Go-deli, Constellation Drive, Mairangi Bay

It's nine o'clock on a Friday morning, the café is quiet but the kitchen is running full tilt. Five staff members are focused on preparing, cooking and packaging 200 orders before 12pm. This is the scenario that café owner Bob Han finds himself in every week, with his team working to capacity in the traditionally quiet period between breakfast and lunch.

His secret lies in his partnership with local entrepreneur, Sandra Finlay and her company, ezlunch. The ezlunch online

ordering system creates a link between schools and local fresh food suppliers to deliver fresh hot and cold food to children as an alternative to the traditional packed lunch.

Bob Han's café, Go-deli, supplies lunches to eight local schools and he couldn't be happier about it.

"People are generally spending less on going out to eat, which means that cafés are going through a tough time right now. We've been supplying school lunches for six months and our overall revenue has increased by around 10 per cent already. It's reassuring to have another income stream so

we don't have to depend solely on walk-in trade."

Practical considerations for the pint-sized 'virtual customer' have to be considered. Portion sizes are smaller and the food needs to be packaged carefully to keep food at the correct temperature from the time orders leave the café until they reach the classroom.

"Packaging and delivery means that the cost per portion for school food is slightly higher than the cost of the food served at the café," Mr Han points out.

"But because there is no service element, we can discount our price to make it affordable as a lunch box alternative. This means that while our prices and margins are reduced, we still make a 20-30 per cent profit."

With the fixed costs of the business needing to be off-set in quiet and busy periods alike, Bob Han takes a view which balances productivity and profitability. This makes supplying ezlunch a sensible option. And many parents would agree. With the cost of an average school lunch equivalent to the price of a coffee and cake, parents like the convenience and

value of having freshly prepared food delivered to their children at lunchtime.

'Easy' is at the heart of the ezlunch philosophy not just in its name. Suppliers can log in to the 'back end' of the ezlunch website whenever they like and view orders coming in. Parents can place their orders online or by text message before 9am for same-day delivery. This means that suppliers like Bob can print off the order list at 9am and start food preparation as soon as the breakfast rush is over. Labels detailing each order, the child's name, classroom number and school can be printed directly off the website and are used to seal the meal bag.

An unexpected bonus for Bob Han came when families started to appear in his café at weekends saying how much their children enjoyed his food. Go-deli prepares dairy-free and gluten-free options on its school lunch menu as well as using free-range eggs and chemical-free meat. Once tasted, families were prepared to travel for Bob's food.

"There are lots of cafés in the area competing for business. I

was really pleased when customers started to choose Go-deli because they liked our school lunches. Our menus get sent out in school bags once a term, so even non-customers see our name and brand."

There's no real down-side according to Bob Han. All the administration of the system is handled by ezlunch and a couple of minor teething problems were quickly smoothed out by responsive handling from the company's helpdesk.

"My relationship with ezlunch has become really close. If there's a problem, we work it out. We're six months down the track now and I am planning to supply school lunches from our Mission Bay café next."

Paul's story – Paul Yen, owner of Dellow's Kitchen, Jervois Road, Herne Bay

Paul Yen, 21 year old chef and café owner of Dellow's Kitchen is also a school lunch convert. The fact that Dellow's Kitchen was placed in Metro magazine's top five cafés in the fresh menu category at the end of October is no mean feat - particularly when you realise that Paul opened his doors for the first time barely five months ago.

Mr Yen strongly believes that every café should move towards catering as an additional revenue stream to allow business expansion without creating a need for more floor space or new equipment. Dellow's Kitchen already offers its customers a range of take-out options from finger

food for office functions to fresh frozen meals for tired customers who can't face cooking at night. School catering is another string to his bow.

Working with an online system has obvious benefits for this switched-on businessman. Orders placed on the ezlunch website are constantly refreshed and it didn't take long for Paul to realise that the volume of orders in the evening gave a clear indication of the next day's totals. "We've found that the order numbers at night usually represent 50 per cent of the next day's order. And when we check

first thing in the morning, we get a 75 per cent view. This makes it easy to order enough fresh food without falling into the trap of overstocking."

Another benefit of accurate forecasting is that it allows Dellow's to place bigger orders with their suppliers than they otherwise would have done for the café alone.

"We can negotiate better prices because we order in greater quantities - and that gets us free delivery. This saves valuable staff time picking up from our suppliers or running to the supermarket. We also place orders every day or

every other day, which ensures a high food turnover - meaning that we always cook with the freshest of ingredients."

This is important to self-confessed food fanatic, Paul Yen. Having worked his way through the ranks in the renowned fine-dining establishment, Mikano, located on Auckland's waterfront - Paul rose from high school food runner to chef in less than five years.

"It was always the food that mattered," he says.

"I was planning to go to business school, but working with such a fantastic top chef inspired me - I guess it changed the direction of my life."

Barely two years later, Paul has fulfilled his ambition of becoming a business owner - and he was supplying virtual customers through ezlunch before he sold his first flat white an 'actual' customer.

"It just makes sense," he says.

"Our profits have increased, our staff down-time has reduced and our cash flow has improved - even though we make less of a margin on school lunch orders."

"Having multiple income streams helps to smooth out the variables of the 'walk in' trade. Ezlunch orders are guaranteed work which I can complete without increasing my fixed costs. I would rather keep my staff busy. If you give people three things to do, they will generally make those three things fill their available time. I would rather drive workflow and challenge my staff's productivity."



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