

Second Cup

Second Cup is Canada's largest Canadian-based specialty coffee retailer, operating more than 360 cafes across Canada. Its headquarters are in Mississauga, Ontario. Founded in 1975 by Tom Culligan and Frank O'Dea, Culligan eventually purchased O'Dea's shares. He sold it in 1988. The present CEO of Second Cup is Stacey Mawbrey who leads the Canadian company and Jim Ragan leads the international company.

Franchises

Below is a list of the initial and ongoing financial costs you will incur as a Second Cup Franchise Partner.

- Franchise Fee: \$40,000
 - Costa Rica Training Trip: \$2,500
 - Construction, Equipment, Furniture, Fixtures and Leaseholds: \$320,000-\$460,000
 - Royalties: 9% of the gross sales
 - National Co-Operative Marketing Fund: 3% of gross sales
- Reduced royalty program for the new franchises and multi-unit operators!

Growth

Second Cup sales continue to compete with Starbucks, Tim Hortons and Peet's Coffee. Stacey Mawbrey, Second Cup CEO from 2008-present, claims that Second Cup is in "growth mode". As one of the largest and most established specialty coffee retailers, with an existing and fast growing international presence, we are well positioned to support the Second Cup expansion throughout the rest of the world and make Second Cup a respected global brand. We will continue to build upon our proven model of growth through local Regional Franchise partners.

Competition

Tim Hortons is reported to have 4,000 coffee stores in the US. Tim Hortons is competing with Starbucks who is up to 10,000 and Peet's Coffee who is up to 1,000.

Profit

Revenue CAN\$25.17 million (2010)
 Operating income CAN \$10.78 million (2010)
 Net income CAN\$9.30 million (2010)
 Total assets CAN\$104.06 million (2010)
 Total equity CAN\$70.05 million (2010)

The Advantages and Disadvantages

- | Advantages | Disadvantages |
|--|--|
| <ul style="list-style-type: none"> • Security • Support (Management training, initial set up of business and ongoing advertising) • Low failure rate • Second cup is already a known brand so the franchisee won't have trouble starting up. | <ul style="list-style-type: none"> • High start-up costs • 24 hr and if there is the business need give 9% royalties • The franchise doesn't give 50% of the franchisee (they're for the owner) • The cost of a franchise is expensive • Competition from other companies |

SECOND CUP

The Second Cup

Thecasesolutions.com



SECOND CUP

TM/MC



You **Tube**

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