

KEY INSIGHTS & RECOMMENDATIONS (Daily Brew Coffee)

OVERALL PERFORMANCE

Key Findings:

-  Total Revenue: \$4.25M across 3 stores (2017-2019)
-  Strong Growth: 18.3% YoY revenue increase
-  Exceptional Loyalty: 99.5% repeat customer rate
-  High Profitability: 74.4% profit margin
-  Revenue concentration risk: 61.8% from one age group (36-45)

Recommendations:

- ✓ Continue current business model - proven successful with high margins
- ✓ Expand marketing to younger demographics (18-35) to diversify customer base
- ✓ Protect and nurture 36-45 segment with VIP loyalty program

STORE PERFORMANCE

Key Findings:

-  Store #8 (Hell's Kitchen): \$1.42M - Highest total revenue BUT lowest efficiency
-  Store #3 (Astoria): \$1.42M - Similar revenue, better efficiency
-  Store #5 (Lower Manhattan): \$1.41M - BEST efficiency at \$1,566/sq ft (only 900 sq ft!)
-  Store #8 inefficiency: Generates only \$948/sq ft despite 1,500 sq ft space

Recommendations:

- ✓ Optimize Store #8: Reduce excess space or add product lines to improve sq ft efficiency
- ✓ Replicate Store #5 model: Small footprint (900 sq ft), high revenue - ideal for expansion

- ✓ Consider new locations: Target downtown areas with small, high-traffic formats
- ✓ Close Store #2 (Warehouse): No sales data - appears inactive

● PRODUCT PERFORMANCE

Key Findings:

- Beverages dominate: \$3.28M (77.2%) - Coffee is king
- Food: \$451K (10.6%) - Secondary but stable
- All 80 products sell every month - Full portfolio success
- Top sellers: Dark Chocolate Lg, Sustainably Grown Organic Lg, Lattes, Cappuccinos
- ⚠ \$49,950 revenue from missing product IDs (orphan transactions)

Recommendations:

- ✓ Focus on beverage innovation: 77% of revenue - introduce seasonal specialty drinks
- ✓ Expand food offerings: Only 10.6% of revenue - opportunity to increase attachment
- ✓ Clean data quality: Fix \$49K in orphan transactions (missing product mappings)
- ✓ Bundle promotions: Create coffee + food combos to increase basket size
- ✓ Reduce SKUs carefully: While all products sell, consider if 80 SKUs is optimal

🎯 PROMOTIONAL EFFECTIVENESS

Key Findings:

- ⚠ Promo revenue: Only \$29,398 (0.7% of total!)
- ✓ Non-promo: \$4.22M (99.3%) - Customers buy without discounts
- Promo volume: 11,719 items sold on promotion
- 💡 High margins without promos - 74.4% profit margin maintained

Recommendations:

- ✓ STOP broad promotions immediately - Only 0.7% revenue impact, likely eroding margins
- ✓ Focus on premium pricing - Customers clearly willing to pay full price
- ✓ Use promos strategically ONLY for:

Clearing slow-moving inventory

Acquiring new customers (first-purchase discount)

Boosting off-peak hours (3pm-9pm when sales drop)

- ✓ Create value bundles instead of discounts - maintain perception while increasing basket size
- ✓ Test price increases - With 99.5% loyalty, customers are price-insensitive

CUSTOMER SEGMENTATION

Key Findings:

 36-45 age group = Gold Mine:

519 customers (23% of base)

\$2.63M revenue (61.8% of total!)

\$5,062 lifetime value per customer

7.3 avg transactions (highest frequency)

 26-35 professionals: 603 customers, but only \$572K revenue (underperforming)

 Seniors (56+): 707 customers, \$674K revenue (stable but low spend)

 Young adults (18-25): Only 77 customers, \$69K revenue (untapped market)

 Customer retention is exceptional: 99.5% repeat rate

Recommendations:

- ✓ VIP Program for 36-45 segment: Create "Premium Member" tier - they drive 62% of revenue

- ✓ Target young professionals (26-35): 603 customers but low LTV (\$949) - create "quick grab" options for busy workers
- ✓ Student program for 18-25: Only 77 customers - offer student discounts to build future loyalty
- ✓ Morning commuter packages: 36-45 group shops mornings - create "Express Breakfast Boxes"
- ✓ Referral rewards: 99.5% repeat rate shows satisfaction - incentivize word-of-mouth

⌚ TIME-OF-DAY OPTIMIZATION

Key Findings:

 MORNING DOMINATES: 6am-12pm = \$2.35M (55.4% of daily revenue!)

10am peak: \$536K (single highest hour)

Morning avg basket: \$499

 Afternoon decline: 12pm-6pm = \$1.49M (35%)

Avg basket drops to \$274 (45% lower)

 Evening slowdown: 6pm-9pm = \$399K (9.4%)

Avg basket: \$193 (61% lower than morning)

 Dead zone: 12am-6am = Only \$11K (consider closing)

Recommendations:

- ✓ Heavy staffing 7am-11am: Peak revenue hours - ensure fast service
- ✓ Afternoon boost promotions: Run 2pm-6pm "Happy Hour" to increase \$274 avg basket
- ✓ Consider earlier closing: Evening (6pm+) generates only 9.4% revenue - not worth staying open late
- ✓ Eliminate overnight hours: 12am-6am generates \$11K total - close at midnight
- ✓ Pre-order system: Morning rush is 55% of revenue - reduce wait times with mobile ordering

- ✓ Upsell training for AM staff: Morning customers already spend \$499 - train staff to suggest +\$50 add-ons

STAFF PERFORMANCE

Key Findings:

-  25 active staff generating \$4.25M revenue
-  Avg revenue per staff: \$170K (strong productivity)
-  Avg transactions per staff: 168 across full period
-  Top performers identified: Britanni Jorden (\$503K), Kylie Candace (\$343K)
-  Uneven distribution: Performance gaps between top and bottom staff

Recommendations:

- ✓ Benchmark top performers: Study Britanni Jorden's approach (\$503K vs \$170K avg)
- ✓ Peer training program: Have top sellers train others on upselling techniques
- ✓ Morning shift premium: Assign best staff to peak hours (7am-11am)
- ✓ Commission incentives: Consider performance bonuses for high-revenue staff
- ✓ Reduce evening staff: 9.4% revenue after 6pm doesn't justify full team

BASKET SIZE ANALYSIS

Key Findings:

-  Overall avg transaction: \$1,012 (very strong!)
-  Avg items per transaction: 310.6 (suggests wholesale/bulk or line-item data)
-  Morning baskets 2x larger: \$499 vs \$274 afternoon
-  36-45 age group spends most: \$692 per transaction

Location matters: Lower Manhattan \$559 vs Astoria \$338 (65% difference!)

Recommendations:

- ✓ Morning upsell focus: Customers already spending \$499 - easy to push to \$550+
- ✓ Afternoon combo deals: Boost \$274 baskets with "Buy 2 Get 20% off" bundles
- ✓ Store-specific strategies:

Astoria: Needs bundling (\$338 baskets too low)

Lower Manhattan: Maintain premium positioning (\$559 working well)

- ✓ Age-targeted offers: 36-45 already spend \$692 - create "Executive Packages" at \$750+
- ✓ Minimum order suggestions: Train staff to suggest items if transaction < \$50

STRATEGIC PRIORITIES (NEXT 12 MONTHS)

IMMEDIATE (Month 1-3):

- Stop broad promotions - Only 0.7% revenue, eroding margins
- Launch VIP program for 36-45 segment - They're 62% of revenue
- Optimize staffing schedule - Heavy 7am-11am, light after 6pm
- Afternoon promotions - Boost 3pm-6pm sales with targeted offers

SHORT-TERM (Month 4-6):

5. Fix Store #8 efficiency - 1,500 sq ft producing only \$948/sq ft
6. Launch student program - Capture 18-25 demographic early
7. Implement mobile pre-ordering - Reduce morning wait times
8. Staff training program - Replicate top performer techniques

MEDIUM-TERM (Month 7-12):

9. Expand food offerings - Only 10.6% of revenue, room to grow

10. Open new small-format stores - Model after 900 sq ft Lower Manhattan success
11. Test evening closure - Consider closing at 8pm vs 9pm
12. Premium product line - Customers are price-insensitive (99.5% loyalty)

RISKS & CONCERNS

Critical Risks:

- Over-reliance on 36-45 demographic: 62% of revenue from one segment
- Morning dependency: 55% of revenue in 6-hour window (6am-12pm)
- Low promotional effectiveness: Spending money on promos with 0.7% impact
- Store #8 inefficiency: Wasting 60% of floor space potential

Monitoring Required:

-  Customer retention: 99.5% is unsustainable long-term - watch for declines
-  Profit margin: 74.4% is high - competitors may enter market
-  Product orphans: \$49K in missing product IDs needs investigation
-  Evening viability: 9.4% revenue after 6pm - track if declining

FINAL EXECUTIVE SUMMARY

What's Working (KEEP DOING):

- Premium pricing strategy - customers pay full price
- Morning operations - 55% of revenue
- Customer loyalty - 99.5% repeat rate
- Lower Manhattan model - \$1,566/sq ft efficiency
- 36-45 customer focus - highest LTV

What's Not Working (STOP DOING):

- ✖ Broad promotional campaigns - only 0.7% revenue
- ✖ Evening/night operations - <10% revenue post-6pm
- ✖ Store #8 space utilization - 40% efficiency gap
- ✖ Ignoring younger demographics - untapped potential

Quick Wins (DO NEXT MONTH):

- 🎯 End blanket promotions - save margin immediately
- 🎯 Create VIP tier for 36-45 customers - retain top segment
- 🎯 Run 3pm-6pm specials - boost afternoon sales
- 🎯 Reduce evening hours - cut costs on low-revenue periods

The Bottom Line:

Daily Brew Coffee has a highly profitable, loyal customer base with strong morning performance. The business model works - now optimize by eliminating inefficiencies (promos, evening hours, Store #8 space), protecting core customers (36-45 segment), and capturing growth opportunities (younger demographics, food expansion, new locations).