Stories Coffee: Data-Driven Growth Strategy

Executive Summary | Data Science Consulting Report | January 2026

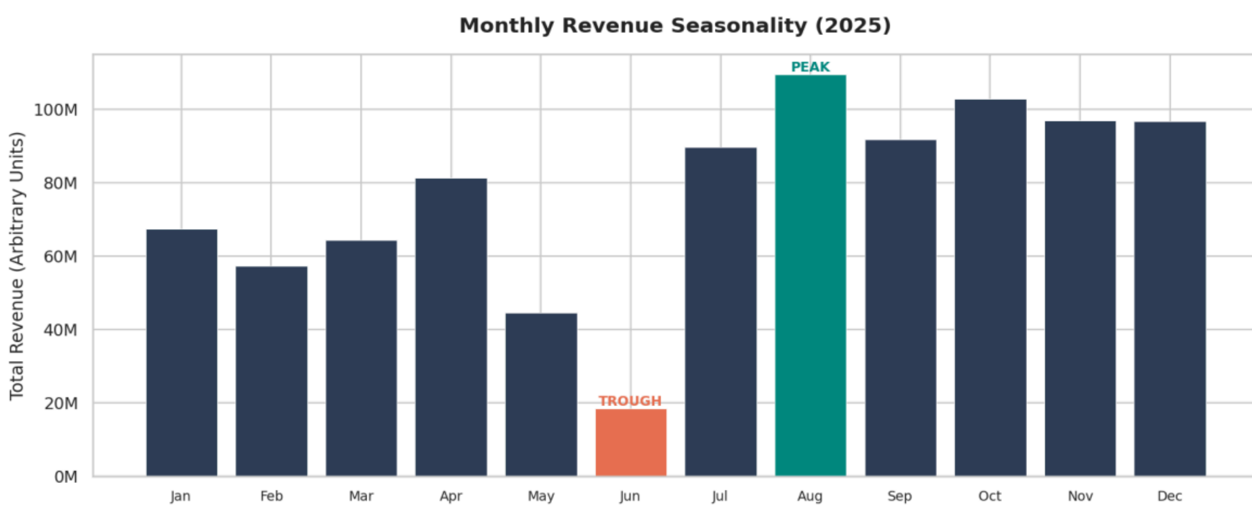
1. Problem Statement

Stories, one of Lebanon's fastest-growing coffee chains with **25 branches** across the country, generated roughly **920M arbitrary units** in 2025 revenue across **300+ products**. The founder's challenge: "I have all this data but I don't know what to do with it. Tell me how to make more money." We analyzed a full year of POS data (2025 + January 2026) across four dimensions: monthly revenue trends, product-level profitability, category performance, and branch efficiency to answer three strategic questions: **(1) Where is money being left on the table? (2) Which products and branches should be prioritized? (3) How should the 2025 expansion wave be evaluated?**

2. Key Findings

Finding 1: Severe Revenue Seasonality Creates a 6x Peak-to-Trough Gap

Revenue swings dramatically through the year: August (peak) generated **5.9x** the revenue of June (trough). The pattern shows a sharp dip in May-June (Ramadan/low season), a summer surge July-September driven by cold beverages and tourism, and sustained strength October-December. This 6x volatility means staffing, inventory, and cash flow planning must be seasonally adjusted. Fixed costs during June consume a disproportionate share of revenue.



Finding 2: Beverages Drive 62% of Profit at 77% Margins vs. Food at 63%

Beverages account for **57%** of total revenue but **62%** of gross profit, operating at a **77.2% margin** compared to Food's **63.0%**. This 14-point margin gap means every 1% shift in mix toward beverages adds meaningful profit. Branches with higher beverage share (Event Starco 78%, Airport 64%, Batroun 63%) consistently outperform on margin. Mall and university locations (Le Mall 49%, LAU 50%) skew toward food, depressing their overall profitability.

Finding 3: Combo Toppings Are a Hidden Profit Drain of ~23M Units

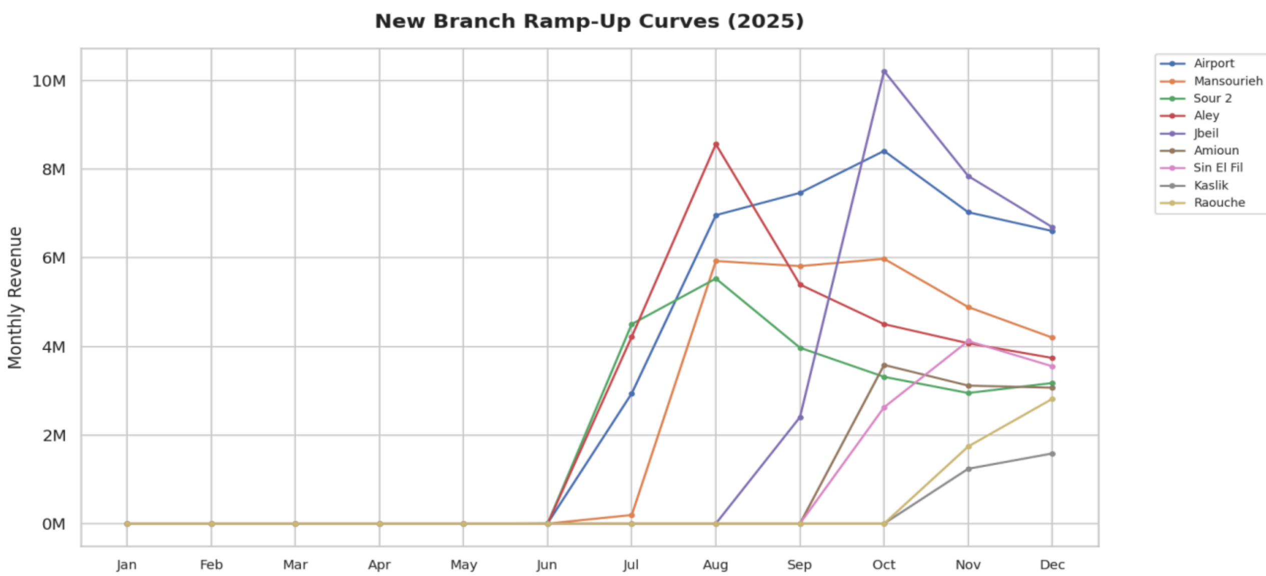
The frozen yoghurt combo system has a structural profitability problem. While yoghurt combos themselves are the **top revenue category** (183M), the associated combo toppings (Strawberry, Blueberries, Mango, Pineapple, Brownies, Oreo, etc.) are all **loss-making**. The top 10 loss-making items are exclusively combo toppings, collectively losing **~23M in gross profit**. These toppings are priced as add-ons with zero standalone revenue but significant ingredient cost. The combo pricing model needs restructuring: either raise combo prices to cover topping costs, or reduce the number of included toppings.

Finding 4: January 2026 Shows a Concerning YoY Decline Across All Established Branches

Every established branch that existed in January 2025 saw a revenue decline in January 2026. The average drop is **~42%**. While some of this may be explained by the denominator shifting (more branches splitting the same market), even flagship locations like Ain El Mreisseh (-50%), Zalka (-45%), and Khaldeh (-38%) saw steep drops. LAU (-60%) and Saida (-67%) are particularly alarming. This requires urgent investigation: is this cannibalization from new branches, a macro-economic effect, or competitive pressure?

Finding 5: 11 New Branches Opened in 2025 — Jbeil and Airport Are the Standout Performers

Stories aggressively expanded from ~14 to 25 branches in 2025. Among new openings, **Jbeil** (opened September) and **Airport** (opened June) showed the fastest ramp-ups, reaching top-10 monthly revenue within 2-3 months. Aley and Sour 2 (both July) stabilized at mid-tier performance. Late-2025 openings (Kaslik, Raouche, Amioun, Sin El Fil) have limited data but early signs are promising. The Event Starco location remains minimal, consistent with an events-only model.



3. Recommendations

R1. Restructure Frozen Yoghurt Combo Pricing (Impact: +23M profit recovery)

Increase base combo price by 10-15% to absorb topping costs, or limit included toppings to 2-3 per combo with premium toppings (brownies, Oreo, Lotus) priced as paid add-ons. This single change could recover the entire 23M loss-making gap without reducing volume, as yoghurt combos have proven demand elasticity (they're the #1 category).

R2. Push Beverage Upsells at Food-Heavy Branches (Impact: +2-4% margin lift)

Branches where food exceeds 45% of revenue (Le Mall, Mansourieh, Antelias, LAU, Sin El Fil) should implement beverage-first promotions: combo deals pairing food with specialty drinks, barista recommendations at register, and seasonal beverage highlights. Target: shift mix 5% toward beverages at these locations. Additionally, train staff to suggest high-margin modifiers (extra shot at 73% margin, caramel drizzle at 90% margin).

R3. Seasonal Revenue Smoothing Strategy

June produces only 17% of peak-month revenue. Implement: (a) Ramadan-specific promotions and Iftar offerings in May-June, (b) loyalty program double-points during low season, (c) limited-time menu items to drive traffic. Target: lift June from 2% to 5% of annual revenue, worth ~28M incremental.

R4. Investigate and Address January 2026 Decline Urgently

The 42% average YoY decline in January is a red flag. Conduct: (a) cannibalization analysis mapping new branch catchment areas against existing branch declines, (b) competitive audit of new entrants, (c) customer survey on visit frequency changes. If cannibalization is confirmed, pause further expansion until existing branches stabilize.

R5. Double Down on Star Products

The top 5 profit-generating products (Mango/Original/Blueberry Yoghurt Combos, Water, Classic Cinnamon Roll) contribute ~107M in profit. Ensure these are never out of stock, prominently displayed, and featured in marketing. Water at 88% margin and 588K units is the silent profit champion — consider branded/premium water upsells.

4. Expected Impact

Recommendation	Estimated Annual Impact	Complexity
Combo pricing restructure	+23M profit recovery	Low (pricing change)
Beverage mix optimization	+15-30M incremental profit	Medium (training + promos)
June revenue smoothing	+28M incremental revenue	Medium (marketing)
YoY decline investigation	Prevent further erosion	High (strategic)
Star product focus	+5-10M from availability	Low (operational)

5. Methodology

We analyzed four POS data exports covering 2025 (full year) + January 2026: monthly revenue by branch (25 branches), product-level profitability (~14,600 line items, 550+ unique products), sales by product group (14,100 records across 36 groups), and category profit summaries. Data cleaning included: filtering POS page headers, normalizing inconsistent branch names, handling the Total Price display truncation bug (using Cost + Profit as true revenue where needed), and separating hierarchy levels (Branch > Service Type > Category > Section > Product). Analysis techniques: time-series decomposition for seasonality, menu engineering matrix (volume vs. margin quadrant analysis), YoY comparative analysis, branch efficiency scoring (profit per unit), and category mix analysis. All values are in arbitrary units; findings are based on patterns, ratios, and relative comparisons.

Prepared for Stories Coffee leadership. Full analysis, code, and interactive visualizations available in the accompanying GitHub repository.