**CONSIDERATIONS FOR IMPROVING SALES FORECASTING,**

**PREDICTING CUSTOMER PROFILE AND EXPANDING SOCIAL**

**MEDIA REACH**

Prepared for Brewmaster and Director of Sales

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**LETTER OF TRANSMITTAL**

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August 8, 2018

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Subject: Letter of Transmittal

To Whom It May Concern:

Requested by Gregory Morin, professor of the Business Communications Course (MGMT3200), is a business report: Considerations for Improving Sales Forecasting, Predicting Customer Profile and Expanding Social Media Reach, describing the current procedures enacted at Brickway Brewery and the opportunities to address and improve these procedures. This report will go into detail about current procedures as well as viable options that seek to resolve these issues facing the brewery as it continues to grow.

In advance, I thank you for reviewing my business proposal and look forward to discussing these recommendations further.

Sincerely,

Adam Nutt

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**EXECUTIVE SUMMARY**

This report will discuss measures to improve sales forecasting, predict customer profiles and expand social media reach for Brickway Brewery. These considerations will discuss the current approach to social media and areas of improvement. It will compare current taproom technology and explore options to achieve the defined goals.

The growth of Brickway Brewery requires changes to facilitate further growth. The overlaying subject comes to technology. Improving the approach to social media creates more calculated posts and allows for focus on current customers while reaching potential new customers. Technology in the taproom is also critical. Point of sale systems are evolving. Restaurant technology proves to be the brains of the entire operation.

Improved reporting and tracking allows the brewery to become more cost effective and adapt to consumer trends while cutting waste. It becomes more than equipment, but a tool in driving business. Measurable data allows for focus in areas of opportunity as well as determining cornerstones across the tap and in the kitchen.

Recommendations include a revitalized social media strategy across all three platforms: Facebook, Twitter and Instagram. It is also recommended that we transition from the current Square point of sale system to Toast point of sale. Both recommendations will deliver the expected results and ensure the potential for growth can be fully realized.

**INTRODUCTION**

This report will address how to consider methods to improve sales forecasting, predicting customer profiles and expanding social media reach. The city of Omaha has seen impressive growth over the years. Along with it, the beer scene in Omaha has grown and begun to develop a reputation. The opportunities in front of Brickway to place itself as a staple cannot be ignored. The methods to ensure its growth should be explored.

The reputation of Brickway has been one rooted in quality since its inception. From Zac Triemert leaving Lucky Bucket to start Brickway, expectations have been high. Based on the quality and variety of the beers and spirits, Brickway has lived up to those expectations, but there is opportunity to further exceed expectations. This report will look in depth at:

* Targeted social media posts
* Current restaurant and bar technology
* Improved reporting
* Improved customer loyalty program

After reviewing these points, we will have a clear and concise approach on how to address these opportunities. Some changes can be instituted immediately while others will require a longer implementation. In this report, we will compare current methods against proposed methods and develop a strategy towards implementation. Methods we will compare include:

* Current social media approach vs. targeted posts
* Current restaurant technology vs. qualified technology options

By the end of this report, recommendations will be clear. We will begin by approaching social media. Next we will address technology. From there we will address reporting followed by customer loyalty programs. The report will conclude with recommendations of how to take further action.

**BACKGROUND**

Brickway Brewery is one of the largest distributed beers in the city of Omaha. It is the only brewery and distillery in downtown Omaha. It is also the first we have seen in the area since before Prohibition times (Brickway, About Us). Each year, the brewery has seen growth and taken great strides to establish itself in a budding craft beer scene. The purpose of this report is to highlight areas of improvement and develop solutions that can sustain growth.

First and foremost, customers drive the business and sales. Being able to better understand our customers as well as their habits is key during the next step. As we bring to understand these habits, we can begin to target them through social media, promotions and specials.

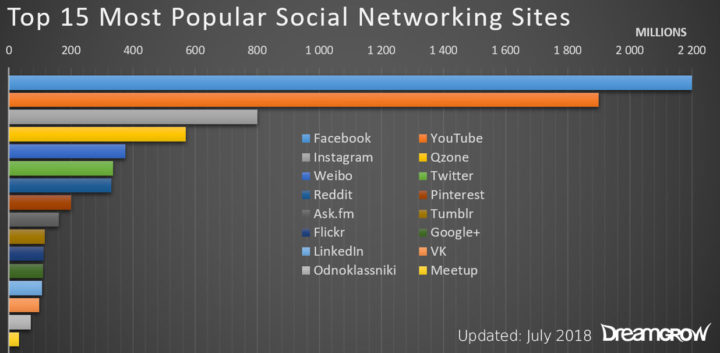
Improving our reporting allows for us to gain insight into the brewery in terms of what is selling well in the taproom and how we can influence more positive results. Increasing customer loyalty will need to become more of a factor to ensure expansion is appropriate for more than just production. Driving traffic through the taproom will ultimately improve sales across store fronts.

**CURRENT SOCIAL MEDIA STRATEGY**

Brickway operates on social media platforms Facebook, Twitter and Instagram. A breakdown of social media followers is as follows:

* Facebook: 7,902 likes
* Twitter: 3,646 followers
* Instagram: 2,533 followers

According to eMarketer, 41% of small businesses utilize Facebook as part of their online marketing strategy. This makes it the most widely used form of marketing. It can be an incredibly effective tool in marketing. Millions of people every day hop on via computer or cell phone and thumb through their feeds. Figure 1 shows a breakdown of social media use.



Source: Dreamgrow, July 2018

With so many people logging on every day, even in the Omaha area, there are unavoidable questions that are posed. How do we get Brickway posts to stand out? How can we increase Brickway’s online presence and following? These answers are not necessarily simple.

The approach not only has to be targeted, but accurate. Targeting the wrong marketing mix will not only be a waste of time, but a waste of money. The strategy needs to be worth the effort and generate a ROI that justifies these steps. Ultimately, it begins with Facebook.

It begins with paying for ads on Facebook. With the constant stream of information being shared daily, standard posts will get buried amongst it all. As our followers have a variety of interests, information will be filtered based off of relevancy. Unless our followers come to the page to view upcoming events, the algorithm will likely leave our posts out in the sea of information.

Allocating a budget towards sponsored Facebook posts will not only make us more visible to our followers, but attract new ones. Simply spending $5 to boost a post can increase its reach by thousands. Throwing money on posts, however, is not the solution. It will also take laser focus with keywords.

Facebook allows you to target posts for specifics regions as well as users’ likes. With this, we can target the Omaha area who follow other breweries, beers and spirits throughout the year. As Omaha grows, we continue to see a number of national events here that bring in tourists. Events like the Maha Music Festival, College World Series, NCAA basketball tournament games and Olympic swim trials draw many people from around the country. As these events approach, we can not only target these groups with specific posts, but also share special offers to get them in the door.

The control over how posts are shared and boosted as well as who sees them allows us to better insight into our customers. Post insights are able to breakdown who are more likely to see the posts. Each post will have figures for views by gender, age group and we will be able to see which shared interests groups resonate best with the target audiences.

From there we can start to shape what groups respond best to social media posts. Content and even events at the brewery can be tailored more to them to get them in the door. It can lead to more sponsorship at events around the city that can help reach others that may be slipping through the cracks or scrolling past posts online.

While expanding of the reach of posts is important, what is posted is crucial. Even among current followers, text-only posts are often scrolled past. Users are more likely to stop for posts with pictures or videos. This is where utilizing the combination of Facebook and Instagram can be crucial to growing the presence of our accounts on both platforms.

One factor that can be improved upon in the social media strategy is search optimization. A simple scroll through Instagram and Twitter show that posts with hashtags have an increased interaction rate than posts without. The use of hashtags can be critical. They must be strategic in the way that boosted posts are.

Using strong, common keywords with posts help attract a broader audience. It is acceptable to use words or phrases associated with Brickway such as “drink Brickway”. As hashtags can help, they can hurt. For a business, utilizing 2-4 hashtags helps increase reach without creating a lengthy post that is cluttered with hashtags rather than content. Sometimes even just one hashtag is enough. This will be dependent on content.

Just as with hashtags, the amount of posts per day and per week can help or hurt. Typical for businesses, posting 5-10 times a week is ideal [Demers, Forbes 2015]. The time of day to post is equally crucial. Research shows that posting in the early afternoon hours in optimal for increasing post reach. Wednesday through Friday are days that see the highest reach as well.

In this industry, a simple post of a pint of beer on a Wednesday or Thursday afternoon would be an ideal post that can interaction as well as spur customer action to come in during the week or make plans to visit on the upcoming weekend. Initially, testing boosted posts during these optimal times would be suggested. It is best to start on the strongest footing where we are likely to see a more immediate return.

**CURRENT RESTAURANT AND BAR TECHNOLOGY**

Brickway Brewery is currently using Square for Restaurants as the point of sale system. Square runs on Apple iOS with Apple hardware. This system has many quality features that help fit the needs of the brewery. With its own credit card processing, they charge 2.6% + $0.10 per charge (Square for Restaurants Pricing).

Square also has a wide array of reporting that allows for tracking of shift reports, labor costs and even product mixes that can allow us to view sales by category or item. While there is quite a bit in Square’s reporting and technology, it allows for more to be desired. That is why making a switch to Toast is suggested for technology.

Like Square, Toast is a cloud-based management system, but Toast states it is restaurant specific. As opposed to most other cloud-based point of sales systems, Toast operates with Android OS. What this means for Brickway is that the software is more customizable and dependable. The hardware is also more durable than Apple-based products.

With iOS systems, software updates can leave us in the dark with connectivity issues. Updates with Android OS occur in the background automatically without disrupting business. If it were to go down, Toast offers an offline mode that allows credit card transactions until systems are back up and working.

Toast allows for more customization on the backend, allowing changes to be immediate. With each season, the beer menu changes as well as introducing new styles to the tap. With Toast, there is no need for calls or delays to get it updated to fit the new menu. Menu changes can be from a computer at any time and updates immediately.

Toast and Square both do not require a contract the way other point of sales systems do. They are subscription-based and go month to month. This allows for an easier transition to Toast. While both companies are flexible with pricing, bundle packages and implementation will vary from each other. Figure 2 shows comparisons of standard terminal costs and starting implementation cost.

|  |  |  |
| --- | --- | --- |
| **POS System** | **Terminal Bundle** | **Starting Implementation Cost** |
| Toast | $1,300 | $500 |
| Square | $1,400 | $600 |
|  |  |  |

Source: Square, Pricing. Toast, Pricing.

According to Square’s hardware pricing, this cost reflects the iPad, receipt printer, kitchen printer and cash drawer bundle. The standard bundle from Toast that includes the terminal, cash drawer and printers though Toast is known to heavily discount hardware. Square is known to give the first terminal away for free.

The opportunity for Toast to be cheaper with hardware is coupled with their implementation. According to Toast’s pricing, implementation begins at $500 while Square starts at $600 and is scaled based on amount of hardware and software, allowing implementation to cost as much as $1,000. On cost alone, Toast would prove to be a more cost efficient system than Toast. Functionality, features, and reporting for Toast also prove to be a benefit.

**IMPROVED REPORTING**

Square and Toast share many of the same reports such as labor and shift reports, employee sales, product mix and comp and void reports. However, Toast not only has more in-depth reporting, they offer other reports that are crucial to improving sales as well as identifying customer profiles and habits.

Toast can configure inventory to the system, keeping us more in tune with the brewery. There are a variety tools like recipe costing, food cost calculator and inventory variance report to improve operations. These can give us a look at the facility in a way Square never could allow.

The recipe cost tool tracks the cost of ingredients. Analyzing the cost of a food item or beer in production can help increase the profitability of the brewery. Food cost calculator and inventory variance report help improve back of house operations and can help save on food costs and understand where waste and over-portioning are occurring.

Another key feature in inventory reporting is the menu engineering chart. This can help analyze the best and worst selling items in terms of food or beer. We can see what items may need to be replaced on the menu or removed altogether as well as what should be featured items to help bring people in the door. This can help play a part in social media posts.

With improved reporting under Toast, it can set us up to be more precise in operations, cut costs and drive sales. This will also help us gain a better understanding as to what customers enjoy most and what opportunities can be improved upon. There is no such thing as too much information that can help Brickway grow and run more efficiently.

**IMPROVED CUSTOMER LOYALTY PROGRAM**

While Square also has a customer loyalty program, Toast is more intuitive. With an integrated customer relationship management software, Toast can help gather valuable information about customers. When a customer signs up for the loyalty program, information such as average check size, visit frequency and ordered items are collected.

This allows for a more targeted marketing strategy. Toast CRM allows operators to send customized messages and promotions to their customer base (Toast, CRM System). This means targeted emails can be sent to customers that haven’t visited recently to get them back in the door.

Under the Toast loyalty program, it is completely customizable. Reward options can range from specific item promotions, dollar-to-point exchanges or point milestones. Birthday rewards are also available. With some programs, it is specific to cards used, but with Toast, it is flexible to use cash or card to tally up rewards points by entering an email (Toast, Loyalty).

Another faction of the loyalty is gift cards. Along with traditional gift cards, Toast offers digital gift cards that customers can purchase. These can be emailed or texted to customers and can allow us to send digital gift cards to customers via email as well as a promotional option.

**CONCLUSION**

This report summarizes the opportunities ahead of Brickway Brewery. To improve these processes and address these issues will drive efficiency and revenue. With expansion planned, it is prudent to assess methods and operations to evaluate how to capitalize on them. In terms of size, production, and distribution, Brickway has potential to become one of the largest breweries in the state.

Furthering distribution across the state and region is no longer a lofty goal, but a feasible one. The ability to streamline revenue while cultivating current and prospective customers will ensure that this goal can be achieved. It takes more than unique and premium products. It takes more than staying in tune with beer trends, flavors and varietals influencing the scene. It also takes being in tune with our own brewery and our base.

**RECOMMENDATIONS**

It is recommended that as we evaluate our current methods and procedures that we institute these changes. As an investment to the future and growth of the brewery, these recommendations go hand in hand. A revamped customer loyalty encourages regulars to stop in more while we can learn about them and their interests in the taproom. Expanded and detailed reporting gives us access to data we have previously been without. A more strategic approach to social media creates a stronger market penetration and fights for the attention of our customers as well as prospective customers.

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