Coffee Shop Sales: An Insider's Analysis

A behind-the-scenes glimpse of data-driven decision making at your favorite NYC coffee shop.

Consider yourself lucky if you've never experienced the sudden loss of a beloved neighborhood establishment. Whether it's a treasured hangout spot, home of the best fries, or just somewhere you've been meaning to visit but never found the time, the closure of a local business near to your heart can be devastating. Shocking. Crushing.

Jokes and drama aside, we all have our favorite small businesses that we would love to see thrive. Actively managing products and operations (along with a large dose of luck) can help set businesses up for success. This management begins with a thorough understanding of the shop's current performance. From there, owners and managers can evaluate what's working, what's not, and where to go next.

For the data-curious readers out there, this publication was fortunate to gain access to data and reporting from the 2023 opening of the trendy New York City cafe, EAS Coffee Company (hereafter referred to as ECC). Keep reading for insights gleaned from the first six months of transactions at the company's three locations.

ECC made an ambitious decision to open three locations simultaneously in January. Their market research appears to have paid off. As illustrated in Figure 1, the monthly sales of the Astoria, Lower Manhattan, and Hell's Kitchen shops grew quickly throughout the spring. The three shops experienced strikingly similar sales, indicating that the chosen locations likely aligned with the company's expectations. If one location was struggling relative to the others, ECC may have had to reconsider that shop's continued operation. Fortunately, that was not the case.
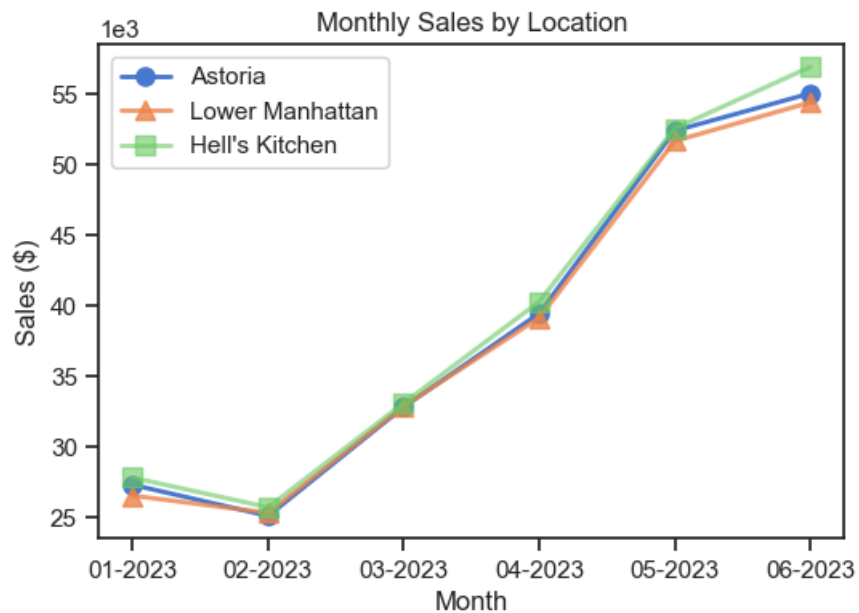
Figure 1

As you may expect, sales of coffee drove overall growth across the three locations. However, tea, bakery items, and drinking chocolate also contributed significant sales numbers. Tea, in particular, represented a big victory and an opportunity for ECC: the company's high-quality assortment of herbal, black, green, and spiced tea offerings helped to set its shops apart from other stores that carry tea as an afterthought. According to the internal analysis report, ECC considered further expanding its tea selection in response to these strong early sales.
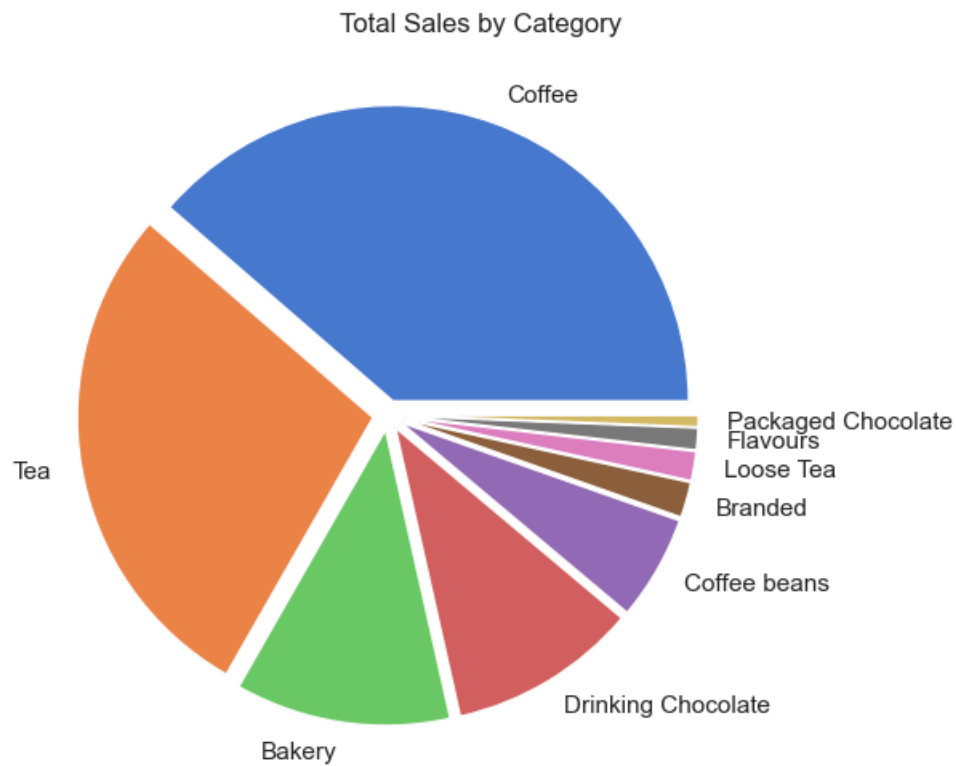
Total Sales by Category

Figure 2

Within these best-selling categories (coffee, tea, and bakery), analysts at ECC dug deeper to find the most popular products (Figure 3). By identifying top sellers, the team could pinpoint areas for continued sourcing and expansion. For example, seeing that lattes were highly popular within the coffee category, ECC managers decided to offer lattes made with a variety of plant-based milks. The top five tea products were distributed across black tea, chai, herbal, and green teas, which encouraged the company to continue sourcing a wide range of blends. Within the bakery domain, the chocolate croissant was a clear customer favorite. ECC worked with their supplier to ensure the continued quality and availability of this product going forward.
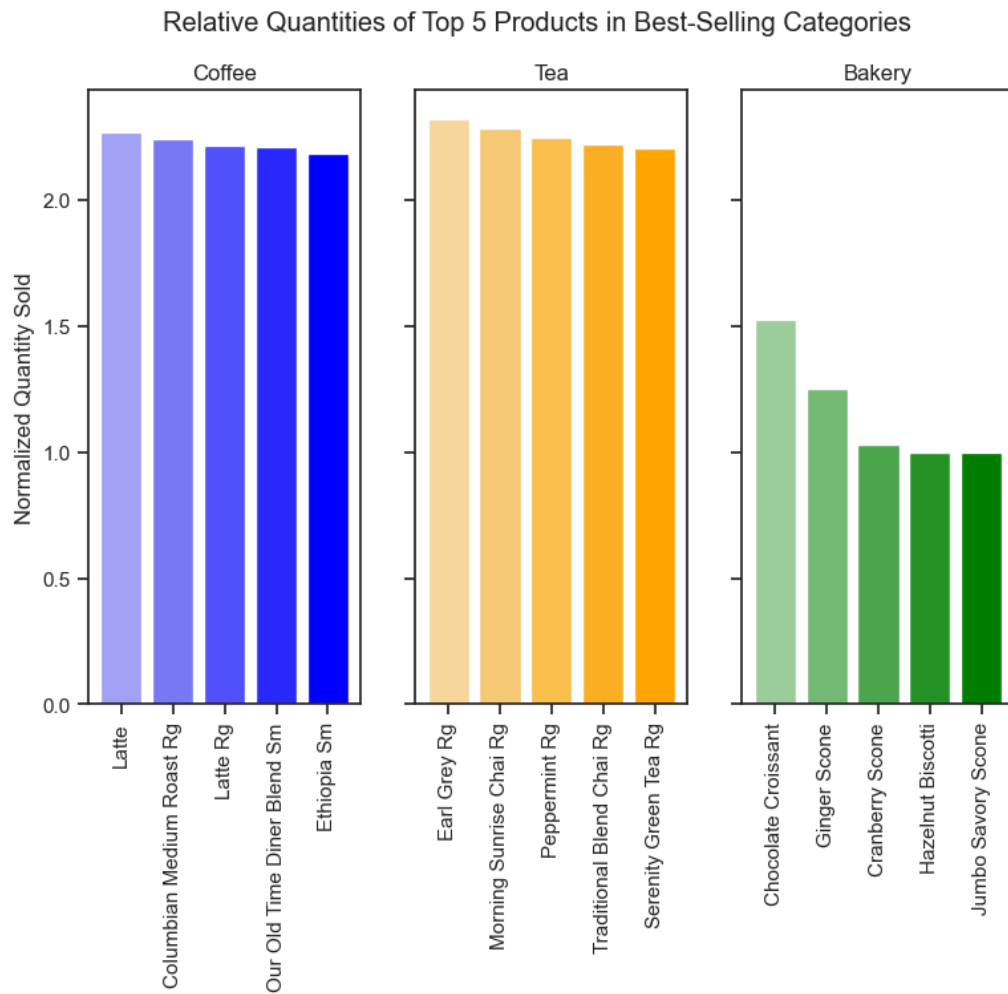
Figure 3. Note: quantities are normalized to the smallest quantity of the set (a tie between hazelnut biscotti and the jumbo savory scone) for ease of comparison.

In addition to analyzing their strengths, ECC also inspected areas of low sales. Should relatively poorly-selling items continue to be sourced? Packaged chocolate was the focus for this evaluation because the data showed low numbers for both quantities sold and revenue generated. If chocolate sales trended downward over time, the company resolved to drop this category. However, when packaged chocolate sales were viewed within the context of the other product categories, the company saw that chocolate sales were on the rise! In fact, packaged chocolate quantities have grown at a faster rate than some of the top-selling categories (Figure 4). All product categories demonstrated growth over the first six months of the shop openings.

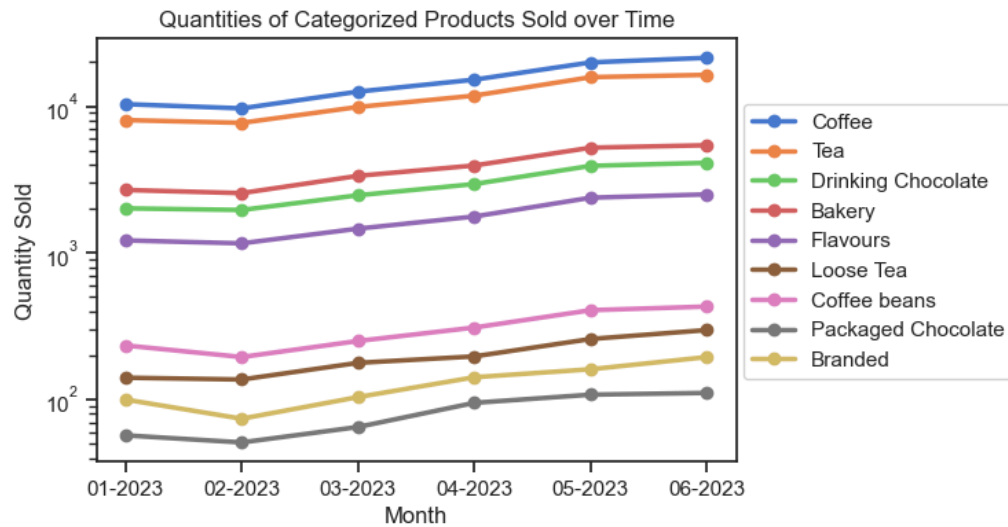Quantities of Categorized Products Sold over Time

Figure 4

Pivoting away from product lines and toward operational considerations, ECC examined the hourly distribution of sales across its three locations. Upon its initial opening, the company set the following hours of operation: Astoria open 7 a.m. to 7 p.m., Hell's Kitchen and Lower Manhattan open 6 a.m. to 8 p.m. Transaction data (Figure 5) show that the later opening time at Astoria was likely a wise choice. This location did not experience the same volume of sales in the early hours as the other two locations did. However, Astoria maintained rather consistent sales throughout the day, particularly from 11 a.m. to 7 p.m. In contrast, sales at Hell's Kitchen and Lower Manhattan declined steeply by 6 p.m. As loyal customers of EEC will attest, the hours of operation have since changed—and it's thanks to this data. EEC management recognized the later sales at Astoria and extended this shop's hours to 8 p.m. Hours at Hell's Kitchen have been reduced to close at 7 p.m., and Lower Manhattan now shutters at 6 p.m.
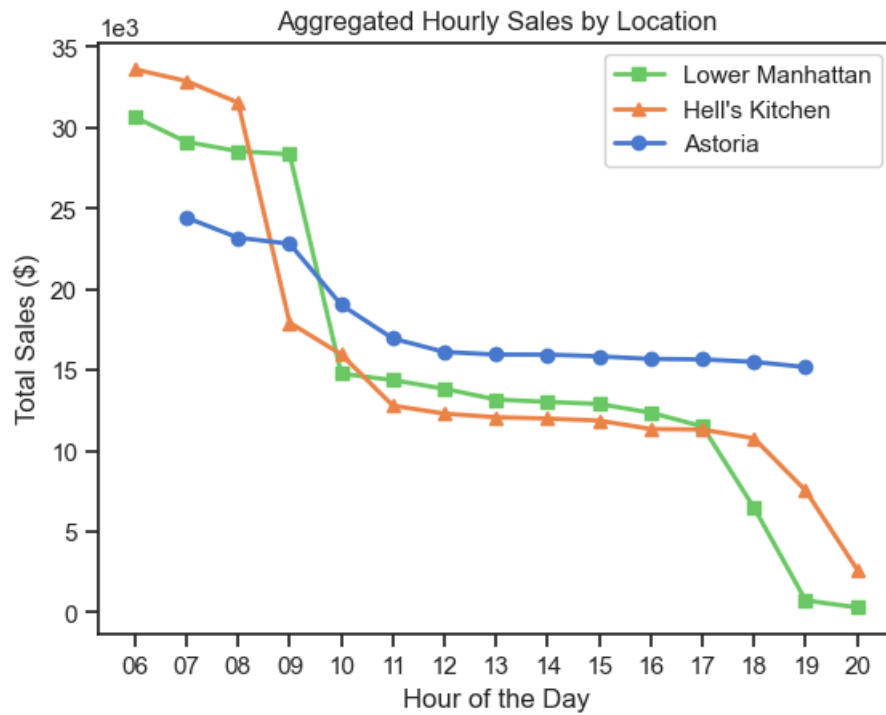
Figure 5

And there you have it: a glimpse behind the curtain of EAS Coffee Company's business strategy. Hopefully your favorite shops are also leveraging their own data to make informed decisions for continued success!

EAS Coffee Co. is a fictitious company. The data for this project was sourced from Kaggle:
https://www.kaggle.com/datasets/ahmedabbas757/coffee-sales/data.