



WHAT CAN POS DO FOR YOU?

By Kenneth R. Olson

WHEN YOU'RE OPERATING A CAFÉ there are a few pieces of equipment that are absolutely essential. Without question, you need an espresso machine, and you need a grinder. If you're offering brewed coffee, you need a tower or a brewer. You could always skip it, keep everything espresso-based and just serve Americanos. But no matter what you need some sort of till. It could be a good old-fashioned cash register, or it could be a beat-up cigar box. However, just as you don't want to run your coffee shop with any old espresso machine or grinder, you may quickly find that using something a little more advanced than a simple cash register can offer stunning returns to your bottom line.

An integrated Point of Sale system (POS), for example, can turn something as complicated as your daily routine of running a successful small business into a quick interaction with a touch screen, while simultaneously opening new avenues of customer service and sales opportunities. It can take something as mundane as a loyalty reward card and turn it into an ultra-powerful data-gathering device. No matter if you're operating a single shop or a growing chain of stores, a modern POS system may help you turn your everyday transactions into opportunities to build your business, grow your brand and dig into the details about what really works in your store.

MCCAFÉ? NO WAY

While big businesses like McDonalds look longingly to join the coffee market, ultimately their size precludes them from ever matching the small-batch, high-quality coffee that independent shops can perfect and serve. Turns out POS systems nearly mirror that situation. At the very base, a POS system is a way for a retailer to record a sales transaction, but across the foodservice industry, not all transactions are created equally. To that end, companies like Coffee Shop Manager and Vital Link POS, have developed from scratch POS systems specifically designed for the coffee retail environment, integrating into the very design of their systems the special needs of coffee retailers and the unique manner in which your customers place their orders.

In most foodservice environments, where the customer comes to a counter to order, the transaction proceeds in a very linear fashion. "I'd like the number three value meal with a Diet Coke." Or, "I'd like two cheeseburgers, hold the onions, large fries and an extra-large RC." In coffee, however, many orders originate from a different perspective, and vary greatly depending on the customer's whim or the importance they place on certain aspects of their order. "Extra-hot, non-fat, vanilla-hazelnut latte, please. Make it 16-ounce." Like many café orders, the drink modifiers can come in almost any sequence, and in keeping track of them, all sorts of opportunities for mistakes abound.

Lee Alexander, Vice President of Sales and Marketing for Coffee Shop Manager (CSM), says, "We all know that customers begin their order for an espresso drink where they choose, so in CSM, we can start ordering that drink no matter how the customer actually

says her order. Our matrix style Espresso Builder was created just for that purpose, while the users of many traditional quick-serve POS systems are either memorizing and forgetting order attributes (resulting in drink mistakes), or waiting for the customer to say the right key word such as 'Latte' and then asking the customer to repeat their requests."

In a café with a high turnover of help, complicated menus or time periods with rushes of customers, a touch-screen ordering system that smoothes data entry while decreasing errors is a tremendously useful tool. Additionally, cutting-edge POS systems make incorporating a food menu into the café setting very easy, and they include the ability to print orders in different locations. For example, if your café served sandwiches in addition to espresso drinks, the barista may receive one print-out of just the drink order (this may even be printed on a sticker to go directly on the cup for a to-go order) while in the back, the kitchen receives a print-out of just the food order.

At this level, however, between the order taking, order delivery and standard till abilities, it may seem that the modern POS system really is mostly a glorified cash register with a couple of bells and whistles, and maybe if they did not offer any other features, they would be. But those few initial aspects of the POS system are only just scratching the surface. The question then becomes, what other features do these POS systems offer a café or chain of shops that justify their multi-thousand dollar price tags?

YOUR OWN INFORMATION SUPERHIGHWAY

Harnessing the in-depth information captured by an effective POS system can transform your ordinary simple record of a sale into a useful and exploitable data field. "Modern POS systems offer the management components necessary to complement the great production equipment you use to make quality coffee drinks, smoothies and sandwiches," says Larry O'Connor, President of Vital Link POS. For example, say you want to know when your café receives the highest volume of orders and what the most common orders are. Such information is easily extractable from the database. You could then use the information to make sure you have enough

ingredients on hand to match your projected order volumes. You could also note when you may be overstaffed and change the scheduling to meet demand, thus saving employee costs. Or you may take that information and use it to fashion some promotions to increase sales during the slow times.

Most quality POS systems will allow this kind of real-time data capture and tracking, and then offer you the opportunity to export the information to your management desktop computer in your office. From there you can integrate the data with standard bookkeeping and number-crunching programs such as Quickbooks or Excel so you can keep on top of the details of running your business.

“A fan favorite is Sales by Hour (and Customers by Hour),” Alexander says. “A store owner can use these reports to help assess

opening and closing times in general as well as specific days, like those before, on and after a holiday. For example, you can review last Thanksgiving and find that you save money by closing early on Wednesday and remember to staff up for Friday between 6 and 10 a.m. because it was hopping in the morning with shoppers. This is in addition to analyzing general trends and seasonal differences to figure out the best staff levels.”

Another area where a modern POS system can really give your café a new route to greater profitability is an integrated web sales point. This has proven to be very effective, especially in coffee shops located in business districts where office workers routinely descend in droves on their breaks. With the ability to offer web sales, your customers are able to place an order and pay for it online from their offices, and even specify a time when they’ll be in to pick it up.

Then they can come in, get the order and go without standing around waiting for the busy counter staff to make their drink and the other 10 drinks for their coworkers.

THE GIFT THAT KEEPS ON GIVING

Tracking what you’re selling and when is powerful information, of course, but what can be even more valuable to your small business is knowing who specifically is buying your products. With a modern POS system, your customers and their spending habits are easily traceable. Gift cards and loyalty cards move from being simple punch cards to something more akin to a fingerprint. Offering a “Buy 10, get one free” punch card can be an effective way to keep a customer coming back to your café, though it does leave room for both fraud and error. Customers may try adding additional, unearned punches themselves, or they may forget their cards and feel they are missing out on something with their order if they do not have their card with them. In a quality POS system, however, your customers could offer you their card to swipe, but if the customer forgot his or her card, you could also look up the information by name, thus guaranteeing the customer receives the points or “punches” he or she has coming.

But that’s just the surface of what a quality gift card or loyalty card program can offer you. The biggest flaw with the punch card system is the lack of information the cards relay to you, the proprietor. They don’t let you know your customer’s favorite drink or food item, what they typically spend with you in a week, a month or a year, and they don’t let you tailor the reward to something specific your customer wants. In a modern POS system, however, all of that information is captured, and can be shared across multiple locations, and it’s

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all easily reviewable. You can even have the data shared with your customers, printing the number of points or other rewards they have accumulated on their receipts.

With a POS system, Alexander says, “A customer can come into your shop and hand over his prepaid card (branded naturally enough with your logo, colors, etc.). Then your staff swipes that card and asks him if he would like his usual order! From that point, the counter staff can still upsell him a muffin, charge his card for the purchase, while giving him credit towards his next free drink or other reward.” A further benefit to this model is that the customer can reload the card indefinitely, and what normally amounts to multiple credit card purchases can be simplified into one larger purchase, which saves your shop in fees. The customer can put another \$20 on the card with a single credit card payment, then come in for their regular \$5.00 order four times without you incurring another processing fee.

Sure, the best way to build your customer’s loyalty is to always offer great coffee and superior service. But while you’re investigating what further steps you ought to take to keep your business growing, you may want to check into what an upgrade to your POS system can do for you, because it’s guaranteed to give you better data to work with than that old cigar box.

“A well designed coffee POS system gives the operator control and management feedback,” O’Connor says, “It isn’t enough to offer great product. It’s critical to know what you are selling, and what it’s costing you to sell, staff and manage. Without these controls, far too many businesses struggle.” **b**



FROM HER HANDS TO YOUR CUP

Since 1996, Portland Roasting has been quietly laboring to create a robust business that is built on more than the bottom line. With one foot planted firmly in the local community, Portland Roasting reaches out to serve its distant coffee farm communities with its Farm Friendly Direct™ Program that pays premium prices to its growers to ensure quality coffee while helping to sustain the families and communities that support the coffee farmers.

To learn more about Portland Roasting or to inquire about serving our coffee at your business, visit our website at portlandroasting.com or call 800.949.3898.

Some questions to consider when investigating which POS system is right for your business:

Has the POS system been developed specifically for the coffee business?

YES NO

Is the POS software intuitive and easy to train your staff to use?

YES NO

Does it need proprietary hardware and/or can it interact with your existing computer?

YES NO

Can the POS system be easily expanded if you open more shops?

YES NO

Does it provide for fee-free gift card transactions?

YES NO

Does the POS vendor provide ongoing support for the system and are there additional costs associated with it?

YES NO

Are extended service agreements, warranties and software upgrades available?

YES NO

Does the POS system offer web-based sales?

YES NO