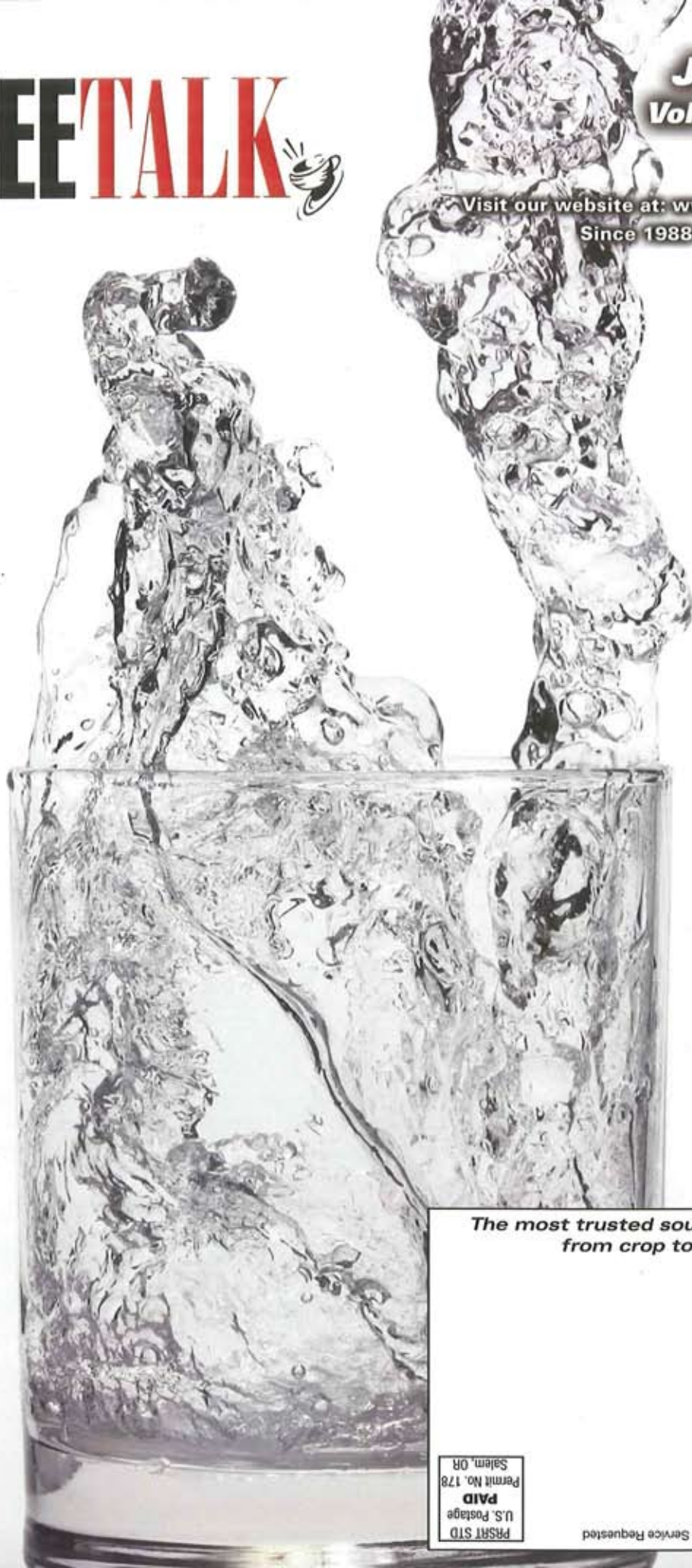


COFFEE TALK

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fact, gift and loyalty programs can be put into place for a nominal cost, and they can grow your business 30 to 40 percent."

The benefits of utilizing gift certificates are numerous, which is why retailers have used them for years. However, as Krauss points out, in nearly every state, the gift certificate is redeemable for cash. Therefore, if someone spends \$20 of a \$30 gift certificate, the customer can ask for cash change. "That is lost revenue directly out of your register. On the other hand gift cards are not redeemable for cash." What makes the gift card even more beneficial to the business is that, "more often than not, a customer who is using a \$20 gift card, will spend an extra \$10 out of their pocket," he adds.

As for loyalty cards, which can easily be integrated with a gift program, and offer operators the ability to track customer activity, and reward them for coming back – or find out why they are not. Krauss mentions a recent Starbucks promotion in which the company experienced a drop in sales in late afternoon, when frequent customers usually returned for their second beverage. Through information captured through gift and loyalty cards, the company was able to directly market to those loyal customers, creating a promotion that would give them an incentive to return after 2 p.m.

Many cafe owners utilize loyalty programs, but instead of integrating into a POS system, they use the low-tech punch or stamp a card. What the electronic card does for the customers is give them the ability to preload cards so they do not need to have cash on hand. Moreover, if lost, the owner can easily reissue a new card, with the appropriate amount on it.

For the operator, the loyalty card provides for loss prevention when an undertrained barista punches a few extra spots for a friend or to gain a tip. The cards also provide operators the added ability to track customers and sales, and help with marketing directly to those customers.

Gift and loyalty cards offer operators a tremendous opportunity to market to customers. Take a bunch of cards and preload them with \$5, then hand them to real estate agents, other shops, local dentists to give out to new customers. This will surely drive new traffic into your store. Be sure to gather data such as name, phone number, birthday, whenever a customer signs up for a card. All this information can be useful in promotions or direct marketing.

New Technologies

Adding to the efficiency of order taking and inventory management, many newer technologies are giving café owners a leg up on the competition. Electronic messaging boards, such as those offered by Wand Corporation, help ensure order accuracy and prompt additional sales. Myles Mjolsnes of Wand explains how quick service restaurants have embraced new LCD screens that are attached to the registers. Facing towards the customer, as the staff inputs the order, it appears on the screen.

The screen can also be programmed to suggest additional add-on items, such as a sweet roll if coffee has been ordered. The screens can be programmed to each operator's needs, and have the ability to run other content such as promotions.

In addition to promoting add-on items, the system improves order accuracy simply because the customer can see what is rung up. As Mjolsnes explains, "It speeds up the process and nearly eliminates voids, which may require a manager to perform. However, the most important thing, is that it can track food costs – when a beverage is ordered, the POS can be programmed to subtract the ingredients from your inventory – and the inventory can be automatically adjusted. "These are concepts that are working in the QSR world," he adds, "and they are definitely concepts that can work in the coffee environment."

Other technologies, including digital menu boards, can be tied to the POS system and controlled on a daily basis for coffee of the day, or specific day parts. This subtle messaging can be related to the weather, promoting cold drinks on a hot day, for example. It is often used to promote the beverages that have higher margins.

Mjolsnes does admit that the electronic technologies are not for everyone. "If you are a laid back, rustic chalk board atmosphere, then the electronic menu boards would not work."

The Internet and Beyond

Beyond the beverages and food sold to customers, coffee shop patrons have come to expect Internet capabilities while at the café. By taking the opportunity to market to customers who are using internet capabilities while in the store, operators are helping build sales through customer loyalty.

"Clearly, the Internet is important to nearly everyone; whether blogging, checking email, or connecting with the world. For a coffee shop to be the 'third place', consumers expect to have Internet access while enjoying their favorite cup of coffee; this allows the coffee shop to provide customers with a home-away-from-home appeal.

"Although mobile devices connected to the Internet have become commonplace, a secure and easy-to-use guest computer can allow coffee shop patrons to do the same things, and more, in less time," explains Don Van Oort, CIO Thinix. "For example, by using the TS-1900ti, consumer can utilize Skype to have a video conference/chat with any of their friends, family, or colleagues anywhere in the world. In turn, providing guest-use computers can give the coffee shop a strategic and competitive advantage."

Other abilities, such as the WebConcierge technology from Thinix provide patrons with area information, events, maps, specials and more. "This is another way coffee shop owners can build a sense of community with patrons, while enhancing brand loyalty," he adds.

When using services such as these, customers can "easily broadcast their full menu, daily specials or discount coupons to anyone using their internet connect," says Van Oort. "When these items are readily available, consumers may be more inclined to stay longer and make more purchases." *CT*

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