Executive Summary: Operational and Commercial Analysis of the Coffee Shop

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1. Financial Performance and Product Profitability

- **Disconnect between Percentage Margin (%) and Unit Margin ($):**
  - Products with higher percentage margins (e.g., *Teas* between 70% and 77%) generate very low cash returns ($pprox\$1,365 - \$1,483$ per unit). This shifts the teas category into the **Dog** quadrant of the BCG Matrix.
  - Conversely, the *Sandwiches* category records the lowest average percentage margin (62.42%), but contributes the largest dollar volume per unit sold (e.g., *Pulled Beef & Cheese Croissant* yields $\$2,882$ in net profit per unit).
- **Business Concentration (Pareto Principle):**
  - The **Coffee** ($\$21.4\mathrm{M}$) and **Sandwiches** ($\$19.0\mathrm{M}$) categories account for **79.8%** of total revenue ($\$50.4\mathrm{M}$).
  - Three products explain the main volume of net profit: *Ham & Cheese Croissant* ($\$6.39\mathrm{M}$), *Matcha Tea Latte* ($\$5.99\mathrm{M}$), and *Double Espresso* ($\$4.58\mathrm{M}$).

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                    HIGH MARGEN ($)             LOW MARGEN ($)
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HIGH          │ STARS (7)                  │ WORKHORSES (6)             │
VOLUME        │ * Matcha Tea Latte         │ * Blueberry Muffin         │
              │ * Ham & Cheese Croissant   │ * Double Espresso          │
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LOW           │ QUESTION MARKS (6)         │ DOGS (7)                   │
VOLUME        │ * Pulled Beef Croissant    │ * Teas (Black, Green, etc) │
              │ * Pulled Beef Sandwich     │ * Pineapple Juice / Amer.  │
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2. Time Dynamics and Operational Efficiency

- **Weekdays vs. Weekends:**
  - **Monday to Friday:** Pronounced bimodal demand with two main peaks: **9:00 AM** ($pprox 20\% - 22\%$) and **6:00 PM–7:00 PM** ($pprox 35\% - 38\%$). The midday block (11:00 AM to 4:00 PM) is a critical low-activity trough ($1.8\% - 3.1\%$).
  - **Saturday and Sunday:** Continuous weekend leisure pattern. Minimal activity at 9:00 AM ($2.7\% - 3.7\%$) and steady demand from 11:00 AM to 4:00 PM ($> 11\%$ per hour).
- **Peak Hour Impact:** High-demand hours account for **47.5%** of total sales, selling **2.04 times more** than off-peak hours.
- **Payday Effects:** Sales increase significantly around bi-weekly and monthly paydays (days 13 to 16 see a $+25\%$ bump in sales; month-end/start sees $+21\%$).

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3. Cross-Selling and Average Order Value (Ticket)

- **Core Consumption Pattern:** 100% of the top-frequently paired items strictly consist of **1 Beverage + 1 Food Item**.
    - *Double Espresso + Blueberry Muffin:* 544 transactions.
    - *Matcha Tea Latte + Blueberry Muffin:* 511 transactions.
    - *Double Espresso + Ham & Cheese Croissant:* 505 transactions.
- **High-Value Pairings (Premium):** Premium savory items significantly boost the overall average order value ($\$7,659$):
    - *Pulled Beef & Cheese Croissant + Mochaccino:* $\$10,328$ ($+35\%$).
    - *Café Latte + Pulled Beef & Cheese Croissant:* $\$9,972$ ($+30\%$).
- **Unrealized Opportunities:** Zero current synergy between low-rotation beverages (loose-leaf teas, specific juices) and savory/sweet items (recorded frequency of only 1 occurrence).

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4. Sales Channels and Payment Methods

- **Dine-In Dominance:** In-store consumption represents **70.3%** of total volume, while "Takeaway" accounts for **29.7%**.
- **Menu Mix Consistency:** The product mix for takeaway orders (Table 0) is virtually identical to dine-in ($pprox 39.5\%$ Coffee, $pprox 24.8\%$ Pastries, and $pprox 24.6\%$ Sandwiches).
- **Digital Payments:** Over **85%** of sales are card-based (Debit 60.2%, Credit 25.0%). Cash accounts for only **9.9%**.

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5. Recommended Actions

1. **Price/Cost Optimization on "Workhorses":** Fine-tune ingredient costs or apply modest price increases on *Muffins* and *Double Espressos* to capture higher margin without sacrificing volume.
2. **Promotional Push for "Question Marks":** Create targeted point-of-sale upsells for *Pulled Beef Croissants/Sandwiches*, given their high contribution to net profit margin and ticket size.
3. **Flexible Staffing Shifts:** Adjust weekday staffing to reduce labor costs during the midday trough (11:00 AM to 4:00 PM) and reinforce the evening closing peak (6:00 PM to 7:00 PM).
4. **Combo Bundling at POS:** Package low-volume items (Teas and Juices) with pastries using promotional breakfast/snack combo pricing.