**LAVU**

Point of Sale

Harnessing Your Restaurant's Data

If you have a Point of Sale system with integrated reporting, you know that restaurants generate a lot of data. From inventory to sales reports, it can be difficult to understand and read those numbers, let alone use them to improve your restaurant's operations.

This guide will help you navigate the most important data and statistics that you will find in the control panel and reports of modern Point of Sale systems.
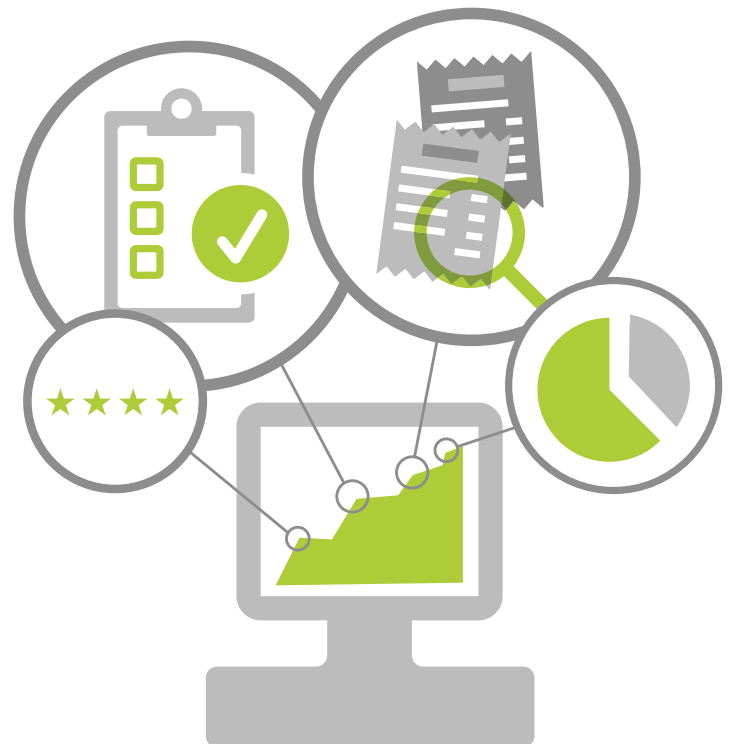
Refine your Restaurant's Practices with Customer Analytics

It's nearly impossible to judge the efficacy of your operation without being fully informed of what your customers are ordering and how they're reacting to your restaurant. Gathering and analyzing your customers' data, including order history, satisfaction and contact information can be a very useful way to make your restaurant more successful. By tailoring your restaurant's operations to the needs and wants of your customers, you can create a business that consumers will keep coming back to for years to come.

Integrated Customer Tracking

Point of Sale systems usually have built-in customer tracking features. Typically used in fast-casual or quick-serve establishments, customer tracking occurs when orders are assigned to customers at the Point of Sale. During the transaction, the establishment can capture and save each customer's contact and order information. The data is usually gathered into a customer database which can be exported and utilized for email marketing, advertising and monitoring customer order selections.

Online Ordering

An increasingly popular choice for delivery and takeout establishments is online ordering, an e-commerce function that gathers customer contact information, orders, and payment information. Not only do these systems allow customers to easily order to-go or delivery online, it saves customer contact information and data in a database as well. This information can similarly be used for email marketing, advertising, and monitoring customer order selections.

Loyalty and Rewards Programs

Loyalty and Rewards programs are yet another way to gather valuable customer information. These programs allow your customers to enter their contact information, track order history, and earn points toward a discount. Not only do loyalty and rewards programs record customer data, they keep your customers coming back for more. Some loyalty programs are integrated into the Point of Sale and others, such as LoyalTree and Belly, are dedicated solely to customer tracking and rewards. No matter the solution you choose, these programs are a necessity to becoming a better operation for your customers.

Customer Surveys

One of the most valuable pieces of customer data that you can collect is direct customer feedback. Customer surveys can be collected as paper surveys delivered tableside, third-party satisfaction survey apps, or email surveys. If you are already collecting customer data it is simple to send a satisfaction survey to all of your customers in your database. Surveys allow you to understand your customers' reactions to the atmosphere, menu and experience at your location.

What You Can Do with Customer Data

After using a myriad of methods to collect customer data, you can use the information to enhance or correct the operations of your business. For instance, tracking customer order history gives you insight into individual buying habits which in turn can help your servers recommend the perfect selection for your patrons. Many fine dining restaurants are becoming open to personalizing the dining experience to each client. Identifying trends in customer orders can also help you decide which menu items you should keep and which you should scrap.

Inventory and Menu Analytics

Having a tantalizing and engaging menu is important to the success of any restaurant. Equally important is to analyze and understand how the menu items and inventory perform in your restaurant. A few factors to consider when analyzing the statistics of your menu are inventory cost and usage, top sellers analysis, and menu item sales by time.

Inventory Management

Many modern-day Point of Sale systems include an inventory management system which consists of a programmable list of menu items divided into individual ingredients. Whenever an item is ordered, a predetermined set of ingredients is automatically deducted from inventory totals. There are many benefits to setting up and taking advantage of an inventory management system. For instance, you can set up alerts to notify you when a particular ingredient is running low to prevent you from running out of a menu item. Another important factor to consider in inventory reporting is food waste. If your digital inventory has greater amounts of ingredients than your actual inventory, your kitchen may have a food waste issue which can cause unnecessarily high operating costs. If your inventory reports show a surplus of any individual ingredient, you can determine whether or not you are ordering too much of that ingredient.

Inventory Costs

Menu item cost is an important factor to consider. Many POS systems automatically tabulate the actual cost to make a menu item by adding together the cost of inventory ingredients attached to that item. This can help you cut costs and determine which menu items are most expensive for you to make. If a menu item or plate is high in cost and it doesn't sell as well as some of your other menu items, you can make the determination whether or not to keep selling that item.

Top Sellers

Most POS systems come with a top sellers report, which allows you to see which menu items are selling and which aren't. Keeping your menu and your inventory up-to-date according to your top sellers list can ensure that you are always prepared to serve your customers the top selling menu items. This method can also prevent your operation from running out of popular menu items on busy days.

Employee Analytics

Employee reports and analytics including performance and actions of employees are very useful statistics for any business owner to analyze. Not only can reports give insights into how well your employees are performing, it can also ensure the integrity and honesty of your staff by recording all actions entered into the POS.

Tip, Table Turnover and Upselling

A common yet inaccurate paradigm in the restaurant industry is that tips are the most accurate indicator of restaurant server performance. Many managers and restaurant owners look to tip statistics to determine how effective their employees are. According to a study by the School of Hotel Administration at Cornell University, restaurant executives/managers should "stop relying on tips to motivate good service and stop using tips to measure customer satisfaction, server performance, or restaurant performance."[1] In a statistical review of over 2,500 restaurants, there was less than a 2% correlation between tip amount and service satisfaction.

The study cites two extremely effective ways to increase tips that do not relate to service: up-selling and increasing table turnover rate. Upselling is a sales technique where a server entices the customer to purchase upgrades, add-ons, or more expensive menu items in order to raise the overall bill amount. Table turnover time is the overall rate at which a server can seat, serve and close out a customer. These two reports are available in most POS systems. Restaurant owners should identify servers with weak performance in these areas as opposed to tip amounts. With this knowledge in hand, owners can better train servers and in turn increase revenues for the restaurant.

Action Log

An action log, a record of all activities performed on the POS by each employee at that location, is an extremely important tool that should be used by all restaurant owners and managers. This feature is built into many Point of Sale systems. The action log records submitted orders, voided orders, non-specified discounts (discounts that are not of a pre-set percentage) and modifications to orders. This can give any business owner insight into all activities at their restaurant. If any employees are taking advantage of or misusing discounts or voids, the business owner can be aware. Staff auditing is common practice among restaurant owners and can give you peace of mind regarding your employees' work performance.

1 Lynn, Michael. Tip Levels and Service. School of Hotel Administration. Cornell HRA Quarterly, 2003. Print.

Financial Reports

Financial reports include: end of day summary, payments reports, sales by revenue center, sales by hours, and itemized sales. These reports are commonly found in advanced POS systems and are used for accounting and record keeping. Financial reports are important for determining revenues of your operation, identifying any monetary inconsistencies, which meal periods and menu items are most profitable and operating costs.

End of Day Report

End of Day reports (EOD) are a basic summary of all activities and sales that have occurred during any given day. These reports include menu item level and menu category level sales totals and help you determine which items sold well and which items sold poorly. You can also see the total revenue for each day. EOD reports are also an important tool for ensuring accuracy during your cash-out reconciliation process at the end of the night.

Payments and Sales Reports

Payment reports are a record of all transactions made in a location over a certain time period by cash, card, gift certificate or gift card. Analyzing daily, weekly and monthly payment reports is a useful way to gain an overview of transaction types and sales that occur. It is important to make sure that the totals found on the payment report matches the totals on sales and EOD reports. If there is a discrepancy, orders may have been closed out without a payment. Always ensure that expected take-in and actual take-in totals match, or you could be losing money and inventory.

Revenue Centers

Revenue center reports segment sales reports by locale such as bar, patio or main dining room. Using revenue center reports can be useful in determining how much staff to delegate to different areas of your operation. For instance, if you have higher sales in the bar area than the patio, you can schedule more servers to work the bar to make that revenue center more efficient.

Meal Periods

Meal periods divide sales by a set of given hours like breakfast, lunch and dinner. Meal period reports are also useful for scheduling staff for appropriate times. If your report show more sales during lunch than breakfast, more servers should be scheduled at the appropriate hours. This can prevent your operation from being short staffed during peak hours.

Item Level Reporting

One of the most important categories of POS reports is the item level report. These reports show how well each menu item sells and which items bring in the most profit. Once profitable items have been identified, you can instruct your servers to highlight these items when serving and in turn drive up revenues.

The most important part of analyzing your restaurant data is staying aware of all of the occurrences in your business. By being familiar with the reports and data that is collected by your Point of Sale system you can employ strategies to make your staff, menu and entire operation more efficient and profitable.