

How to make more money from your Roastery

6 Strategies for Growth and Profitability



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Let's cut to the chase.
You're here because your coffee roastery needs
to grow and you're wondering where to begin.

We've been in your shoes.



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How to Make More Money From Your Roastery

6 Strategies for Growth & Profitability

Before we created RoasterTools, we owned a successful coffee roasting business and learned a ton along the way. The biggest lesson? **Your growth relies on repeatable, efficient processes that minimize costs and enable you to embrace new opportunities.**

We created this guide to share the strategies that helped our business grow, so you can drive sustainable growth too.

You'll learn how to...

- Build a profitable lineup of coffee products
- Select the right sales channels
- Optimize internal processes for efficiency and ultimately, profitability

By the end, you'll be equipped with the tools you need to transform your roastery so no growth opportunity will be too lofty.

Shall we dive in?



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Strategy 1: Building a Profitable Coffee Lineup

Building a Profitable Coffee Lineup

The path to growth begins by reviewing existing areas of your business, starting with your coffee lineup.

A few coffees unlock a multitude of possibilities

Believe it or not, the key to a profitable roastery is right under your nose.

It's all about reframing the way you view green coffee. Green coffee beans are the ingredients that make up the products you sell. **It's up to you to leverage these ingredients to produce profitable products.**

For example, let's say you have the following green coffees available: **Brazil, Colombia, Mexico, Ethiopia, Rwanda**

Of course, these coffees can be roasted and sold as five individual single origin coffees. Then, when you add varying degrees of roast levels, you jump from five products to 10 or 15 — **all before crafting blends!**

With a few green coffees roasted to different levels, you can create hundreds of blend combinations. By nature, blends are an excellent method for controlling costs and driving desired profit margins. From sourcing to roasting to blending, all elements of a blend's cost are in your control.

When executed well, coffee blends drive the majority of bulk orders for roasting companies. **Since you're controlling the costs of blends and blends drive significant order volume, these products are the main profit centers for successful roasteries!**

Plus, each blend is an opportunity to build a mini-brand with a customer following. As you develop the stories behind each blend and communicate them to customers, you simultaneously build habitual customer loyalty—and therefore, recurring revenue.

For instance, imagine your business releases a holiday blend every November. This blend is only sold through the remainder of the year, so customers need to act fast if they want to buy. Every year, more and more customers will return in anticipation of buying this specific blend.

By pairing the power of storytelling with cost-controlling measures of blending coffee to drive repeat sales, you've unlocked one of the many secrets to a profitable roastery.

ACTION

Review the price of each green coffee and create different blend combinations based on desired cost, profit margin, and flavor profile.



"It's up to you to leverage these ingredients to produce profitable products."





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Strategy 1: Building a Profitable Coffee Lineup

Co-branded Coffee Products

Co-branded coffees incentivize both parties to sell the product in either a retail or wholesale capacity. Best of all, you don't have to reinvent the wheel to roast these coffees—simply repackage your best-selling blends in a new design!

One blend + different labels = co-branded opportunities!



For example, let's imagine you partner with "Bob's Specialty Market" to roast a line of co-branded coffees for their high-end grocery store. Bob's Specialty Market is now encouraged to push their coffee line to customers, providing you with an additional growth path.

Plus, creating co-branded blends enables both parties to achieve their respective profit and pricing goals. With both brand names on the packaging, there's an equal incentive to reach your respective goals while fostering a long-lasting partnership. Your partner receives a unique product to sell and you enjoy a fruitful wholesale partnership along with an extension of your brand.

One Coffee, Many Labels

Private labeling is an excellent way to increase sales volume. *And, once again, you can use the same coffees you already have in your warehouse.*

A profitable roasting business is about repetitive, optimized effort. Private labeling allows you to use the same coffees

and blends to generate additional revenue streams. Since private-label clients are responsible for the costs of packaging and distribution, all that's left for you to do is roast!

Packaging Matters

If your roastery needs to be on the shelves at supermarkets, cafés, and retail businesses, an upfront investment in packaging will lead to long-term growth.

Packaging communicates your story to a potential customer. It needs to capture a shopper's attention and simultaneously build trust. Believe it or not, coffee's packaging design alone can secure a customer's purchase intent!

It's best to remember that your first packaging design might not knock it out of the park. Fortunately, packaging companies such as Roastar allow roasting businesses to do small runs of coffee bags and experiment with new designs, labels, and flavor descriptions.

ACTION

Before finalizing the design on your new coffee packaging, take a bag to your local grocery aisle and place the bag on the shelf amongst your competitors (and even your current bags). Does your packaging pop? Or is it lost in a sea of similar designs?



KEY TAKEAWAY

A profitable roastery doesn't require you to have many coffees. It requires you to understand how to build multiple profitable products around those coffees.





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Strategy 2: Finding the Right Sales Channels for Growth

Finding the Right Sales Channels for Growth

Wholesale, ecommerce, retail locations, direct-to-consumer products—it's tempting to want to do it all. But spreading your business too thin doesn't lead to sustainable growth. It only leads to more chaos.

To grow and maintain profitability, roasteries need to determine which sales channels are right for their business and overall goals. **Let's break down your options.**

Wholesale

Wholesale partnerships are the bread and butter of roastery sales. A healthy roastery will have approximately 85% of its revenue generated from wholesale orders.

Why?

Wholesale accounts drive volume in comparison to a single retail bag transaction.

Greater order volume = greater revenue.

Additionally, depending on the type of wholesale account, these accounts place regularly recurring orders—providing your roastery with a stable source of income.

Different types of wholesale accounts include:

☛ Your cafes

These are your best partners! They need to purchase your coffee to operate and will produce a consistent quality coffee experience according to your brand and brewing parameters.

☛ Other coffee shops

Coffee shops need beans to operate, and many aren't interested in roasting. Other cafes serving your coffee will order anywhere from 50-200+ lbs per week, depending on their business model and customer volume. However, these accounts require ongoing training on how to brew your coffees properly.

☛ Grocery, specialty, and other retail stores

From individual retail bags to bulk coffee bins, grocery stores, and other retail environments can be a great way to drive sales for your roastery. With these sales channels, you'll be directly competing with other roasters and coffee products

on the shelves, so find innovative ways to be a good partner and drive sales for your retail partners.

☛ Offices, hotels, gyms

In comparison to coffee shops, these sales opportunities will not be as consistent but have the opportunity to get your brand in front of new faces every day.

This channel is ideal for brand awareness and generating new individual customers.

ACTION

What type of wholesale account is best for your business? Write down the pros and cons of each kind of wholesale account and analyze which appeals to your growth goals and roastery capacity.





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Strategy 2: Finding the Right Sales Channels for Growth

Ecommerce

An ecommerce store acts as a virtual location to sell your products. With a relatively low cost of entry, an online store expands your reach well beyond your roastery and generates sales from all over the world. *But, are you ready to invest in the proper build-out and maintenance of your ecommerce store?*

Think of your online store as an extension of your physical business. **Ecommerce sales channels need as much attention and maintenance as the rest of your business.**

Keep in mind, ecommerce stores are not a cheap way to grow a business. After your product costs, website maintenance fees, promotional discounts, and shipping materials, ecommerce margins can be quite low.

Therefore, the goal of an ecommerce store is to develop a steady volume of recurring revenue through repeat purchases and coffee subscriptions. *But be warned, this is far easier said than done!*

Developing recurring revenue online through repeat purchases and subscriptions requires crafting and deploying a marketing strategy that reaches your target audience. Such a feat is not a “one-and-done” approach. Driving repeat ecommerce customers calls for ongoing social media posts, email newsletters, website updates, customer service communication, and so much more!

Coffee resellers and marketplaces

Online coffee marketplaces allow consumers to order coffee from a selection of handpicked coffee roasters.

These reseller platforms enable coffee roasters to reach a new audience while driving sales through bag and subscription box purchases.

However, access to sell in these marketplaces often comes at a price: *discounted coffee.*

While coffee marketplaces can be a great avenue for consumers to discover and try your brand, make sure the numbers work out in your favor, especially as you scale up.

Retail Cafés

Opening a coffee shop can be a beneficial sales channel for roasteries. A café can provide a substantial amount of growth, visibility, and eventually, profitability for your business. However, understand that this is a massive undertaking and will require the right team, budget, and strategy.

If you believe opening a retail location for your coffee brand is the right next step, make sure you have other revenue streams (such as wholesale and ecommerce sales) in place first. This will provide your business with a bit of stability while the coffee shop takes time to build a loyal following.

A word of advice...

Your goal is sustainable and profitable business growth, right? To accomplish this, you need to thoroughly vet every sales channel before jumping in head first.

- ❗ Not willing to train coffee shop staff? **Target your wholesale efforts to retail stores.**
- ❗ Aren't ready to invest in a functional, branded ecommerce website? **Focus on gaining new wholesale accounts.**
- ❗ Don't have the capacity to open a retail cafe right now? **There are plenty of other sales channels to pursue!**

Jumping at every shiny new sales channel or opportunity without the proper consideration and research will only hurt your business's growth as you incur more costs.

KEY TAKEAWAY

Drive growth through a solid wholesale program and add other sales channels as necessary.





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Strategy 3: Customers are Long Term Partners. Choose Wisely

Customers are Long Term Partners. Choose Wisely.

You've been told to know your target market forwards and backward.

Where do they live? What's their income level? What purchase behaviors do they exhibit?

From a retail perspective, it's important to understand who's buying your coffee and what market is attracted to your brand. But what about your wholesale clients? These businesses are more than customers—they're your partners.

The partners you choose will serve and sell your coffee daily. By default, they are now extensions of your brand. The target market of your end consumer must align with your wholesale partner's target market. Your customers should also be visiting the cafés, grocery stores, and retail shops you sell to. Otherwise, this leads to brand misalignment and lackluster sales.

Think of wholesale prospecting like dating. You're looking for a partner that understands your values, can commit to a long-term relationship, and also has individual growth goals.

Even when you secure a deal with a new wholesale partner, you're not married—you're in a long-term relationship. Don't give them favorable terms or heavy discounts that cut deep into your margins right off the bat!

Your roastery is not a bank. And, both parties need to earn the other's trust. After several months of on-time orders and payments, then you can begin to float the idea of net terms.

However, some wholesale partners, such as a grocery store, may have set requirements for terms, logistics, and ordering. It is up to you to decide if operating in this manner is worth it for your business. If so, carry on! If not, they're not the right wholesale customer for you.

Not all customers are created equal.

Just as a diverse lineup of sales channels ensures constant revenue, so does having an array of different types of wholesale clients.

Some may only need small volumes and are willing to pay top dollar, while others need significant bulk quantities weekly and a slightly lower price point.

And remember, if something should go awry—you can always (gracefully) fire a customer.

ACTION

- ☛ Describe your ideal wholesale client.
- ☛ What type of business do they run?
- ☛ How much volume do they order?
- ☛ What are their company values?
- ☛ What goals do they have?



KEY TAKEAWAY

Your choice of customers will dictate your growth rate.





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Strategy 4: Pricing and Promotion Strategies

Pricing and Promotion Strategies

The best piece of advice we ever received was, “Your coffee should be priced high enough that customers complain, but still pay.”

You want to find the pricing sweet spot that hits profitability goals without being excessive. If you haven’t heard a few complaints from customers, you’re not charging enough!

The price of your coffee products can be the difference between an okay margin and a healthy margin. Charging the right price is critical to your roastery’s survival. Studies show that pricing alone can have up to four times more impact on a business’s profitability than other improvements.

The seasonality of pricing

The price of your coffee today won’t (and shouldn’t) be the price of your coffee six months from now. **Plan to change your prices every six to 12 months to maintain a healthy margin.**

Your product prices will change due to:

Lot pricing

That delicious lot you sourced from Ethiopia at \$3.50/lb last year may now be \$4.25/lb. Your prices need to reflect this increase in green coffee costs.

C-market changes

Whether you source directly from a producer or use an importer, fluctuations in the C-market will inevitably affect the price per pound you pay for green coffee.

Storage fees

If you are storing green coffee at a warehouse, storage costs will vary as you add or subtract bags.

Blend recipes

As your roastery responds to coffee’s harvest schedule or accessible green coffee lots, the makeup of your blends will change. If your pricing doesn’t update to accommodate this change, you’re leaving money on the table!

Pricing your coffee is never a “set it and forget it” ordeal. It requires constant oversight to ensure profitability.

Review your costs & current margins

To determine the correct price for your coffee products, you need to know:

Product costs

Green coffee, packaging, and labels per bag

Company costs

Utilities, roast labor, packaging, and fulfillment labor

Operating costs

The cost associated with shipping/deliveries, credit card fees, and other incidentals related to operating a roastery

Understanding the total cost per pound and per bag size (12oz, 2lb, and 5lb) shows you the absolute minimum you need to charge to make a profit.

With inflation and global supply chain issues, chances are your margins are tight these days. What was once a great price for your coffee beans may not be so fruitful today. In situations like this, raising your prices by 5-10% will add some profit back in your corner.

ACTION

Calculate your product, company, and operating costs per pound.

Example:

If utility costs for the month were \$500 and you sold 2,000 pounds of coffee, your utility cost per pound would be $(500/2000) = \$0.25$ per pound.





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Strategy 4: Pricing and Promotion Strategies

Pricing Models

When pricing your coffees, there are a few formulas you can use.

The most straightforward is known as the **cost-plus method**. With this approach, you take your total cost per pound of coffee and add a markup to ensure a profit. In a very basic example, if your coffee costs \$5 (green coffee plus fixed costs) to roast and bag, you could price it at \$10 per pound, and make \$5 in profit.

Another pricing model is called **value-based pricing**. This model takes into consideration the market, your brand history, and the consumer's perception of value. With a value-based approach, you're trying to determine what your customers will pay for your product. While this method is based on part-math, part-intuition, you need to fully understand your costs to make a judgment call for your prices.

Lastly, you can also price your roasts using the **target gross profit** margin method. With this approach, you aim for a specific profit percentage. If a pound of coffee costs \$5 to produce and you want to achieve a 50% profit margin, you would need to charge \$10 per pound.

When and how to discount

Running pricing promotions is a tool for driving more sales online, in-store, and with wholesale clients. The trick is to know what type of discount works best for your goals and when to run that promotion.

Fixed volume discounts

These promotions are pricing discounts offered to individual customers, such as a coffee shop ordering 150 lbs of coffee per week. These discounts should be earned by a customer who can show consistency in their weekly order volume. Once they prove this, then you can offer fixed pricing such as \$2 off per bag.

Time-based discounts

This promotion is excellent for driving sales, especially at the retail level. Limited-time offers, such as those advertised with a bright yellow sticker in a grocery store, attract customers to buy. The key is to time these promotions right. Work with your retail partner to target the right time to run such a discount.

Volume-based discounts

Volume-based discounts require a customer (whether wholesale or ecommerce) to reach a specific order volume before a discount is applied. These discounts can be in the form of free shipping or pricing reductions.

Be mindful of how often you are running pricing promotions, too. Remember—your customers should complain and pay. But if you're constantly offering discounts, chances are they won't be willing to pay your full price.

Bonus lesson: What aren't you charging for?

One small way to improve profitability is to determine what you're failing to charge for.

For example, are you offering free delivery to wholesale customers? If so, are your product prices reflective of this? If not, consider adding a delivery fee based on mileage or updating pricing accordingly.

PRO TIP

Although it's important to know what your competitors are charging for their coffee, don't let this be the only element that guides your pricing decisions. It's easy to be \$0.50 or \$1.00 lower per pound than your competitors, but before you know it you're in a race to the bottom. Instead, use competitor prices to gauge if your pricing is aligned with the market average.



KEY TAKEAWAY

Pricing plays a fundamental role in maintaining profitability. By understanding your costs and experimenting with different pricing models, you'll be able to uncover your "sweet spot" price.





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Strategy 5: Maximizing Efficiency for Profitability

Maximizing Efficiency for Profitability

Sorry to spoil the fun, but growth inevitably leads to more production work. Adding more wholesale clients does mean increased revenue, but that comes once the coffee has been roasted, bagged, stored, shipped, and delivered.

As your roastery grows, you'll need to revamp internal processes to promote efficiency and minimize room for error.

Even if your roastery doesn't experience immediate growth, maximizing roasting processes for efficiency leads to long-term profitability.

Streamlining production processes

Are you still relying on spreadsheets to communicate incoming orders and roasting information to your team? How many times were these spreadsheets inaccurate, lost, not consulted, and caused a domino effect of problems?

Roasting efficiency begins by optimizing production processes including:

- ☛ Capturing online and wholesale orders
- ☛ Demand planning
- ☛ Bagging and order fulfillment
- ☛ Green coffee storage

This is where automation comes into the picture. The role of automation is to expedite manual processes throughout the roastery. While it does cut down on unnecessary labor, automation is not here to take anyone's job—it's here to help.

After all, the more efficient your processes are,

the more wholesale clients you can take on! Even giant corporations like Starbucks have capacity limits. If their processes aren't optimized for growth, they too will hit a capacity ceiling.

Software such as [RoasterTools](#) enables roasteries to take ecommerce and wholesale orders, forecast production needs, and manage green inventory all from one platform.

Optimizing quality control

Every coffee roaster knows quality control is vital. One bad roast can sour a customer's entire experience with your brand.

But, quality control extends far beyond the cupping table. QC is also part of:

- ☛ **Roasting procedures**
Are you following defined and repeatable roast profiles for consistency? Are the machines properly cleaned? Did you sort the green coffee for defects?

- ☛ **Production and fulfillment**

From bagging coffee to labeling orders correctly, attention to detail in production and fulfillment ensures a quality coffee experience for customers.

- ☛ **Wholesale training**

Training wholesale accounts how to properly brew your coffee ensures consistent quality, no matter where your coffee is served.

Beyond attracting new customers through great-tasting coffee, the role of quality control aids in business growth by reducing waste and expenses. **The less you spend on costly mistakes, the more resources you have to grow!**

Training skilled staff

As you optimize production processes, price roasts properly, and add more sales channels, you'll need the help of your team more than ever.

Invest in your staff's roasting knowledge and skills. The more trained they are on roasting protocols, internal production systems, and more, the better optimized your labor costs will be.

ACTION

Review your roastery's processes and analyze where they can be improved. What bottlenecks can you alleviate through automation, software, or new equipment?



KEY TAKEAWAY

Efficiency leads to controlled costs, fewer mistakes, and more profit.





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Strategy 6: Managing Inventory

Managing Inventory

Earlier we explained how your green coffee inventory can unlock a wealth of product possibilities. Well, if mismanaged, it can also create a world of disruptions (and unexpected costs!)

Inventory control systems

You never want to run out of a critical green coffee. Yet, it happens to the best of us.

Manual inventory management techniques lead to mistakes or a lack of oversight. The next thing you know, that natural processed coffee from Brazil used as the base of your blends is out of stock!

Having inventory control systems in place ensures that you always have enough green coffee (and other necessary supplies) on hand to complete an order.

This is where automation comes in handy once again. Inventory management systems will alert you when a coffee hits a minimum threshold, such as 100 or 200 lbs. Instead of relying on manual checklists, you'll receive a notification to place an order for more green coffee ASAP.

Be mindful of inventory costs

As you look to improve profitability throughout your roastery, keep an eye on the cost of inventory. Coffee prices are rising, as are costs for bags, shipping, and other materials.

Green coffee management—from both an inventory level and pricing perspective—can be the difference between a profitable roastery and one in the red.

If necessary, don't be afraid to switch materials suppliers or source other green coffees. Or, if you have a good relationship with the supplier, ask if prices and terms can be negotiated.

Use demand forecasting to manage inventory

Wouldn't it be great if we could know exactly how much our customers would order every week? While you can't read their minds, you can use demand forecasting to estimate how much coffee to roast every week.

- How many 12oz and 5lb bags do I have left after this week's production run?
- How many labels do I need to print?
- Which green coffees do I need to put on contract?
- When should I place my next green coffee order?

The better you understand your inventory levels, the better you will be at managing costs—and therefore, profits.

ACTION

Browse through your green coffee cost history, along with other supplies like bags and labels. If the price has gone up over the years, did your coffee price change to account for this increased expense? (If not, refer back to section four on pricing!)



KEY TAKEAWAY

Mismanaged inventory can decimate profits. Control your inventory pricing and levels to maintain a healthy profit margin.





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Case Studies

Successful Roastery Growth Stories

Let's look at how these successful coffee roasting companies applied these principles to their business:



Andytown Coffee had a strong following with multiple retail locations and an ecommerce store, but production was filled with costly errors. Multiple mistakes on production calculations caused a mountain of expenses including wasted inventory, extra hours of production, and order delays.

They needed a solution that would streamline production processes and reduce costly mistakes.

The introduction of RoasterTools alleviated much of this stress and allowed the Andytown production team to focus their efforts on roasting quality coffee, rather than avoiding errors. With this time saved, the team now has a scalable system for growth in place.

Result:

Andytown Coffee gained control of production processes and minimized wasteful expenses, and now has room to grow.



BOOTSTRAP COFFEE ROASTERS

— ROASTED IN SAINT PAUL SINCE 2014 —

In 2016, Bootstrap Coffee was spending approximately 10-12 hours each week on administrative tasks such as production planning and manually entering wholesale orders. As the business was growing, this created a significant capacity problem.

By integrating RoasterTools into their business, they reclaimed these hours and put them to good use—**growth**.

Result:

Bootstrap Coffee was able to add more wholesale clients and open its first physical cafe location.



Bent Tree Coffee was growing, but its internal production processes couldn't keep up with demand. Chaotic systems, unorganized spreadsheets, and miscommunication all hindered their ability to sustainably grow.

One of the main headaches was a lack of ordering processes. The tried and true handwritten order method led to forgotten or inaccurate orders.

With the introduction of a tool such as RoasterTools, Bent Tree Coffee not only streamlined its ordering process—minimizing waste and unnecessary expenditures along the way—but also implemented a long-term growth solution.

Result:

Bent Tree Coffee now has a sustainable solution for increasing order volume and controlling costs.



[Click here](#) for even more RoasterTools case study details.



Taking your roastery to the next level is all about controlling costs, pricing products accordingly, and managing profit margins.

Simply put, roastery growth and profitability is achieved by repeatable, documented processes and strategies.

Keep in mind, growth isn't accomplished in a day. It's always a work in progress. Take time every single day to review your costs, optimize processes, and put systems in place to ensure long-term growth and profitability for your roastery.



Discover how RoasterTools' all-in-one business software can help your roastery streamline production, manage inventory, and most importantly, grow.

Sign up for a demo today.



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About RoasterTools

RoasterTools is the comprehensive business solution for coffee roasters to take orders, increase fulfillment accuracy and dramatically cut down on time & labor. Scale your roasting business confidently, eliminate human errors, and drive growth through automated solutions.



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Appendices

Check out these useful resources for your roastery:

COFFEE BOOKS & PUBLICATIONS

[Roast Magazine](#)

[Fresh Cup Magazine](#)

["The Coffee Roaster's Companion" by Scott Rao](#)

["Modulating the Flavor Profile of Coffee: One Roaster's Manifesto" by Rob Hoos](#)

["The Book of Roast: The Craft of Coffee Roasting From Bean to Business," by Roast Magazine](#)

["Green Coffee: A Guide for Roasters and Buyers" by Chris Kornman](#)

COFFEE ROASTING ORGANIZATIONS

[Specialty Coffee Association](#)

[Coffee Roaster's Guild](#)