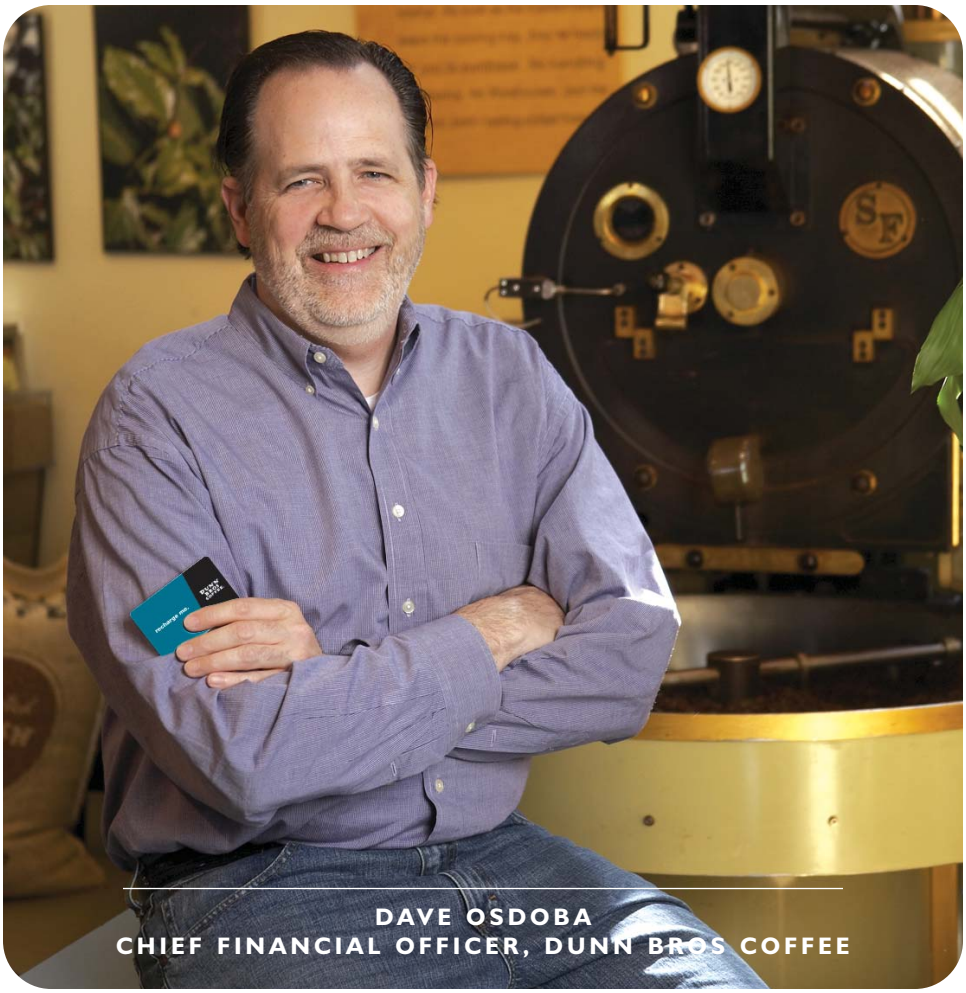
CUSTOMER PROFILE

DUNN BROS COFFEE COMPANY

Fresh roasted, great tasting coffee. Prompt, friendly service. A comfortable neighborhood environment. The key ingredients that make Minneapolis-based Dunn Bros Coffee (Dunn Bros) one of the fastest growing specialty coffee companies in America. Targeting consumers who truly appreciate good coffee, Dunn Bros prides itself on being the largest specialty coffee company to roast fresh daily in all of its full-size stores. It offers coffee, espresso drinks, teas and other beverages as well as an assortment of bakery, lunch and dessert items in a comfortable surrounding where people can relax, work or simply enjoy conversation. Each of the company's stores is an integral part of its community, serving as a local gathering spot and supporter of local events, artists, musicians and fundraisers.



DAVE OSDOBA
CHIEF FINANCIAL OFFICER, DUNN BROS COFFEE

SUPPORTING A GROWING BUSINESS

As a heavily franchised company, Dunn Bros knows the importance of offering a proven business concept and operating model to attract prospective owners/operators. With its daily fresh roasted coffee beans, the company clearly sets itself apart with a unique product offering. But another important element of its franchisee package is a store technology solution that can help franchise operators serve customers quickly and consistently, grow sales and manage the business more effectively.

The company began evaluating new point-of-sale (POS) technology with a goal of finding an advanced, yet easy to use system to replace the standard cash registers that the majority of its franchisees used. Dave Osdoba, chief financial officer of Dunn Bros Coffee, commented, "It was important for us to find an off-the-shelf POS system that was simple to learn and use, provided rich information for both franchisees and the corporate office, and helped our growing number of multi-store operators manage their locations more efficiently." Dunn Bros found that the Radiant solution met these needs, but key to the decision was the integrated Aloha eCard gift card system – a capability that no competing POS solution offered.

Dunn Bros worked with a Radiant channel partner to begin installing Aloha POS software in early 2002, and in 2003, extended the solution to include Aloha eCard. Today, the solution is installed in the majority of the company's locations and is now a required component of any new franchise opening.

THE LOCAL FLAVOR OF DUNN BROS COFFEE

ENHANCING THE CUSTOMER EXPERIENCE AND DRIVING SALES

Aloha POS is incredibly easy for employees to learn and use and helps Dunn Bros deliver the fast, consistent service the company is known for. But, the biggest impact to the customer experience comes from Aloha eCard.

Dunn Bros' gift card program is one of the company's key strategic marketing initiatives. With Aloha eCard, the company was able to implement a turnkey gift card system – fully integrated with the POS – that allows them to sell and redeem cards and easily track and report on card sales. Aloha eCard works with both the Aloha POS and franchisees' legacy payment terminals, so all operators can take advantage of the program even if they have not transitioned to the new Radiant solution.

When implementing Aloha eCard, Dunn Bros wanted more than just a traditional gift card program – the company wanted customers to buy and use cards on a regular basis for their own coffee purchases. The software's flexibility allowed Dunn Bros to adapt the system to its unique needs and marketing goals. Branded the rechargecard™, Dunn Bros gift cards are promoted and sold to customers as stored value cards. Customers buy the initial card at a preset value, use it for their daily purchases and recharge it with more dollars when the balance runs low.

"Coffee shops like Dunn Bros do not have high ticket averages," said Osdoba. "Most customers enjoy the ease and speed of card payment but don't like using credit cards for five or six dollar purchases. Aloha eCard gives customers the option and convenience of using a card for a small dollar transaction."

In addition to providing customers with greater payment convenience, the rechargecard also promotes customer loyalty. Customers essentially prepay for purchases when they buy or recharge the gift cards and as a result, are more likely to visit a Dunn Bros location in the future for their daily coffee.

Customers have enthusiastically embraced the rechargecard concept and are enjoying the convenience and simplicity of this new payment method. The results are the numbers. Dunn Bros is generating high volume sales of new cards, and importantly, it's seeing a significant number of transactions where customers are adding more value to their cards. Since the program's inception, the volume of recharge transactions has equaled approximately 50 percent of new card purchases. In dollar terms, sales generated by recharge transactions equal 62 percent of new card sales.

THE RADIANT SOLUTION FOR DUNN BROS COFFEE

- Aloha QuickService POS Software
- Aloha Electronic Draft Capture (EDC)
- Aloha eCard
- Radiant P1500 Series Point-of-Sale Hardware

Customers have enthusiastically embraced the rechargecard concept. Since implementing Aloha eCard in 2003, recharge sales have grown consistently – today, equaling 62 percent of new card sales.

BUILDING ON TODAY'S SUCCESS

Dunn Bros sees more potential in the Radiant solution and plans to work on implementing new capabilities. The company is considering extending the rechargecard program to its Web site. With Aloha eCard, Dunn Bros can offer customers the ability to buy cards, check balances and recharge cards online, all from the convenience of their home or work computers.

Additionally, the company is investigating the possibility of converting its punch card based customer loyalty program to the Aloha eFrequency program. Aloha eFrequency would offer a more sophisticated electronic loyalty system that could be integrated with the POS and even the rechargecard program.

"We are very pleased with our franchise community's favorable response to the Radiant solution, and we're now using Aloha and particularly Aloha eCard as a key selling point when recruiting new franchisees," said Osdoba. "We're confident that the Radiant solution will help support the company's expansion efforts for years to come."

For further information on the Aloha POS System:

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