

MENU ENGINEERING

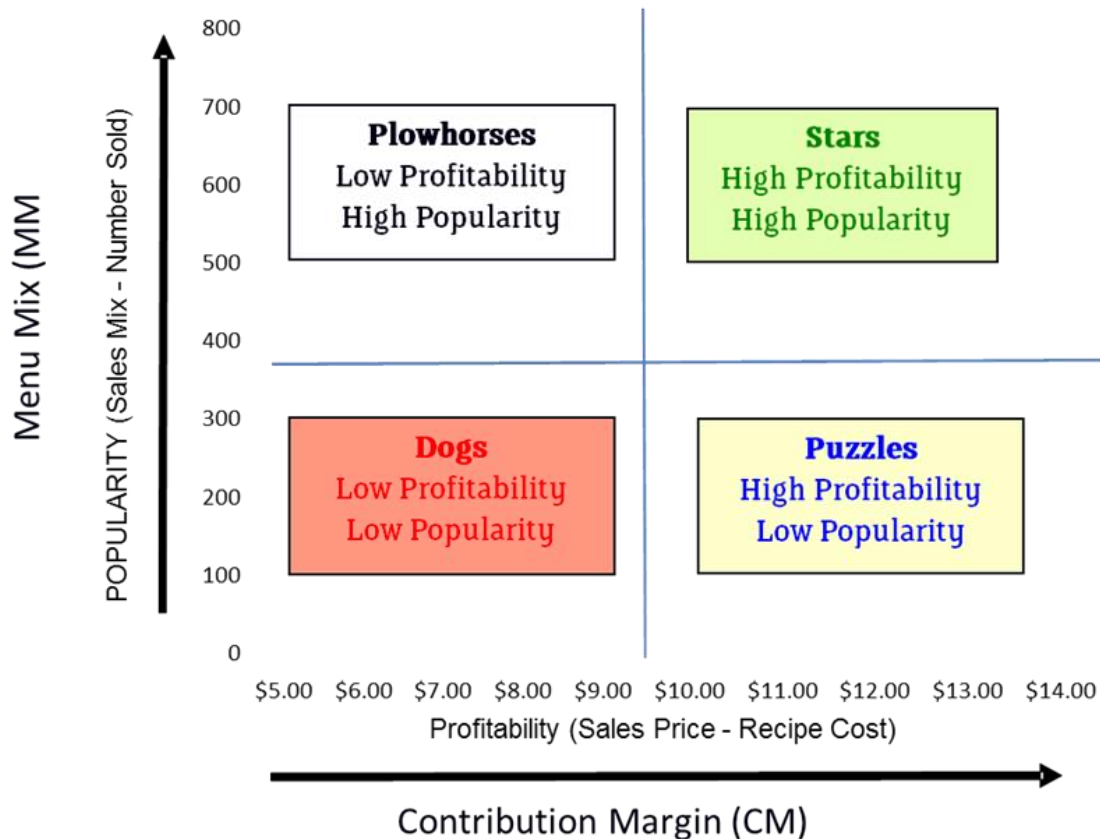
Menus Making More Money

What Is Menu Engineering?

- Menu engineering is the study of the profitability and popularity of menu items and how these two factors influence the placement of items on a menu and the overall profitability of a restaurant. The goal is simple: to increase profitability per guest.
- The menu-engineering graph on slide 3 is used when evaluating menu sales and pricing strategies, indicating each competing menu item's position relative to all others.
- The vertical axis of the graph positions **menu mix (MM)** and the horizontal axis positions **contribution to margin (CM)**. Each item is then graphed according to its CM and MM coordinates. It is especially important to note that not all items in the same classification possess identical characteristics.

What Is Menu Engineering?

The tool calculates the popularity and profitability and displays them graphically. Menu items can fall into four different quadrants on the graph.





- These items are highly popular and highly profitable, they should be closely monitored to ensure quality and consistency.

- **Possible Actions**
 - Review price elasticity
 - Review ingredients
 - Review purchasing specifications
 - Place in a highly visible location on the menu

Plowhorses



- These items are highly popular but are below average in terms of profitability. They are sometimes thought of as demand generators as they may attract price sensitive guests.
- The plan for such items is to maintain their popularity whilst at the same time tweaking the profitability either by very modest price increases or a small reduction in portion size or by reducing the cost price.
- **Possible Actions**
 - Increase price carefully – there is greater scope when the menu item is unique and cannot be obtained elsewhere
 - Combine with lower cost products – In a set meal, combining less expensive items will increase the contribution margin without decreasing the popularity.
 - Consider portion reduction - Need to be careful since the guests perception of value may decrease
 - Relocate the item to a lower profile on the menu - Since the item is popular, guests will search it out.
 - Review ingredients and purchasing specifications

Puzzles



- These items are highly profitable but below average in terms of popularity. If they are particularly unpopular they may need to be dropped from the menu or the price may be reduced . Whatever the case, the number of puzzles on the menu should be limited as they can effect overall customer demand.
- **Possible Actions**
 - Shift demand to these items
 - Feature them in prime spots on the menu
 - Draw attention to them on the menu with different graphic treatments
 - Train your colleagues to up-sell these items

Dogs



- These items are not profitable and are unpopular.
- They are prime candidates to be removed from the menu
- **Additional Considerations**
Consider the restaurant concept - are the items appropriate?

How to Use Menu Engineering?

How Do I Know What I WANT to Sell?

Two essential pieces of data are required;

1. What is your profit from each item?

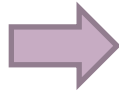
Selling price – recipe cost = profit

2. How many did you sell?

Use the Sales Mix from your POS

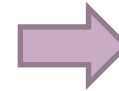
How Do I Know What I WANT to Sell?

Ribs
Contributed
\$2,002
Gross Profit

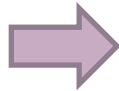


Ribs

- 3.7% of Dinner Items Sold (154)
- 40.9% Food Cost
- Profit: \$13.00 ea.

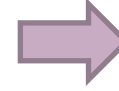


Ribeye
Contributed
\$6,627 Gross
Profit

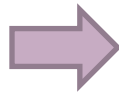


Ribeye

- 15.1% of Dinner Items Sold (636)
- 50.4% Food Cost
- Profit: \$10.42 ea.

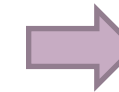


Burger
Contributed
\$5,084 Gross
Profit

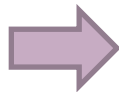


Burger

- 17.0% of Dinner Items Sold (715)
- 35.4% Food Cost
- Profit: \$7.11 ea.

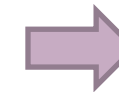


Veggie Pasta
Contributed
\$875 Gross
Profit



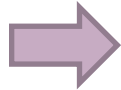
Veggie Pasta

- 3.0% of Dinner Items Sold (125)
- 30.0% Food Cost
- Profit \$7.00 ea.



How Do I Know What I WANT to Sell?

Ribs
Contributed
\$2,002
Gross Profit

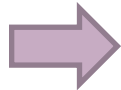


Ribs

- 3.7% of Dinner Items Sold (154)
- 40.9% Food Cost
- Profit: \$13.00 ea.

Note that the “highest profit per item” doesn’t necessarily contribute the most overall profit

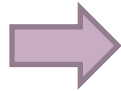
Ribeye
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\$6,627
Gross Profit



Ribeye

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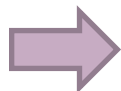


Burger

- 17.0% of Dinner Items Sold (715)
- 35.4% Food Cost
- Profit: \$7.11 ea.

Note that the most “sold” doesn’t necessarily contribute the most profit

Veggie Pasta
Contributed
\$875
Gross Profit



Veggie Pasta

- 3.0% of Dinner Items Sold (125)
- 30.0% Food Cost
- Profit \$7.00 ea.

Nor does “lowest food cost”

2. How Do I Structure My Menu to Sell

What I WANT to Sell

How Do I Structure My Menu to Sell

What I WANT to Sell?

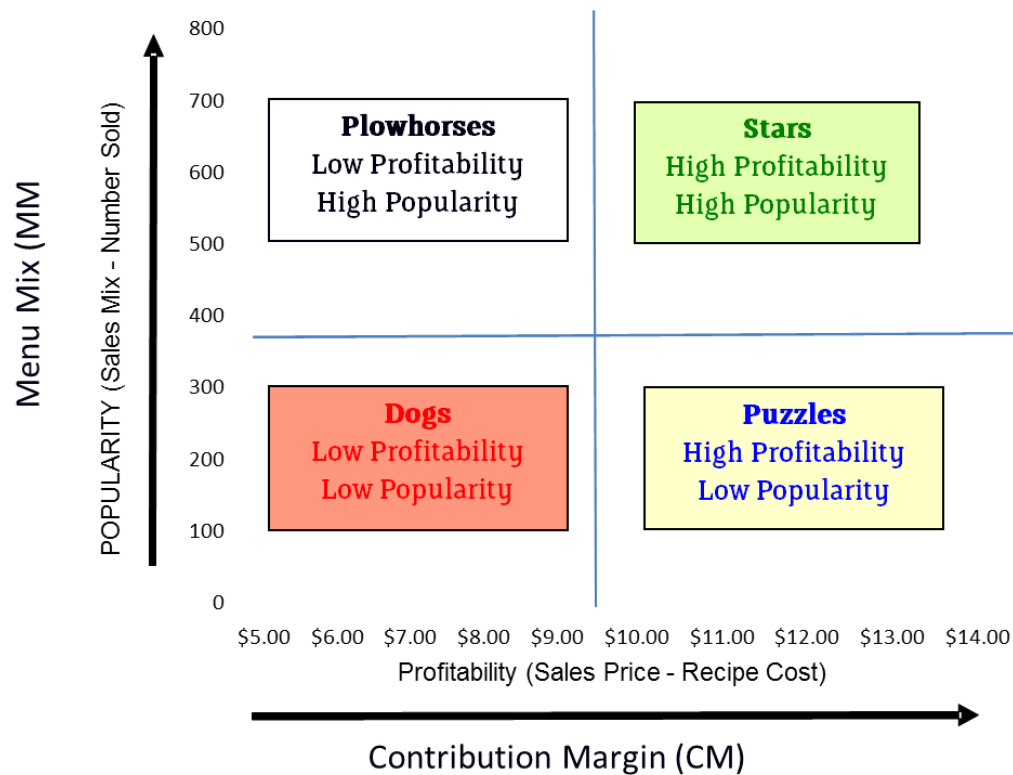
- a. Apply Menu Engineering Tactics

- b. Apply Menu Layout Strategies

a. Apply Menu Engineering Tactics

Apply Menu Engineering Tactics

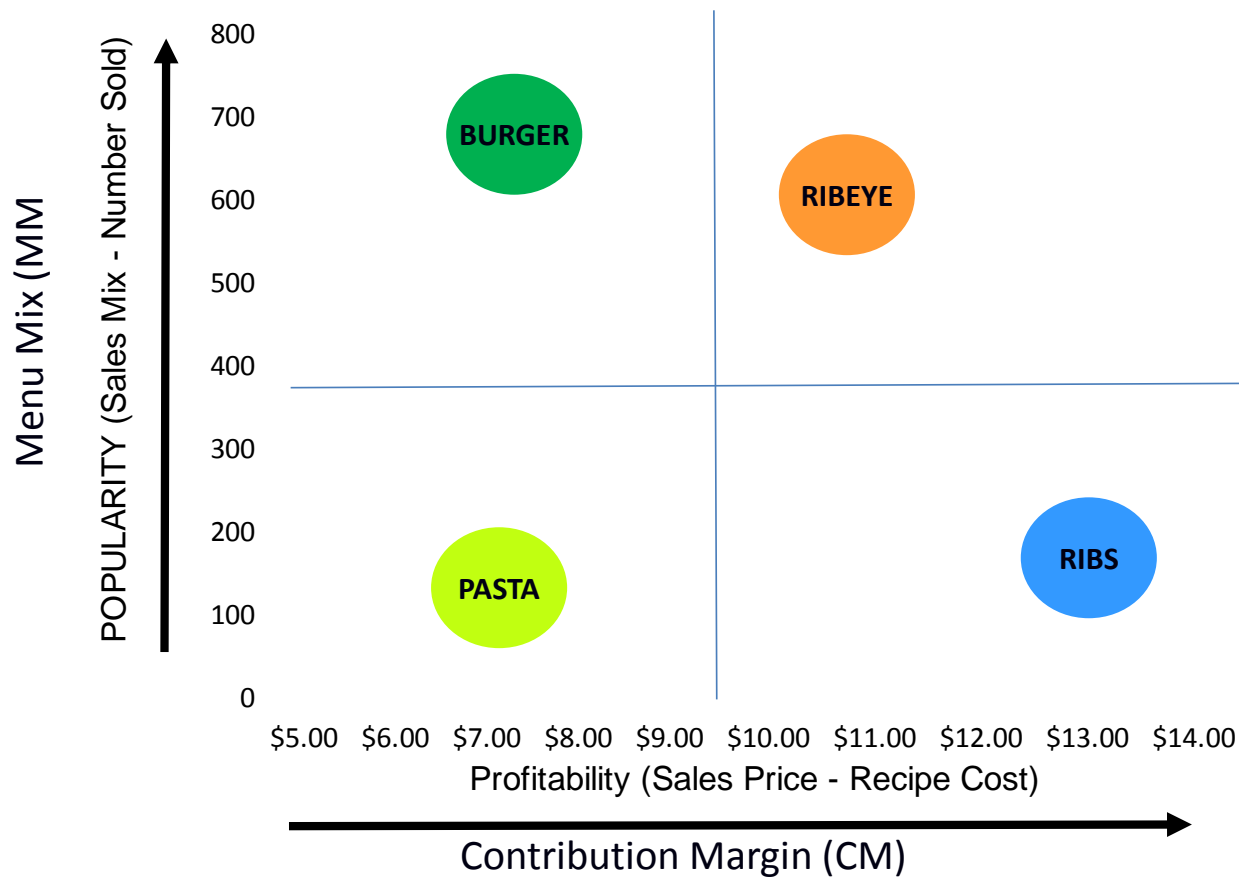
- Using the two pieces of information we calculated previously:
 - What is your profit from each item?
 - How many did you sell?
- Apply to the menu engineering graph



Popularity (Sales) Vs. Profitability

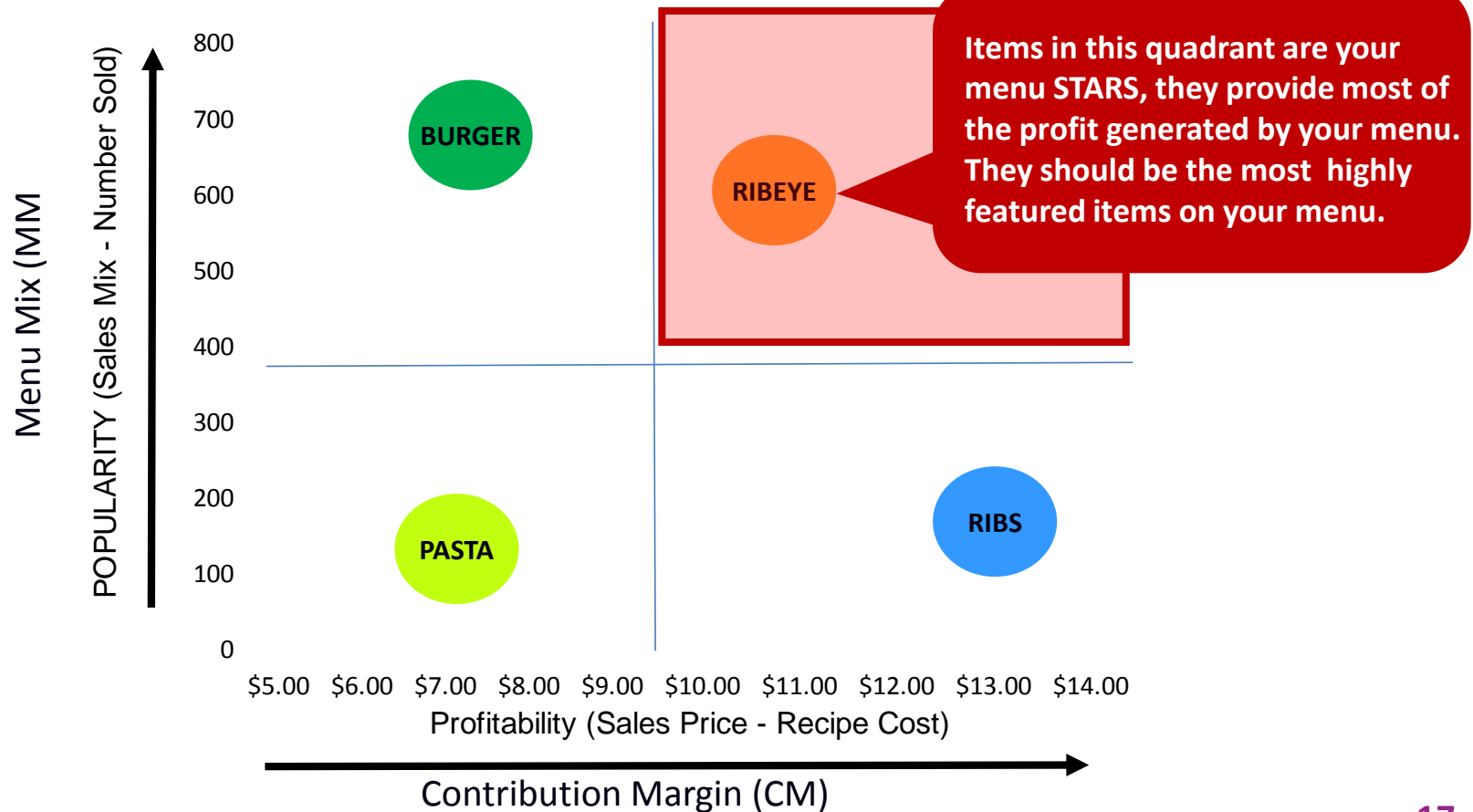
Let's plot them on a simple graph.

There are four sections or "quadrants."



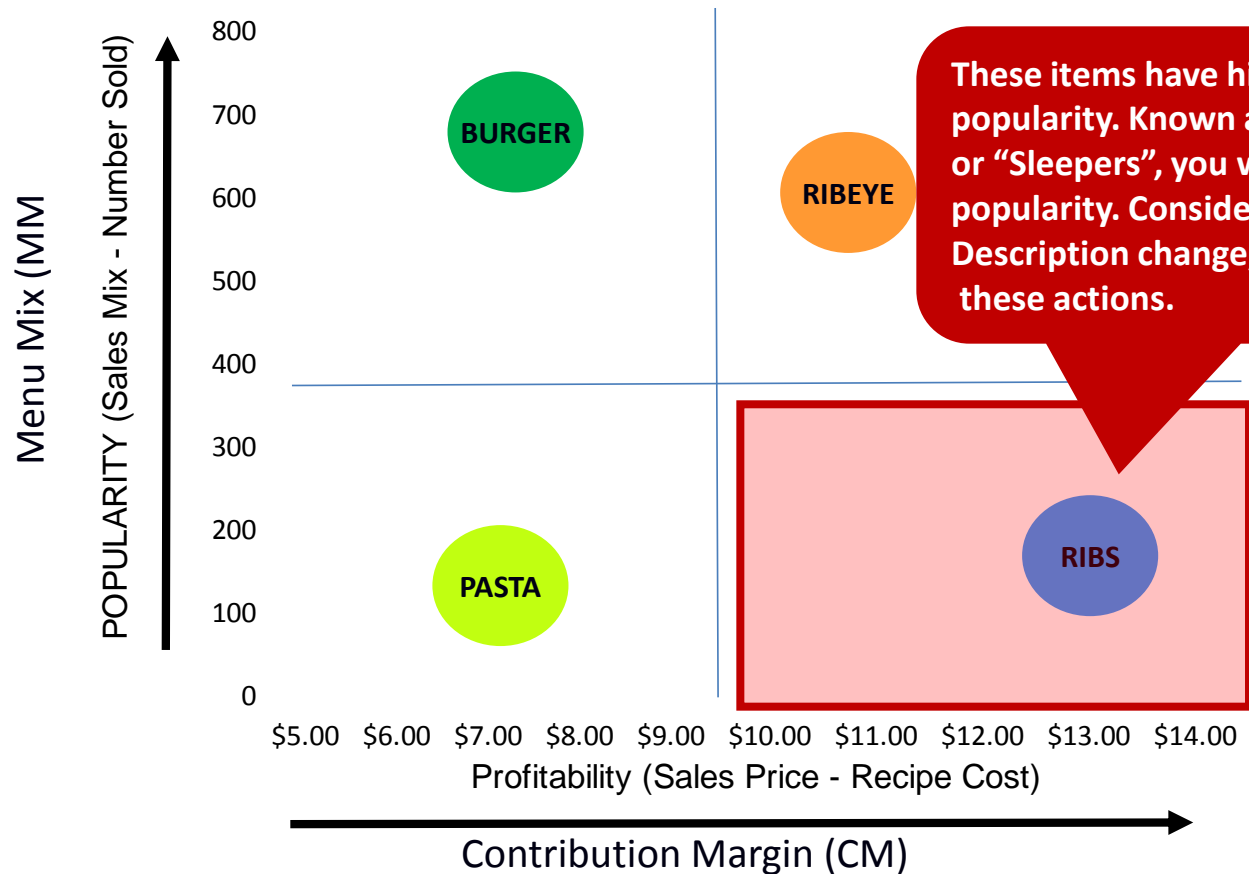
Popularity (Sales) Vs. Profitability

There is a menu strategy for each quadrant.



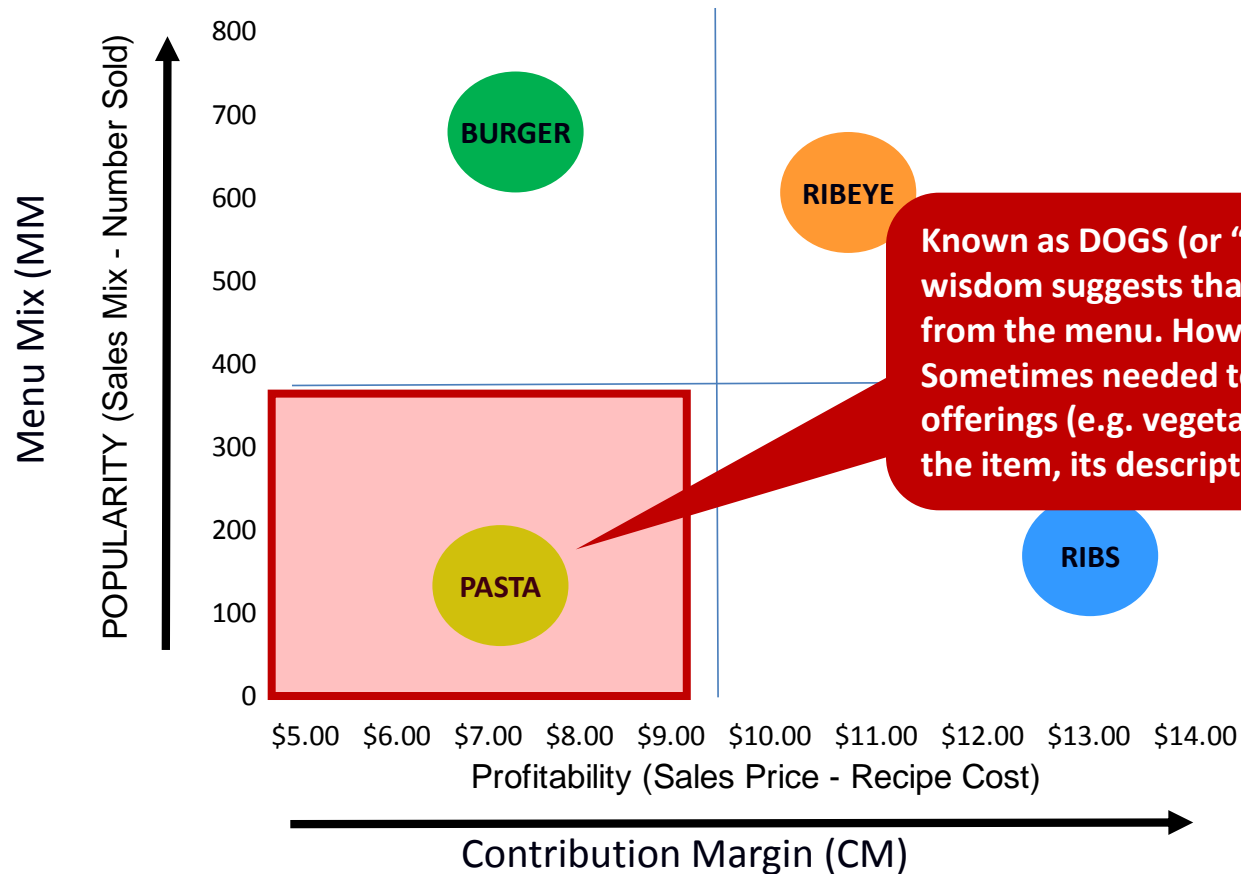
Popularity (Sales) Vs. Profitability

There is a menu strategy for each quadrant.



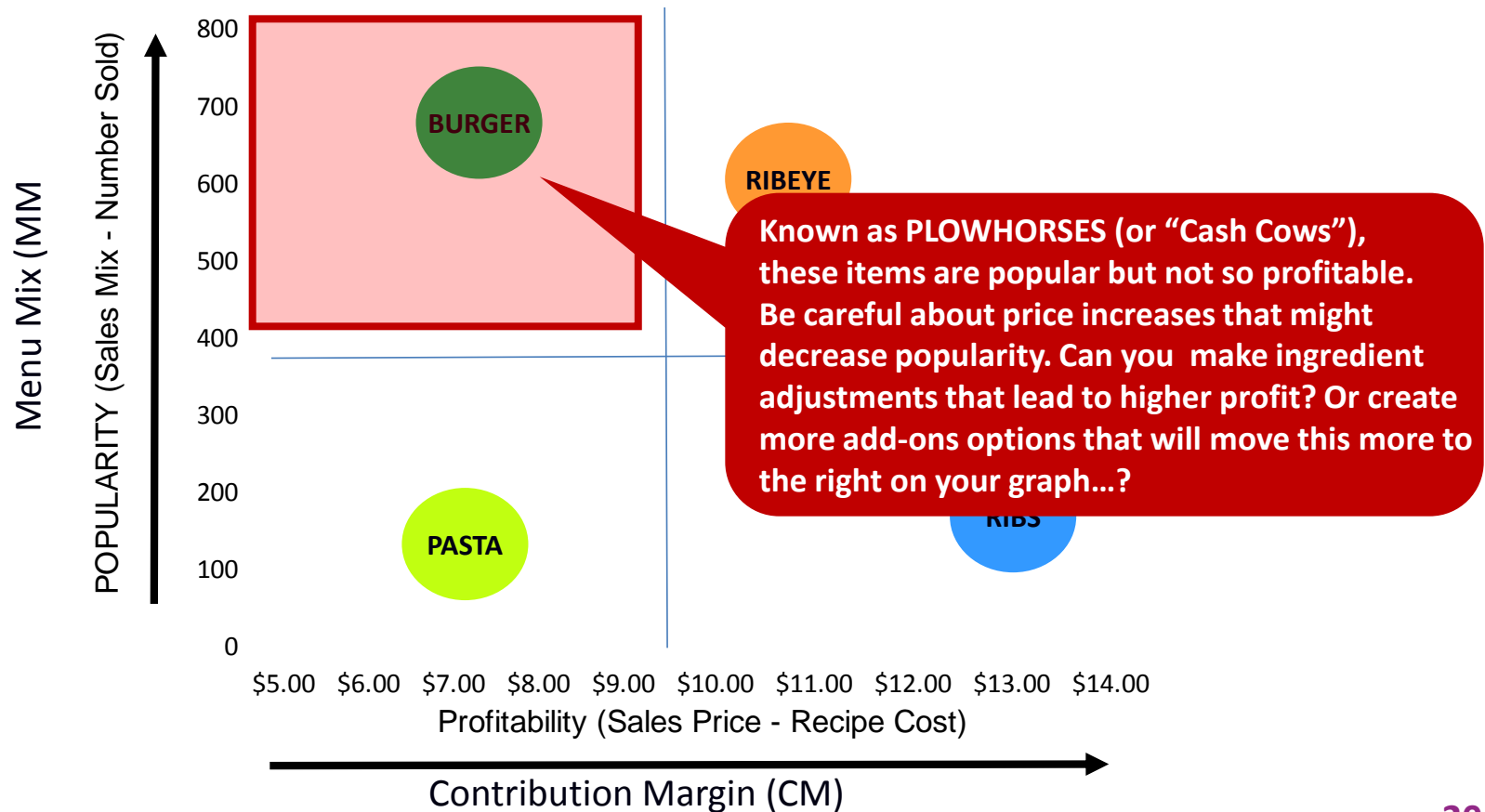
Popularity (Sales) Vs. Profitability

There is a menu strategy for each quadrant.



Popularity (Sales) Vs. Profitability

There is a menu strategy for each quadrant.



b. Apply Menu Layout Strategies

Apply Menu Layout Strategies

1. Use descriptions, not price, to drive customer buying decisions

i. Descriptions

- Menu names and descriptions support the quality and individuality of your bar or restaurant. Smart descriptions help you sell more Stars.
- Give your Stars more menu “real estate”. Your descriptions for these items should be longer. Think about your menu “real estate” the way you think about your other resources (labor, for example) – “spend” more space (time) on the more profitable items
- Make it very clear what’s special at your bar or restaurant. Tell a story. Explain your “signature” item(s). Why is your bar or restaurant unique?

Apply Menu Layout Strategies

1. Use descriptions, not price, to drive customer buying decisions

ii. Price

- Don't line up prices (it draws attention to the prices, detracts from descriptions)
- Position prices as the last thing "mentioned" in the description. Place them at the end of the description, same font size, same font color and style, and don't boldface (unless your description is boldface)
- Don't use dollar signs
- Don't position your items on the menu by price (e.g. least expensive to most expensive)
- Where you have multi offerings of a similar dish don't "bunch" your pricing, spread the range. (If have 8 Pizzas because you think variety is important – offer pricing "variety" as well.)

Apply Menu Layout Strategies

2. Use visual cues to drive customer buying decisions

i. Highlight the items you want to sell

- Eye gaze pattern studies suggest that the customer looks toward the middle of the menu first. So, make your impactful first impression there.
- The next area of gazing is likely to be at the menu's top left, and the final area at the bottom right
- Methods include boxes, font styles, shading, icons, boldface and position on the menu

ii. Be cautious when using color. Colors have their own impact independent of menu content. Color decisions are best left to menu design professionals.