Take Every Penny to the Bank!
Why is menu engineering so important?

As you try to find ways to increase profits in your restaurant, the easiest way to do that is to maximize the profit dollars from your existing customers. In other words...if you have the exact same number of people eat at your restaurant in a given year, you still have the opportunity to achieve higher profits by encouraging your guests to order more profitable items. This menu engineering exercise will allow you, as a business owner, to take the emotion out of decisions you make pertaining to your menu and allow you to base those decisions on data and facts.

Menu Engineering is a Three Step Process

Step 1 : Gather Your Data

There are four things you will need to gather to complete a Menu Engineering Exercise...

1. A Menu Engineering Spreadsheet
   - This can be found in the member section of www.RestaurantOwner.com.
2. Your current pricing for each item on your menu
3. The food cost of every item you sell on your menu
   - For help with this, please contact your Sysco Connecticut Marketing Associate. They have a menu analysis program that will break down the cost of each ingredient that goes into a menu item. This program also updates pricing automatically, so as prices fluctuate, it adjusts your costs.
4. Your sales of each item on your menu for a given time frame
   - With most POS systems, a sales report can be generated for a given time frame.
   - For an accurate menu engineering analysis, at least one month of sales totals is needed; however, the longer the time frame, the better information you will obtain.

Step 2 : Enter Your Data

There are several tabs on the spreadsheet, the first of which is a detailed set of instructions and the second tab is an example spreadsheet for you to refer to. The rest of the tabs are actual worksheets for you to enter in your data. The only information that you are required to enter is an item description, the quantity sold, the item food cost and the item sell price. The rest of the worksheet populates automatically.

Step 3 : Analyze the Data

To the right is a sample spreadsheet that is provided in the Menu Engineering Worksheet from www.RestaurantOwner.com. The last column on the right spreadsheet with valuable information to make educated business decisions regarding items on your menu. Each item falls into a “Menu Item Class” Star, Workhorse, Challenge or Dog. Below is an explanation of what each Menu Item Class means and what to do with those items.

### Star

- Makes Good Money
- Sells Well

**Stars are menu items that have a high gross profit and are very popular! The more you can influence the consumer towards these items, the more profitable your operation will be.**

**What to do with Stars:**
- Do give these items the best placement on your menu.
- Do use these items in sales promotions and contests.
- Don’t change the price too drastically.
- Don’t change the presentation or recipe...your customers like it the way it is.
- Do encourage your staff to suggest these items to customers.
- Do highlight these on your menu as “house favorites” or “signature dishes”.

### Workhorse

- Doesn’t Make Good Money
- Sells Well

**Workhorses are menu items that sell well but do not contribute all that well to your bottom line profits.**

**What to do with Workhorses:**
- Don’t raise the price on these items above what the local market can bear.
- Do look at alternative products to decrease the food cost without compromising the quality. Remember the Workhorses sell well, so your customers like the item.
- Do hide these items on your menu; so it is easier for the customer to be drawn to more profitable items.

### Challenge / Puzzle

- Makes Good Money
- Doesn’t Sell Well

**Challenges are items that have a high gross profit, but are not very popular. Typically, these are the more expensive items on your menu.**

**What to do with Challenges:**
- Do evaluate the price on these items to be sure they are not priced above what the local market will bear.
- Do get staff and customer input on the menu item...it might not sell well because it doesn’t taste good or fit the market.
- If you determine that the item is a good one, highlight these items on your menu to increase sales and use these items in sales promotions and contests.

### Dog

- Doesn’t Make Good Money
- Doesn’t Sell Well

**Dogs are menu items that are not very popular and do not contribute very much to your profits.**

**What to do with Dogs:**
- Do consider removing these items completely since they do not positively contribute to the profit or popularity of your business.
- If you decide to keep a Dog on the menu, our team can also give you ideas on how to make enhancements to increase the profitability and popularity of the item.
- Do get staff and customer feedback on the menu item to find out why it doesn’t sell well.
Pricing Strategies... When every penny counts

• We recommend that your menu items should end in nines. By moving from fives to nines, a restaurant that sells 2,800 items per week will add $5,824 in revenue each year with no added expense.

• Rounding Strategy
  • Price all menu items under five dollars in the following increments ($2.9, $5.9, $7.9, $9.9)
  • Price all menu items over five dollars in the following increments ($4.9, $9.9)

• Incremental increases move the item to the next highest price, ie. $8.49 to $8.99. Psychologically, the customer is less likely to notice the increased price.

• Evaluate your prices on similar items with comparable restaurants in your area.

Money Makers

Add Ons
- Offer toppings and add-ons to current menu items for an additional price.
- Salads- grilled chicken, blackened shrimp, etc.
- Steaks- sauteed mushrooms, crumbled bleu cheese, crab meat, etc.
- Burgers-Chicken-fried onions, bacon, etc.

Signature Dishes
- What menu selections do you offer that are unique, different or special to your operation?
  - Signature Dishes alleviate price comparison and allow for higher profit margins.

Subjective Influences

• Perceived Value
  • Ask your employees and customers “What would you pay for this item?”

• Plate Presentation
  • Creative and unique product presentation is important in forming the value perception of an item. ie. items with height, garnishes, sauces, etc.

Menu Description
- Use descriptive adjectives to explain menu items. ie. pan seared, fire grilled, hand-selected old-fashioned, made from scratch, exceptional, tenderness, homemade, Hickory smoked, sautéed, unique flavor, natural, simmered to perfection, served piping hot, slow-cooked, fork tender, loaded with . . ., bountiful, delicate, fresh & crunchy, robust, tangy, garden-fresh, loaded with flavor etc.

- Avoid saying Deep-Fat Fried descriptive adjectives.

Quick Tips and Tricks

Your menu is your number one marketing tool. It is the one printed piece that everyone in your establishment is certain to read.

• Leader Dots & Right Justifying – When menu descriptions are on the left side of a menu and there are dots leading out to the prices lined up down the right side of a menu, this is right justifying. Right justification allows your customers to focus on the price of each menu item instead of reading the description and appreciating what goes into the dish. Remove the leader dots and tuck the price behind the description.

• End Prices in 9’s – Most consumers don’t recognize a price difference between $7.95 and $7.99, so take the extra four cents to your bottom line by ending all of your prices in 9’s.

• Dessert Menu – Take desserts off your full menu to add more white space and direct the customer to more profitable menu selections. Create a separate dessert menu with tantalizing pictures and mouth-watering descriptions or better yet, utilize a dessert tray.

• Separate Wine & Drink Menu – Take your wines and drinks off of your menu and create a separate menu with signature drinks and fun cocktails. Include colorful pictures and descriptions that no one can refuse.

Beverages
- For soft drinks, tea and coffee, national chain restaurants charge between $1.95 and $2.39.
- Higher price points can be achieved with both alcoholic and non-alcoholic signature drinks.

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Looking at your menu as a prime piece of real estate. Why you might ask? It’s simple, staging your most profitable items like you stage a house to sell. In each category, use a pop box to maximize your highest gross profit items that are easy for your kitchen to produce and it will with the menu items with low gross profits you want to hide the items that aren’t so flattering in the middle of the category so buyers won’t see them as easy.

How to list your items on the menu.

Within each category your menu items should be list with your first 2 and last one as the most profitable in the entire category. And the least profitable items in the middle of the menu. People remember the first and last thing they see or hear and through a lot of research the same theory applies to the menu item placement.

Other ways to Enhance the items you want to sell are:

- **Icon**: These are your House Specialty or Signature Items, but don’t necessarily mean highly profitable
- **Pop Box**: These are your Star items based on the Star Chart as your highest gross profit items

Menu Gaze Pattern

- Studies have shown that the eye follows a certain critical path the brief time that a guest holds the menu. In order to maximize profit potential, the position and placement of your most profitable items in eye-catching spots increases the likelihood of them being ordered. For a two-page menu, the eye would first fall on the top of the second page and then to the top of the first page as seen in the example to the right.

- Since most customers order sequentially appetizers, salads or soups first, then entrees it makes sense to place the items in a traditional sequence. Items with higher profit margins (usually entrees) belong at the top of the second page, in the visual “sweet spot”.

- Using the same theory, your less profitable categories can be “hidden” by placing them on the bottom of the second page or even on the back of the menu.

The average guest only spends 109 seconds reading the menu.