Evaluating The Menu

- Menus are tools that drive the profitability and success of any F & B operation.
- **Menu Engineering** allows us to examine the popularity and profitability of menu items.
- **Frequency distributions** allow us to examine customer preference in relation to price points and menu item categories.
Menu Engineering Classifications

- 1. Stars--Popular & profitable
- 2. Plowhorses--Not profitable but popular
- 4. Dogs--Neither popular or profitable

Underlying Assumptions Behind Menu Engineering

- Remember, the basis of a menu item's profitability is not the food cost %, but its contribution to overall profits.
- Lower food cost doesn't always mean more profits...

Menu Item Analysis Example

- Menu Item Alsatian Roast Chicken FC= 3.30(33%), Selling Price is $11.00, contribution margin is $7.70
- Menu Item Maytag Tenderloin FC=9.24(44%), Selling Price is $22.00, contribution margin is $12.76
Data Collection Process

- Tally number of each item sold
- Analyze menu mix
- Popularity index is driven by total number of menu items and each item’s relative performance and frequency distribution
- Must develop an average contribution margin by dividing the total contribution margin by total # of items sold

Managing Plowhorses

- Increase prices carefully
- Test for demand
- Relocate to lower profile on the menu
- Shift demand to more desirable items
- Combine with lower-cost products
- Assess the direct labor costs
- Consider portion reduction

Managing Puzzles

- Shift demand to these items
- Decrease price
- Add value to the item
Managing Stars
- Place in highly visible menu location
- Test for selling price elasticity
- Use suggestive-selling techniques
- Maintain product quality specs

Managing Dogs
- Should we remove them from the menu?
- Increase selling price
- Product quality assessment
- Role of shopper service
- Staff training/acceptance
- Assess direct labor costs

Computer-based Menu Management
- Goal is profit maximization
- Helps with daily specials and new items
- Allows us to examine effects of menu changes
- Customer preferences and sales mix viewed in real time
- Sales per employee analysis
Do's and Don'ts of Menu Design

- Menu is the gateway to your entire product portfolio
- Keep the menu simple and easy to read
- Avoid tendency towards typeface mania
- Examine pricing theory
- Laser printer revolution

Menu Research Tips

- Local area analysis
- Search WWW by city
- Search by cuisine/theme
- Start and maintain a menu collection
- Read trade journals and popular press