

CHAPTER

2

Menu Development

Learning Objectives

After reading this chapter, you should be able to:

- summarize the importance of understanding the customer base when writing a menu;
- describe how menu selection impacts other aspects of the operation;
- describe the three menu types and their impact on cost control;
- employ principles of good menu design;
- describe the dollar and sense system of menu engineering.

In Practice

Myla Thomas walked into the office of the owner of the Sea Breeze Hotel for her 11 A.M. meeting with the owner, Eric Breeze, and the executive chef, Robert.

“Good morning, Myla, and welcome aboard!” exclaimed Eric as he extended his hand for a handshake. “We are very excited to have you on our team; I have prepared a meeting schedule for you to meet with everyone. Please have a seat,” Eric continued, indicating a chair for her.

“Thank you very much,” Myla responded, as chef Robert strolled into the room to a corner chair. As soon as Myla and Robert finished exchanging greetings, Eric commented on the work that Robert was doing with the restaurant menu. “It’s an excellent example of what is needed.” With that opening, Myla asked Robert about the timing of the previous menu overhaul. Robert answered, “It hasn’t happened since I have been here, which is a little over two years.” Myla politely followed up with another question: “What challenges do you have with the current menu?” For Myla, Robert’s answer was very revealing: “The menu is dull, and it doesn’t really address our customer complaints. Customers want many choices nowadays, and we need to provide that. My goal is to review and make appropriate changes every season to reflect what is available and affordable. And, of course, cost of sales is an issue, and Eric will be the first person to point that out.”

Unexpectedly, Eric turned and handed Myla the menu and said, “Here is the menu Robert is talking about. What do you think?” Myla responded, “I don’t see the Sea Breeze identity in the menu. Something else I notice is that it’s not easy to read the print font sizes.” To his credit, Robert realized some of the errors that had been made. “Yes, you’re right. The first version is kind of faulty. The process really has to be corrected.”

OVERVIEW

In the food service industry, everything revolves around the menu. Types of menus vary as much as restaurants do. The design and item selections in a fine-dining restaurant's menu are completely different from those of a fast-food or casual restaurant. These differences affect every aspect of the operation—labor cost, food cost, choice of flatware and china, staff training, storage requirements, and restaurant layout and design. In this chapter, we will focus our attention on menu development as it relates to the customer and the menu. Later, after we go into detail about cost control relating to purchasing, recipe costing, inventory and labor, and similar issues, Chapter 13 will cover menu analysis.

As shown in Figure 2-1, menu development and menu analysis differ not only in their user orientation, but also in their emphasis on the future and past performance of the menu. Menu development has a strong future orientation of what the restaurant should represent, based on a predetermined concept. On the other hand, menu analysis is the evaluation of the past—menu cost and/or sales data—for the purpose of identifying customers' needs and perceptions and improving menu performance. When you learn these sets of skills, you will be able to undertake more effective decision making with respect to marketing and operating the menu.

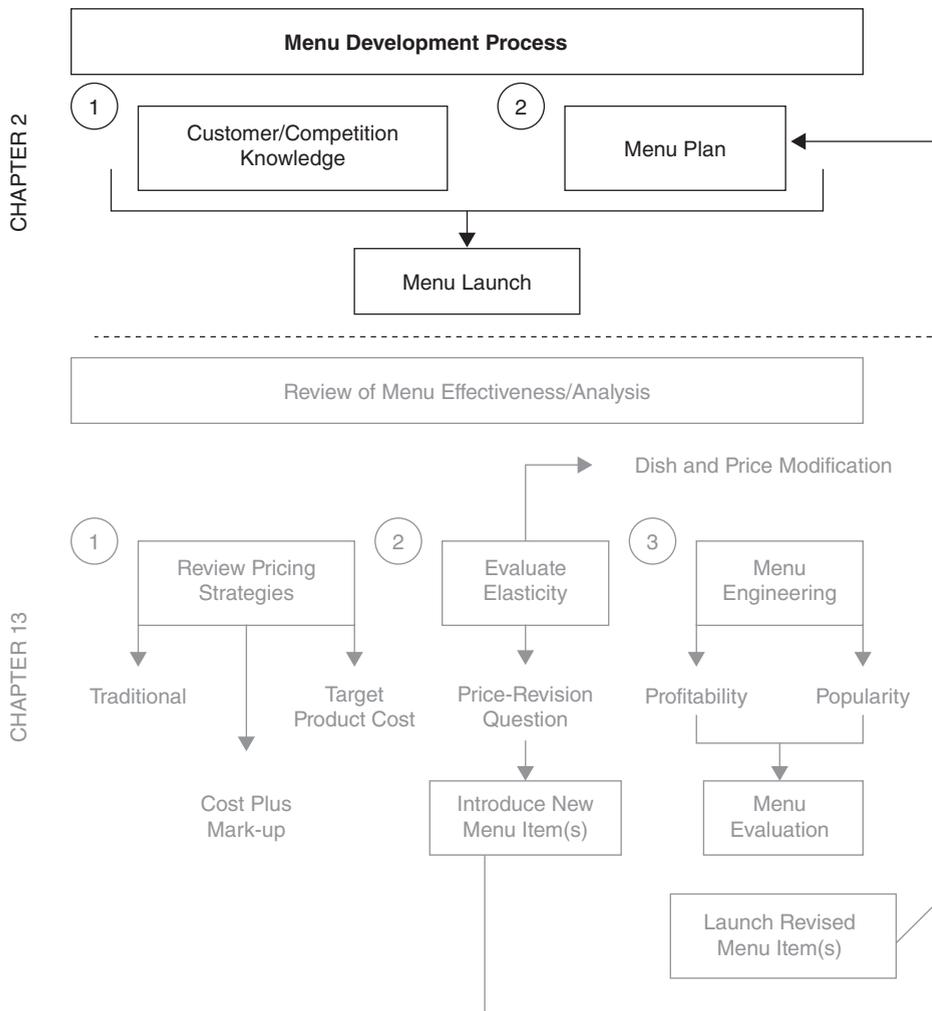


Figure 2-1 Menu Development Process

MENU DEVELOPMENT

The way a menu is developed or adapted is a reflection of how well the restaurant concept or business plan has been defined. Successful menu development depends on two pillars: customer/competition knowledge and menu planning.

Sometimes the menu evolves over time as a restaurant's business plan is refined. In other scenarios, the concept comes first and the menu comes later. In yet other instances, the menu may be the guide that directs the restaurant toward a particular concept. The menu also holds the key to whose responsibility it is to prepare certain dishes, and how those dishes should be served to the customer. The choices that guide your menu call for certain types of advance preparation to help the manager adjust to the workflow. Even if a written menu is not provided to the customer—as in a bed-and-breakfast—some form of menu list in the kitchen and service area is essential for smooth operation of the restaurant. All successful menus start with a good knowledge of the customer base and the competition.

Customer and Competition Knowledge

Designing and preparing a successful menu begins with understanding your customer base and competition. You must assess what customers will want and what they are willing to pay, and you must consider the direct and indirect competition. A good survey is one way to collect focused opinions about your restaurant from current and future customers. This can reveal the demographics of the operation's customers and give insight into what they really think about the restaurant and its competition. A customer survey would contain questions about the following topics:

- menu selection
- menu pricing and **perceived value** (described below)
- food quality and quantity
- waiting times
- server's knowledge of menu
- cleanliness
- décor
- restaurant location
- promptness of service
- professionalism and friendliness of staff

perceived value The customer's perception of value as it relates to his or her restaurant experience.

Designing Your Survey: The Restaurant Minimum Standards Survey

Maximizing sales is tied to how guests respond to your operation, its food, and its service. Many restaurants prepare questionnaires about service levels in order to solicit customer comments. Restaurants use the responses from customers to act upon perceived deficiencies. The customer survey acts as “eyes and ears” for management in the areas of perceived value, cleanliness, service standards, and ambience—the whole restaurant package. How the customer perceives the value of his or her restaurant experience will determine business competitiveness. These quantified questionnaire responses can be measured and charted over time, and they offer an excellent picture of growth and decline.

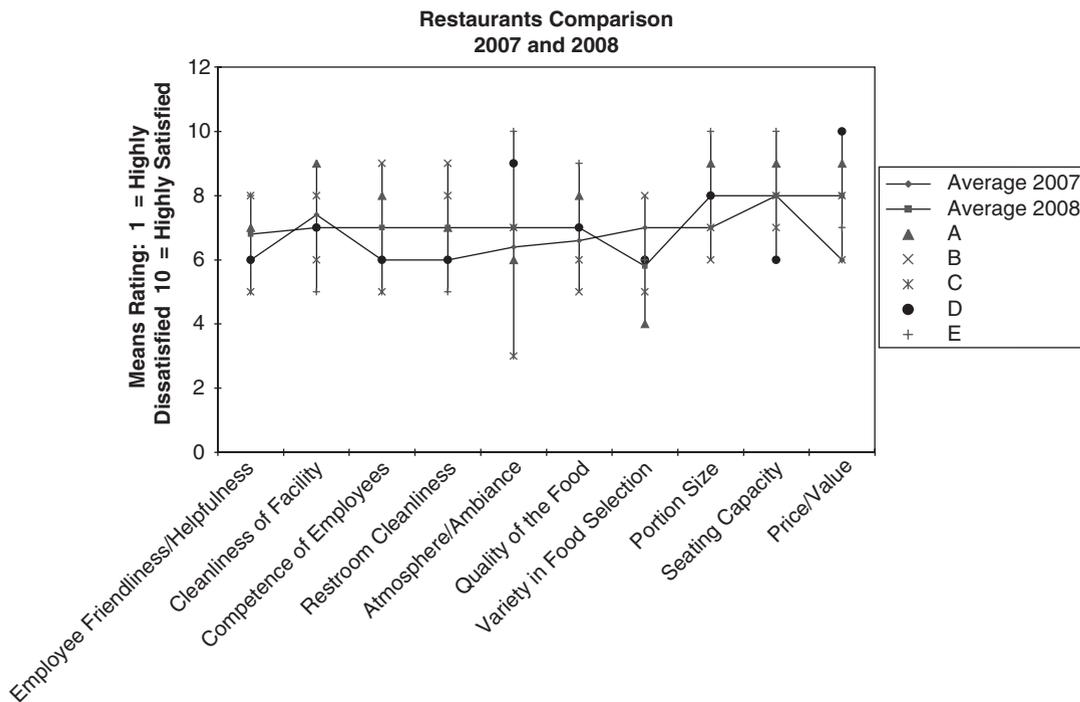
There are many ways to design a survey. Below are some generally acceptable steps to creating an effective customer survey.

1. Decide what the survey is supposed to elicit. Asking about age group and musical taste can reveal what type of music or entertainment is appropriate for your restaurant. Customers' occupations and education levels will indicate the economic level of the marketplace—including information such as disposable income. Finding out about ethnic and religious orientations can help you formulate food preferences. For example, a Mexican restaurant may not do so well in an Italian community, unless perhaps that community is indeed looking for something different.
2. Identify the audience of the survey and how they will relate to the questions asked. For example, senior citizens and a group of young adults may relate differently to a question about customer parking and access for people with disabilities.
3. Create questions that identify the survey demographic. Experts call these qualifying questions. For example, you can ask "What is your zip code?"
4. Design the questions after deciding on the format of each. Questions can be optional or required, multiple-choice or open-ended. Open-ended questions might be as follows: What is your favorite restaurant? What do you like about its menu?
5. Write the survey. Figures 2-2 and 2-3 are examples of a customer survey based on **restaurant minimum standards**.
6. Conduct a competition survey. This will identify the direct and indirect segments of your competition. **Direct competition** refers to what is called the *homogeneous environment*: for example, all the nearby restaurants that offer the same type of menu that you want to offer. If one such restaurant decides to increase its prices, it may lose sales. **Indirect competition** comes from those restaurants that do not share your restaurant's cuisine but do share your customer base. You want to know if the surrounding population can support another restaurant or menu item like the one you are proposing.

restaurant minimum standards Refers to service, food and beverage offerings, and the entire operation—for instance, cleanliness.

direct competition refers to the homogenous environment: for example, all the restaurants nearby that offer the same type of menu that you want to offer.

indirect competition comes from those restaurants that do not share the same cuisine but do share a customer base.



Minimum Restaurant Standards

Figure 2-2 Restaurant Comparison

7. Administer a pilot survey with a small sample of people to review the effects.
8. Validate that the results of the pilot survey are meaningful and complete.
9. Make adjustments based on the results of the pilot.
10. Publish the survey and distribute it to your customers and/or potential customers.
11. Collect and tabulate the results.
12. Analyze the results.

Figure 2-3 Example of Restaurant Survey

Restaurant _____ Date _____

Server's Name _____ Host/Hostess Name _____

Items Ordered _____

Were you greeted properly/promptly by host or hostess?

Were you shown to the table and seated properly?

Was the table properly set up?

Were the cushions clean?

Were you properly and promptly greeted by your server?

Did your server offer items from the menu?

Were your questions answered with confidence and poise?

Were dishes served hot or cold, as ordered?

Were the overall appearance and taste of high quality?

Were your water, soda, coffee and/or bread service refilled?

Did your server offer you desserts and coffee?

Were your plates cleared all at once at the end of each course?

Did the server return to the table to inquire if the meal was enjoyable?

Was the menu clean?

Was the lighting level acceptable?

Was the overall cleanliness of the room acceptable?

Was the music volume acceptable?

Was the outdoor volume, if applicable, acceptable?

Was the temperature level acceptable?

Do you feel you received a good value for the price you paid for this meal?

In Denial

Robert Mancuso, gold medalist in the Culinary Olympics, reported, "When I took over at the Sardine Factory in Monterey . . . I got two different pictures from our employees and our customers. While our employees were saying that we were delivering 98 percent customer satisfaction in food quality, our customers thought we were at 60 percent. The irony was, instead of trying to address the customer's complaints, we seemed to think we had to show that we were right and they were wrong." Note the two messages contained in this short quotation. First, make sure you measure the right things. Apparently, the internal measure of food quality that had been used at the Sardine Factory was deficient; it did not capture customer perceptions, which are absolutely crucial. Second, if customers are unhappy, don't tell them they are wrong. Try to figure out why they are unhappy, so you can work to improve that aspect of your operation.

In the example below, we compared five restaurants for two years. The deficiencies noted on the graph clearly show problems that inhibit the effectiveness of menu engineering and up-selling. The performance of these five restaurants shows a bumpy trend. On average, the cleanliness of the facilities is down compared to the previous year. No matter how well waitstaff up-sell, and no matter how well the menu is engineered, if the customers perceive an unclean restaurant, they will not return. These questionnaires reveal where the basics, such as cleanliness, have been neglected. In general, a weekly or monthly evaluation of the guest comments is essential.

Menu Planning

The menu affects every step of a restaurant operation, from planning to everyday functioning. Menu planning involves the following information: menu types, menu nutrition, and menu design. The diagram in Figure 2-4 compares five restaurants to show you how the menu impacts every aspect of their operations. Customers' menu preferences drive equipment needs and procurement cost. For example, a holding cabinet and expensive china and glassware for serving may not be required in a casual bagel shop, but a bagel maker or display case might be required.

Figure 2-4 Restaurant Comparison

	Casual Bagel Shop	Brew Pub-upscale Environment	Elegant Russian Tearoom	Institutional ie. Hospital	Ethnic ie. Thai
Menu Style	Casual and simple a la carte	A la carte or table d'hote	High quality a la carte or semi a la carte	Cycle Menu	A la carte or semi a la carte
Staffing	Not too skilled	Semi skilled	Highly skilled	Skilled in special diets	Skilled in ethnic food
Equipment	Bagel maker, meat slicer	Full range of kitchen equipment	Alto-sham, steamer, sauté, pan, stove, frig.	Full range of equipment. Budget constraint	Suitable equipment for ethnic food
Check average	\$5 - \$10	\$10 - \$15	\$40 - \$80	Set sum. \$5 - \$12	\$10 - 18
Type of service	Fast and casual	Fast not casual	High expectation. Elaborate	Tray service, cafeteria	Not casual
Cost control	Minimum cost control	Minimum cost control	Extensive cost control	High portion control	Extensive cost control
Design atmosphere	Open long counter. Less comfortable, bright lights, square foot (7 to 12)	Casual, square foot per person (11 to 16), comfortable, pleasant	Very comfortable, low dim light, square foot per person (15 to 23), quiet	Open space, self-service	Not casual, square foot per person (10 - 14), pleasant, low music

As you can see, the menu sets the stage for an operation's daily functioning. The choices you make with regards to the menu, staff, style, ambience, price, customers, and equipment will determine the restaurant's profitability.

McDonald's Chic

McDonald's France has been spending lavishly to remodel its restaurants to blend with local architecture and to make their interiors less uniform and sterile. For example, some outlets in the Alps have wood-and-stone interiors similar to those of alpine chalets. The idea is to defuse the negative feelings many French people have toward McDonald's as a symbol of American culture and, perhaps more importantly, to entice customers to linger over their meals and to spend more money. This investment in operating assets has apparently been successful—even though a Big Mac costs about the same in Paris as in New York, the average French customer spends about \$9 per visit versus only about \$4 in the United States.

*Source: Carol Matlack and Pallavi Gogoi, "What's This? The French Love McDonald's?" *BusinessWeek*, January 13, 2003, p. 50.*

Menu Type

Once the menu is determined, decisions about purchasing, labor skill levels, and pricing can be made. Menus can stay the same each day (this is called a static or standard menu), change each day, or be a combination of the two. Most of the menus commonly used in the food service industry are either standard or combination. Standard menus are common in chain and ethnic restaurants such as Thai Cuisine. Each type of menu affects the operation's costs in different ways.

Standard Menu

Many bagel shops, diners, and chain restaurants use the standard menu format. This type of menu offers the same selection of menu items from day to day. Since the same menu items are offered every day, an operation can maintain a record of daily sales for each item. The advantage is that the sales record makes future sales easier to predict. When forecasts are accurate, expenses due to waste from overproduction of a menu item can be minimized. Amounts of food to purchase can be more accurately predicted, resulting in less spoilage and fewer dollars tied up unnecessarily in inventory. Another advantage of the standard menu is that it simplifies culinary processes and employees can be trained on production consistency. A third advantage is that customers know what to expect because they may be returning to their favorite menu item.

A drawback of the standard menu is that it offers little opportunity for use of excess production. If a restaurant prepares too much prime rib, for example, it is difficult to carry over this item for the next day's service. The item will not be the same quality as the first day of service. Some restaurants may use specials either to utilize carryover or to try out new menu items. Also, a standard menu may not be cost effective in a time of rising product cost, since management may not react quickly enough to change the menu to reduce cost. The same is true if management cannot quickly take advantage of inexpensive item that could benefit the business profitably.

Combination Menus

Combination menus offer the manager the flexibility to introduce new menu items through a cycle menu or daily menu and to maintain some amount of signature or standard menu items. These signature items, the ones customers associate specifically with restaurant or operation, constitute a "brand name." Branding is a way for you to make a name in your market by making a unique mark on customers' perceptions.

Combination menus require daily taste testing and training for both kitchen and service staff. They can create imbalances in equipment use and skill-set requirements, depending on the menu of the day. Take, for example, one day's menu item that calls for grilling as opposed to sauté preparation. The chef will depend heavily on the grill and less on the burner during this day. This can change the pattern of operation in the kitchen, affecting different parts of the meal and how quickly meals are served.

Specials

Once a special is determined, it must be communicated to the guest. Attractive boards describing the special can be placed within view of the seated guests. Include a generic *Specials* section in a prime place on the menu, or use a clip-on to advertise the day's specials. Many operators find it cost effective to print pages of specials or even entire menus daily. Durable, attractive menu jackets can be purchased to hold menu inserts. A quality laser printer that prints the appropriate page size is needed.

Specials can be an excellent way to increase profits. Chef's specials can be profitable items that are not on the current menu. They may be left over from different cuts of other menu items, or they can be one of your vendor's best buys for the day. The key to increasing the profit from specials is creativity. Chefs need to be creative with planned daily specials and the use of leftovers, and they should price specials at higher profit margins than regular menu items.

In addition to acknowledging the importance of menu placement, managers find that a significant number of customers accept the suggestions of their servers, who should be trained to offer the specials effectively. You can offer incentives to servers who sell the most specials. Care must be taken to ensure that the plate appearance of a special is particularly pleasing to the guest. The appearance and aroma of the food determine how most people judge a special's acceptability. Even the perceived taste of the food is improved by its visual presentation.

Cycle Menu

Cycle menus are common in schools, hospitals, business cafeterias, conference centers, and lodging facilities that offer room and meal packages. It is favorable and practical in these types of environment that the customers are very frequent and require some variety and choice. Such menus have a set of selections for a period of time, and this set of selections repeats. For example, a four-week menu cycle would start over on week five with the same selections offered on week one. Depending on the previous day's leftovers and on special buys, the chef may introduce new menu items for the day to minimize waste and to improve profitability. The advantages of cycle menus includes those of the standard menu as well as the fact that management can identify customer preferences and make menu changes to enhance customer satisfaction.

Daily Menu

A daily menu is another form of daily special. It also allows the manager to take advantage of special buys and to offer them as daily specials to the customer. With a daily menu, management can quickly react to ever-changing product costs and take advantage of specially priced items to improve profitability. This is a very common practice in upscale and non-ethnic restaurants. Daily menus are generally very profitable if there is no over- or underproduction. If the operation underestimates production and runs out, customers will be dissatisfied. They could also be disappointed if a return customer expects the same item from a previous visit, only to find that their favorite item is not being prepared the same or with the same ingredients. Another disadvantage is that, since the menu changes daily, sales records are more difficult to maintain and to interpret. The main disadvantage of daily menu is planning: purchasing and cooks' training may not be adequate for the daily variation of cuisine.

Menu Nutrition

As the American palate becomes more sophisticated and health-conscious, restaurateurs are aggressively catering to nutrition-minded customers. The trend is toward providing nutrition-conscious customers with ample menu choices. Figure 2-5 provides some of the major food sources for menu consideration. It shows the two major nutrient groups: vitamins and minerals. Vitamins are chemical compounds that promote good health. They consist of fat-soluble vitamins (A, D, E, and K), and water-soluble vitamins (B and C). Like vitamins, minerals are chemical elements that perform various healthful functions in the body. Minerals comprise about 5 percent of a person's body weight. It is the job of the chef to incorporate all of these elements into the menu.

As little as 15 years ago, healthy menus were something that only hospitals needed to provide for their patients. Now, according to a recent NRA consumer research report, nearly 90 percent of adults prefer more healthful menu choices in order to have greater control of what they eat. In response to the Centers for Disease Control and Prevention's estimate that more than six in ten adults meet the clinical definition of overweight or obesity, restaurants are adding low-fat, low-calorie, and low-carbohydrate items, as well as other healthy selections, to their menus. In addition, virtually all restaurants allow patrons to customize their meals by either substituting foods or altering cooking methods. As the recommended dietary guidelines continue to change, one thing remains the same: Portion control is essential to maintaining a healthy weight. Appropriate portion size depends on the customer's daily caloric requirements, resulting from age, weight, build, and level of physical activity. Experts suggest very limited amounts of fat, oils, and sweets. If you can work with your chefs to design a menu rich in grain products, vegetables, and fruits that are low in fat, saturated fat, and cholesterol—and moderated in sugars, salt, and sodium—it could set your restaurant apart from the rest.

Menu Design

When planning for sales, no tool is more influential than the menu itself. And when designing a menu, generating a profit is a prime consideration. For customers, the menu is the first impression and the most complete representation of a restaurant. The menu describes products and prices these items in order to generate enough sales to make a profit. Studies conducted by the Foodco Corporation indicate that 80 percent of new customers and up to 50 percent of repeat customers don't know what they'll order when they enter a restaurant. Thus the menu plays a large part in determining sales. Menus need to be designed in a way that ensures repeat business, high sales volume, and healthy profit. A good design addresses the menu's layout, physical characteristics, and content.

An effective menu layout entices customers to order the items you want. You achieve that by strategically engineering the layout through graphic design, format, photos, icons, colors, and pricing that, while not the focal point of the menu, should lead to selection of highly profitable items. Everything about the layout should relate to the restaurant and the environment you are creating. You don't want to create an upscale restaurant and then hand customers a cheap, poorly printed menu. If in doubt, hire a professional designer to establish a basic design template. What follows is an account of a not-so-successful restaurant that created a successful experience in a matter of four weeks by improving its menu design.

At Michael's Bistro in downtown Monterey, all menu items were treated the same on the menu, and therefore nothing really caught the customer's eye; nothing was exciting or special. Sales were 45 percent below their seasonal average. The manager learned about menu layout and decided to undertake a new layout for her menu. She learned that most customers don't read menus, but rather scan them, and what they see first and last are the items most likely to remain in their minds longest. It is important, then, to put your most profitable items in places where studies show that customers' eyes are most likely to land.

Figure 2-5 Vitamins. *Courtesy of "The Professional Chef, 8th Edition":* by the Culinary Institute of America. © 2006 by the Culinary Institute of America. Reproduced with permission of John Wiley & Sons Ltd.

Vitamins: Their Function and Common Sources		
Name	Function	Food Source
WATER-SOLUBLE VITAMINS		
B-complex (thiamin, riboflavin, niacin, folate, biotin, pantothenic acid, B6, B12)	Allow of proper release of energy in the body	Grains; legumes; vegetables; animal protein (B12 only found in animal foods)
Vitamin C (ascorbic acid)	Increases body's absorption of iron, aids in growth and maintenance of body tissue; boosts immune system; contains antioxidant properties	Fruits and vegetables (berries, melons, tomatoes, potatoes, green leafy vegetables)
FAT-SOLUBLE VITAMINS		
Vitamin A	Aids in proper vision, bone growth, reproduction, cell division and differentiation; regulates immune system; maintains surface linings	Animal protein such as liver and eggs; the precursor—beta carotene—is found in orange, deep yellow and dark green leafy vegetables
Vitamin D	Aids in proper bone formation	Milk; some cereal and breads; fatty fish; egg yolks
Vitamin E	Protects body from damage by free radicals; contains antioxidant properties	Nuts; seeds; seed oils; avocados; sweet potatoes; green leafy vegetables
Vitamin K	Aids in proper blood clotting	Dark green leafy vegetables, such as spinach, kale, broccoli
MINERALS		
Calcium (body's most abundant mineral)	Used in the development of bones and teeth; regulates blood pressure; aids in muscle contraction, transmission of nerve impulses, and clotting of the blood	Dairy products (milk, yogurt); broccoli; green leafy vegetables
Phosphorus	Plays a key role in energy-releasing reactions; used in conjunction with calcium for maintaining bones and teeth	Animal protein; nuts; cereals; legumes
Sodium and potassium (electrolytes)	Aids in the regulation of bodily functions; help to maintain the body's normal fluid balance; involved in nerve and muscle functions	Sodium is plentiful in many foods; potassium is found in virtually all fruits and vegetables
Magnesium	Promotes healthy teeth and bones; muscle contractions; nerve transmission; and bowel functions	Green vegetables; nuts; legumes; whole grains
Fluoride	Helps to prevent tooth decay; may help to prevent osteoporosis	Community water; saltwater fish; shellfish; tea
Iodine	Essential for the normal functioning of the thyroid gland; helps to regulate metabolism, cellular oxidation, and growth	Table salt; cod; grains
Iron	Helps to carry oxygen from the lungs to cells; involved in cellular energy metabolism	Liver and red meat; whole grains; legumes; green leafy vegetables; dried fruit

First, the most profitable items in the three-page menu were placed on the inside right page, toward the middle; the manager had learned that this is the menu’s “prime real estate.” Figures 2-6 through 2-8 identify the best spots on different types of menus, based on the patterns most people’s eyes follow when they open a menu. The most profitable items should be placed in these places.

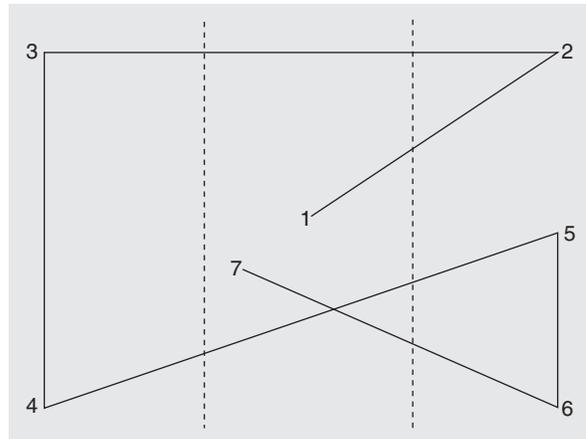


Figure 2-6 Eye Patten for a Three-Page Menu

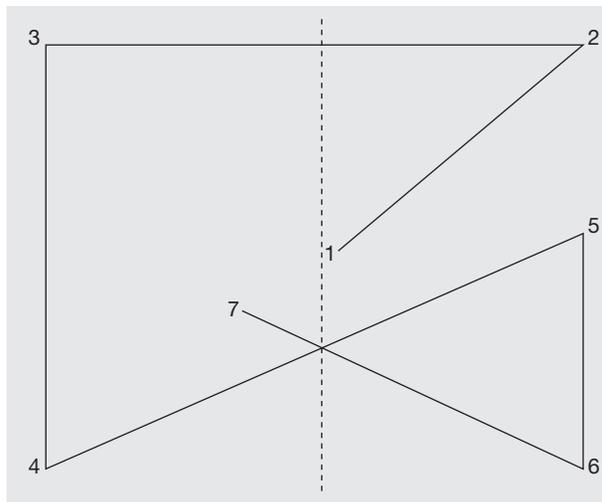


Figure 2-7 Eye Pattern for a Two-Page Menu

Another tactic is to use boxes and icons to sell what you want. Boxes might include specials, or they might simply highlight profitable items. Icons might point out items that are made with a particular fresh ingredient for which your restaurant is famous, or they might indicate heart-healthy items. Figure 2-9 is an example of the use of boxes and icons to sell what you want. According to Dimitri, director of Barneby’s Hotels, “You don’t have to drop items that are seasonally expensive, but you can minimize their impact” by adjusting their positions in the menu.

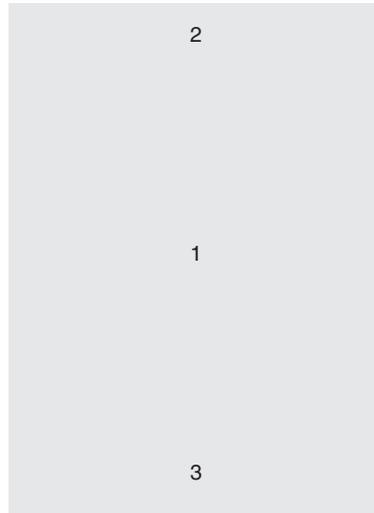


Figure 2-8 Eye Pattern for a One-Page Menu

<i>Entrées</i>			
Custom 28 Day Dry Aged <i>CERTIFIED ANGUSBEEF</i> ® PRIME, Hand Selected by John Tarpoff			
New York Steak <i>16 oz 54.95</i>	Filet Mignon <i>8 oz 59.95 12 oz 53.95</i>	Baseball Cut Top Sirloin <i>16 oz 57.95</i>	Filet of New York <i>8 oz 40.95</i>
CARVED TABLE SIDE			
Peppercorn New York <i>16 oz 56.95</i>	Chateaubriand for Two <i>24 oz 115.00</i>	Chateau of New York for Two <i>24 oz 115.00</i>	Porterhouse Steak <i>24 oz 58.95</i>
	Rack of Lamb <i>45.00</i>		Frenched Rib Steak <i>18 oz 44.95</i>
Steak EL Gaucho <i>club sirloin and lobster medallions</i> <i>39.95</i>	ROQUEFORT Baseball Top Sirloin <i>16 oz 40.95</i>		Double-Thick Vension Chops <i>40.00</i>
Salmon Creek Farms Pork Porterhouse <i>18 oz 29.95</i>	Original El Gaucho Baby Back Ribs <i>24.00</i>		
FLAMING SWORDS			
Shish Kabob of Lamb <i>29.50</i>	Brochette of Tenderloin <i>56.95</i>	Cornish Game Hen <i>21.95</i>	
<i>Fresh Fish and Lobster</i>		<i>Sauté</i>	
3 Fresh Fish Nightly* <i>market price</i>		Veal Scaloppine Marsala 28.00	
Australian Lobster Tail <i>12-16 oz market price</i>		Dungeness Crab Cakes 26.00	
Australian Lobster Tail and Small Filet <i>market price</i>		Vegetarian Cannelloni 17.00	
		Wild Mushroom Risotto 18.95	

Figure 2-9 Fully-Fleshed Menu

Physical Characteristics

The type of restaurant sometimes dictates the physical characteristics of the menu. For example, in Mexican restaurants, long menus are common because a Mexican menu often offers a tremendous number of items. Italian menus sometimes have colorful Italian art. And because coffee-shop menus wear out quickly due to extensive use, they are typically laminated or in a holder—like a booklet that lets you slide pages in and out. At Michael’s Bistro, the manager used the physical size of the menu to grab attention and to affect subtly customers’ impression of the menu. The old menu was too large to be handled easily, so the staff changed the size to 8½ by 11 inches. To highlight profitable items, the manager added appropriate eye-catching graphics with color shading. Take a look at Figure 2-10. Which item in the menu draws your eyes first?

The simple graphic pointing to Item Number 2 draws the reader’s eye immediately. Another idea is to use photographs of the items you wish to sell. Customers can be persuaded to order an item because they have a visual guarantee that the actual presentation will match the photo on the menu. Managers at Michael’s Bistro decided against using photographs because the size of the menu didn’t permit pictures of many items, and because customers could reject or judge their meal harshly if its presentation did not resemble its enticing photo closely. Instead they changed the font size to 14 points, which made the text easier to read. They also started using a thick-grained paper with a high-quality feel.

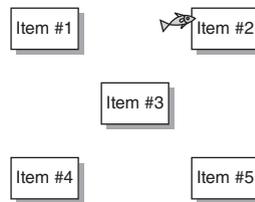


Figure 2-10 Fish Icon Menu

Menu Content

Menu content should appear in the sequence of how the menu items are served: drinks, appetizers, entrées, and then desserts. In Figure 2-11, all elements of good menu description are present. The customer will not wonder what these items are, how they are prepared, or how they are served. They will know what accompanies each dish, and they are reading appetizing descriptive copy to help them decide what to order. Certain words have more selling power than others. For example, “marinated,” “roasted” or “cooked in wood-fired oven” have more allure than simply “fried.” Also important is the perceived value of the meal and the pricing.

Customer Value Perception

All customers have some idea of price and value when they come to a restaurant to eat. If your prices are above those people expect to pay, your restaurant will have to provide a greater perceived value—better ingredients, friendlier or more efficient service, more creative menu items—to emphasize the value and de-emphasize the price. In Figure 2-11, the menu designers have started by de-emphasizing the price. Notice that the price is not the focal point; it does not stand out when all elements of good menu description are present. The customer should not wonder what menu items are, how they are prepared, or how they are served. They should know what accompanies each dish, and read appetizing descriptive copy to help them decide what to order. Certain words have more selling power than others. For example, *marinated*, *roasted*, and *cooked in wood-fired oven* have more allure than simply *fried*. Also important is the perceived value of the meal and the pricing.

If customers find menu items that are offered at prices that are somewhat less than they would expect to pay, they perceive them to be of good value and tend to be attracted to those menu items and the operations that offer them. If the customers see prices as too high, either because of their own budgets or because of perceived value, they will avoid an operation in the future.

<i>Small Salads & Soup</i>	<i>Meat</i>
PORTABELLA MUSHROOM SOUP Fresh portabella and cremini mushrooms, caramelized onion, cayenne, fresh leeks, sherry cream 6.95	BRAISED VEAL SHORT RIBS Harissa maple glaze, veal stuffed ravioli, fresh herbs, natural jus 18.50
GREEK SALAD Vine ripened tomatoes, cucumbers, kalamata olives, crumbled Feta, toasted pita croutons 6.95	BISTRO STEAK Herb chickpea fritters, baby arugula, balsamic ketchup 22.95
CHOP CHOP SALAD Smoked Turkey, wine salami, Provolone, fresh basil, garbanzo beans, Parmesan, crisp romaine, tomatoes, balsamic vinaigrette 8.50	STEAK FRITES – NEW YORK Palomino signature steak, herb de Provence butter, red wine shallot topping, pomme frites 33.95
BRAISED LAMB SHANK Chilled romaine, chopped bacon, diced tomato, toasted hazelnuts 7.50	ROTISERIE PORK CHOP Roasted root vegetable and braced pork ragout, wilted swiss chard 18.50
<i>Big Salads</i>	<i>Pasta</i>
CHOP CHOP SALAD Smoked Turkey, wine salami, Provolone, fresh basil, garbanzo beans, Parmesan, crisp romaine, tomatoes, balsamic vinaigrette 13.50	LOBSTER RAVIOLI Fresh sheets of saffron pasta, lobster and tarragon filling, lobster cream sauce, finished with herb mascarpone 19.95
SPICED PRAWN AND MANGO SALAD Ginger grilled prawns, spiced jumbo cous cous, Fuji apples, mango, bell peppers, cilantro, toasted walnuts 15.95	RIGATONE BOLOGNESE Spicy Italian sausage, pear tomato, crushed garlic, oregano, roasted red pepper cream 16.95
CAESAR SALAD With grilled chicken 13.50 With blackened salmon 15.95	FETTUCINE ALFREDO WITH SEAFOOD Pan seared prawns, Manila clams, Penn Cove mussels, alfredo cream sauce, Parmesan, cracked black pepper 19.95
GRILLED CHICKEN SALAD WITH WARM PECAN CRUSTED BLUE Baby organic greens, crisp romaine, sliced pear, roasted pecans, maple vinaigrette 15.95	PENNE GORGONZOLA Toasted Hazelnuts, black pepper, parsley 13.95

Figure 2-11 Menu Content

On the other hand, if prices are substantially less than customers would expect to pay at a similar restaurant, the customer may question the quality or portion sizes.

Menu Costing

Menu cost is different from menu price. The cost is the money spent by the operation on labor, ingredients, and overhead. In this chapter, menu cost refers to **potential cost**—the expectation of what the food cost *should* be, if you comply with all cost control procedures (discussed in detail in Chapter 9). In other words, it is the standard by which you measure the food cost efficiency of your operation. Using menu recipes, you can easily calculate what each item should cost by adding the cost of each recipe ingredient. You should keep all of this information in your database and update it as prices or menu items change. Before setting menu prices, you should determine what each item costs to prepare. According to the NRA's 2008 survey, only 30 percent of restaurants actually cost out their menu before setting prices. Chain restaurants account for 85 percent of that 30 percent. It's no wonder that the percentage of failed restaurants is so high among other food service operations.

potential cost The expectation of what the cost *should* be, if you comply with all cost control procedures. It is the standard whereby you measure the cost efficiency of your operation.

Menu Pricing

While menu cost is what the operation spends to make an item, **menu pricing** is the establishment of how much a customer is charged for an item. Menu pricing is an integral part of menu content. Pricing methods can help or hinder cost and profit objectives. Pricing can determine sales volume and dramatically affect your bottom line because customers will react to prices so quickly that you often won't get a second chance. Consider your market and your costs to plan what you can—and need to—charge.

menu pricing How much a customer is charged for an item.

Although pricing is often as much an art as a science, your profit margin determines how profitable you are—and you don't want to leave that to chance. Many software programs, such as

Menu Magician from Foodco and Chef Tec, are designed to analyze menu items in order to facilitate maximum guest satisfaction *and* restaurant profit. One way software programs can help is by suggesting an average guest check amount, which can be used as a planning tool. Such programs can also outline sales according to “entrée-only” items so that managers can actually see the sales and profit distribution of all items. This can also be done manually on a simple spreadsheet, but doing so is more time-consuming.

Before we get to detailed menu pricing information in Chapter 13, you will learn about purchasing and costing, which will form the basis of your pricing decisions.

Truth in Menu Content

Truth in menu content is a legal issue as well as a matter of integrity and confidence. The manager must ensure that the menu content is accurate. If you say that your beef is prime or your chicken is free-range, for example, it must be purchased and served that way. Laws limit the substitutions you may make. Often, customers must be told about substitutions so that they can make an informed choice. Think of this as a promise that the manager must keep. Moreover, if you claim certain health or nutritional values associated with any of your menu items, the U.S. Food and Drug Administration (FDA) requires that you substantiate and communicate these facts to your customers. For example, you might make a nutritional or health claim such as “low fat,” “organic,” or “heart-healthy.” Symbols to denote such desired qualities are often printed on a menu. Managers should research how to substantiate such claims—for example, by providing nutritional information upon request—as well as the best ways to ensure consistency in the kitchen. It is illegal to mislead customers or misrepresent what you serve.

The “Dollars and Sense” of Menu Planning through Staff Training

Menu planning is a powerful tool for realizing objectives of minimizing operating costs and maximizing sales. This can be aided by specific staff training in the area of suggestive selling techniques. Knowing your menu mix percentages is just the first step toward gaining a competitive edge. Menu mix percentages are the number of specific items sold divided by the total number of items sold. Communicate these strategies to your staff members and discuss how they can up-sell or cross-sell items. The knowledge they gain can translate into confidence in dealing with customers.

Here is an example of a manager “sleeping at the wheel”:

I led a training workshop for servers at a restaurant that will remain unnamed. By the end of the workshop, I was confident in our servers’ abilities to sell, as I witnessed their abilities grow in role play after role play. The room was alive with enthusiasm; I could see them mentally counting their additional tips as they grew more confident in their abilities. As a professional trainer and salesperson, I was satisfied, and I was sure our guests would be, too.

A couple months later, when I found myself sitting in the very restaurant whose servers I had trained, accompanied by the hotel’s general manager and our company president, I must admit I was a little smug about what was about to happen.

We were approached by one of the workshop attendees. When the president asked, “How are the crab cakes?” I was ready for her to take the opportunity and run with it. Instead, to my horror, I heard, “Nobody’s sent them back yet.” I knew the training session was two months ago, but did nothing stick? Although the president was appalled by the response, to add insult to injury, the general manager did not appear to see anything wrong with the server’s answer.

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The GM's reaction told me what was wrong, and it had nothing to do with my training techniques.

It was apparent that the server had been "re-educated." Apathy, lack of appreciation, and an obvious lack of confidence in the product had killed the server's enthusiasm before it had a chance to mature into practiced ability. This attitude can run through an organization like a virus and kill any chance of business and personal growth.

Source: Lizz Chambers, CHE, CHA, and Ralph Miller. "Enthusiasm: Have It. Transfer It or Lose It." Hotel News Resource Dec. 6, 2006.

A trained waitperson can confidently suggest the perfect combination of good food and wine if he or she can say, "I've tasted this wine with the pasta special, and it was excellent" or "Have you considered a chardonnay with the salmon you're having?" Perhaps the salmon is one of your slow-moving menu items, and it only needs recognition to achieve the popularity its taste warrants. Many customers are looking for their server's knowledgeable opinion. All it takes is familiarity with a few good wines and how they taste with menu items.

Wine can be particularly profitable, and your waitstaff is the key to that profitability. When coaching your staff, ask them to remember this phrase: "Have you decided on a wine with your dinner this evening?" It carries a powerful punch but is so subtle that customers will not feel pressured. The secret is to train employees always to think positively about every order. For example, with customers who request an opinion about the menu, train your staff to suggest the chef's special or the slow-moving but profitable menu item. If customers order three glasses of wine, the staff should thank them and then suggest, "For about the same price, you can have a bottle of the house wine and still have enough left over to top off your glasses later on." This idea is bound to bring an order for the bottle—or at least an appreciation for the interest.

Timing is essential. When the waitperson suggests the second bottle before the entrée but after the first course, he or she has hit upon perfect timing. The customers are going to look at the little bit of wine left in their glasses and think about the good meal yet to come. On the other hand, suggesting the second bottle too soon amounts to pushing the guest. Suggest it after the dinner is served, and the sense of anticipation will be gone; many customers will decline and make do with what they have. And if you or your staff needs some incentives, share with them the chart in Figure 2-12, which assumes an entrée cost of \$40.

For the server, the increase in income from two glasses of house wine to two glasses of Chardonnay in 52 weeks is \$1,443. The increase from two glasses of house wine to a bottle of Chardonnay in one year is \$8,775. From the restaurant's perspective, assuming that fifty covers a night order Chardonnay instead of house wine, the company will gross almost \$22,812 more. If every three covers order a bottle of wine, the difference is nearly \$119,000. The bottom line is that the staff needs to understand the menu, the wines, and the customer. The staff and the company can both benefit tremendously.

Menu Launch

Once the menu is developed, an effective menu launch becomes the critical step to its success. You launch a menu when you premiere that menu with the public. A menu launch for a new restaurant is far more time-consuming and costly than one for an established restaurant. This is primarily due to name recognition.

You've created a menu that the customer really wants, right? Before attempting a menu launch, make sure that all operational issues (staff training, equipment, and supplies) are taken care of.

Figure 2-12 Wine and Tips Table

	With 2 Glasses of House Wine @ \$3.25/ea.	With 2 Glasses of Chardonnay @ \$4.50/ea.	With a Bottle of Chardonnay @ \$24.00
Wine Charge	\$6.50	\$9.00	\$24.00
Total Dinner	\$46.50	\$49.00	\$64.00
Employee's Tip @ 15%	\$6.98	\$7.35	\$9.60
Tips for five tables	\$34.90	\$36.75	\$48.00
Tips for three turnovers	\$104.70	\$110.25	\$144.00
Tips in five days	\$523.50	\$551.25	\$720.00
Tips in four weeks	\$2094.00	\$2205.00	\$2880.00
Tips in 52 weeks	\$27,222.00	\$28,665.00	\$37,440.00

This will minimize customer dissatisfaction. To maximize your chances for good customer turnout, you may have to spend money on promoting your restaurant through radio, TV, the Internet, magazines, or newspapers. This could be very expensive. Most restaurants barter with other organizations to relieve the expense. There are excellent books on how companies launch new and old products with more ideas than can fit within the scope of this book. We'll limit ourselves to just this very useful one: bartering.

Bartering to Launch a Menu and Boost Sales

bartering Trading goods and services without the exchange of money.

In today's business environment, bartering, one of the oldest forms of trade, has been transformed into a sophisticated way of doing business in the food service industry. **Bartering** is defined as trading goods and services without the exchange of money. Restaurants use bartering as a way to launch new menus and to increase business during slow periods, and magazines or radio stations may barter to fill advertising spaces.

Let's look at an example of how a restaurant might barter to make the difference for their business levels. In 2008, at the urging of friends and family who had tasted his cooking, Carlos Reyes opened a 100-seat restaurant called All-American Cuisine in a tourist area of Los Angeles. The restaurant concept proved an immediate success, first with the locals (who approved of the price and variety) and then with holiday visitors.

After summer was over, restaurant business dropped by 50 percent and Carlos was contemplating closing the restaurant during the winter months. But he was concerned about the cost of reopening the restaurant the following summer: Wouldn't he need to advertise to let people know he was open again? With that in mind, Carlos approached the local radio station with the idea of trading lunches and dinners for airtime, at a rate about equal to his retail prices. The idea was accepted, and both companies entered into a contractual agreement whereby All-American Cuisine would supply lunches and dinners upon request for a total value of \$10,000 in return for one hour of airtime every week for the months he planned to be in business.

Three weeks into his summer season, Carlos's business started to pick up, and within six weeks, it was at 95 percent capacity. Now the big question was as follows: How should the restaurant account for its sales from the barter business with the radio station? No money was exchanged, and the cost of the meals served was less than the \$10,000 trade value. To begin to answer the revenue recognition question, we must refer to *generally accepted accounting principles* (GAAPs), which require that barter transactions be accounted for at

“fair market value.” Fair market value in this case is \$10,000, and that is what the sales tax payment will be based upon. Without going in-depth into accounting practice, which is beyond the scope of this book, the following journal entry should help clarify the revenue recognition question:

To record contracted rate between All-AmericanCuisine and the radio station (external rate):

	Debit—Balance Sheet	Credit—Balance Sheet
Prepaid Asset—Barter	\$10,000	
Deferred Liability—Barter		\$10,000

These accounts will be written off to zero as both parties redeem their trade value.

To record actual cost (internal rate): Assume food cost of 30 percent:

	Debit—Profit and Loss	Credit—Profit and Loss
Advertising—Radio	\$3,000	
Food Cost		\$3,000

This entry effectively recognizes the food cost credit and charges the advertising expense account.

From the above, it is clear that bartering is more than just a fair exchange of goods and services between two businesses. It provides financial bonuses for both companies. In a nutshell, it is a cash-conservation vehicle because paying for business expenses such as advertising with trade dollars leaves more cash available for other, strictly cash expenses.

For more information about barter, contact the International Reciprocal Trade Association: 175 West Jackson Blvd. Chicago, IL 60604.

SUMMARY

When planning for sales, no tool is more important than the menu. Menus need to be structured in order to ensure repeat business, higher sales volume, and increased profitability. To achieve these goals, meeting the customer’s needs is critical. Both the content and the appearance of the menu must appeal to the customer.

To maximize profitability, the most profitable items should be emphasized. This may be achieved through strategic placement, highlighting, server suggestions, and appealing descriptive copy. Only by designing and pricing the menu properly can profit be maximized. Once a menu is developed, the staff should be trained fully to sell the most profitable items and to increase check averages. They also must be trained to provide excellent service and to seek feedback from customers about opportunities for improvement, regarding not only the menu, but also all aspects of the operation.

CHAPTER QUESTIONS

Critical Thinking Questions

1. The menu is the primary food service sales tool. True or false?
2. A menu should be laid out to flow in the same order as the items are served in a meal. True or false?
3. Specials should generally be priced at lower-than-average contribution margins to ensure that they will sell. True or false?
4. One advantage of a well-designed menu is that it eliminates the need to train the waitstaff regarding sales techniques. True or false?
5. In maintaining minimum standards, the customers' perception is primary. True or false?
6. What is a market survey, and what are the benefits of giving one?
7. What are the main characteristics of a standard and combination menu?
8. What factors should be considered in creating and designing a menu?

Multiple-Choice Questions

1. In designing a menu, which of the following should be considered?
 - A. customers
 - B. product availability
 - C. skill level of staff
 - D. kitchen design
 - E. all of the above
2. What is a good way to research your customers' preferences?
 - A. Look them up on the Internet
 - B. Guess what their preferences will be
 - C. Conduct a market survey of past, present and potential customers
 - D. Ask your competition what their customers' preferences are
3. Which of the following elements must menu planning include?
 - A. Printing the menus from a template
 - B. Consulting with your competition
 - C. Training your vendors to bring the right ingredients
 - D. Considering menu type, menu nutrition, menu design
4. How can you accurately calculate the menu cost of an item on your menu?
 - A. Using your menu recipes and the cost and amount of each ingredient
 - B. Remembering the cost of similar items at other restaurants where you've worked
 - C. Asking your vendors for their opinion of what it should cost
 - D. You cannot calculate menu costs because your vendors might change

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5. Let's say your menu offers free range chicken and organic beef entrée items on the menu. The vendor couldn't bring either this week. What can you do?
 - A. Substitute more economical chicken and beef products
 - B. Substitute more expensive chicken and beef products
 - C. Inform guests and allow them to decide if they still want the item
 - D. Remind guests that free range and organic meats are healthier
 6. Wait staff can increase sales by which of the following means?
 - A. Presenting the specials using appetizing language
 - B. Offering wine pairings to go with the entrées
 - C. Making their offers to the customers at the appropriate times during the meal
 - D. All of the above
 7. Wait staff can also benefit *directly* from increased sales. Why is that?
 - A. Good salespeople can work in any industry.
 - B. When sales increase, tips generally increase as well.
 - C. Customers are more content when they have wine and dessert.
 - D. Wait staff enjoy additional training.
 8. Which of these is an advantage to using a standard menu?
 - A. Standard menus allow for great flexibility from day to day.
 - B. You don't need to select items for a standard menu, because these are created by a franchise owner.
 - C. Since menu items remain the same, future sales are easier to predict.
 - D. Such a menu offers suggestions to your guests, so your servers don't have to do so.
 9. When you barter goods and/or services, how are these accounted for in your sales?
 - A. Barter transactions should be accounted for at fair market value
 - B. Barter transactions are inherently illegal
 - C. Barter transactions cost you less, so you should account for them at cost
 - D. Barter transactions need not be accounted for, because no money changes hands
 10. If your restaurant is very expensive and upscale, your menu must:
 - A. Feature organic and vegetarian items
 - B. Include a long wine list
 - C. Spell out dollar amounts instead of using numerals and dollar signs
 - D. Match your image