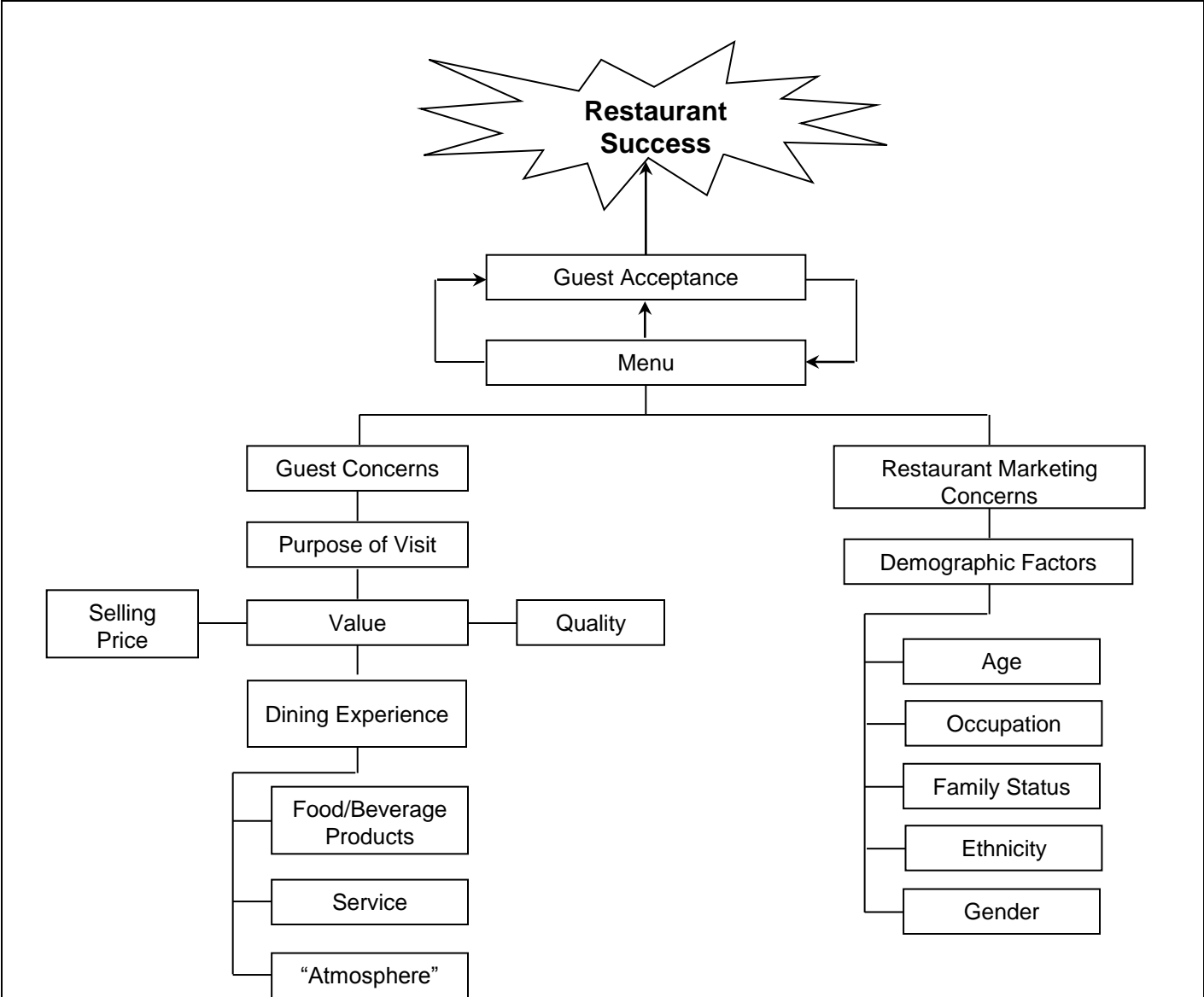


# Marketing-Related Factors to Be Considered by Menu Planners



# The Menu Impacts the Restaurant's Resources

- Labor (management and other employees)
- Food and beverage products
- Equipment for product storage, production, service and clean-up
- Operating expenses (specified in the approved budget)
- Time (perhaps the most limited [or, at least, irreplaceable] resource of all!)
- Utilities/related costs
- Square and (in the case of storage) cubic footage devoted to production and service
- Standard operating procedures (methods)

# Classic Menu for French Cuisine

Course Number	Name of Course		Contemporary Examples
	French	English	
1	Hors-d'Oeuvres Froid	Cold Appetizer	Melon and Fresh Figs
2	Potage	Soup	Duckling Consommé with Quenelles and Vegetable Garnish
3	Hors-d'Oeuvres Chaud	Hot Appetizer	Ham
4	Poisson	Fish	Salmon and Sea Scallops with Champagne Caviar Sauce
5	Relevé/Grosse Piece	Main Course	Roast Rack of Lamb with Tarragon Lamb Juice accompanied by Ratatouille, Dauphine Potatoes and Vegetable Medley
6	Entrée	Intermediate Course	Grilled Medallions of Pork
7	Sorbet	Sorbet	Basil Sorbet Intermezzo
8	Roti; Salade	Roast With Salad	Roast of Beef with Salad of Baby Lettuce and Curry Ladled with Balsamic Vinaigrette and Roasted Pine Nuts
9	Roti Froid	Cold Roast	Sliced Breast of Turkey
10	Legume	Vegetable	Buttered Green Beans and Lentils
11	Entremets	Sweet	Tartufo Chocolate Extravaganza
12	Savoury	Savory	Fried Camembert Cheese
13	Fromage	Cheese	All types with Celery, Radishes, Biscuits and Butter
14	Dessert	Dessert	Petits-Fours Variety
15	Cafe	Coffee	

# Common Types of Menu

The word “menu” is French and means “bill of fare.”  
Common types of menus:

- *Ala carte* menus – The word “*ala carte*” means individually priced; an *ala carte* menu lists food items that are separately priced. The charge is based upon the prices of the items that the guest orders.
- *Table d’hôte* menus – This term basically means “all at one price.” The guest charge does not vary based upon what is selected. Examples include a Sunday or holiday buffet for a specified (fixed) price. This is a *table d’hôte* offering because the guest is charged a fixed price that is unrelated to the items selected.
- Cyclical menu – The word “cyclical” refers to “cycle”; the restaurant may, for example, plan a 28-day menu that is then repeated.
- *Du jour* menu – Also called “daily special,” the word “*du jour*” means “of the day.” Many restaurants offer daily specials (*du jour* items) in addition to regular menu items.

# Menu Planning Tools

- Copies of old menus
- Copies of competitors' menus
- Menu evaluation information
- Standard recipes
- Product inventory and ingredient availability
- Input from managers, employees and guests
- Television Cooking Shows
- Catering Magazines and Websites

# Factors to Consider as Items for Menu Categories are Assessed

- Variety
- Temperature
- Preparation method
- Texture
- Shape and sizes
- Flavor
- Color
- Composition and balance

# Truth-in-Menus

Problems with menu accuracy can be categorized as follows:

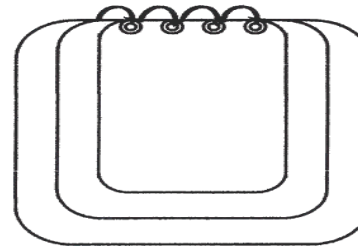
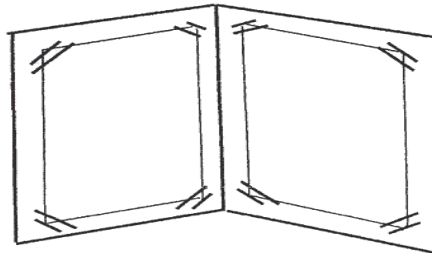
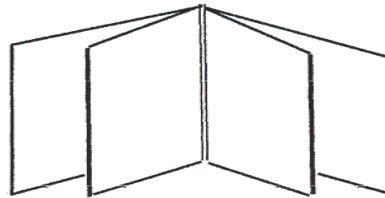
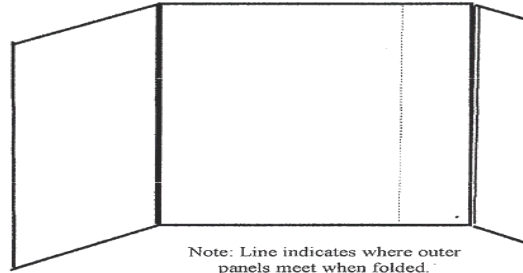
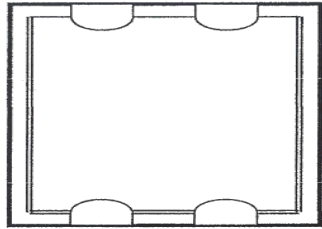
- *Quantity.* A two-egg omelet should contain two eggs; an eight-ounce steak should weigh approximately eight ounces (AP).
- *Quality.* The term “prime” used to describe a steak, refers to a specific U.S. Department of Agriculture (USDA) grading standard. U.S. Grade A or U.S. Fancy (for vegetables) and Grade AA (for eggs and butter) also indicate specific quality grades.
- *Price.* If there are extra charges (for example, for call or premium-brand liquors) these prices should be identified. If service charges will be added, these should be indicated.
- *Brand names.* If a specific product brand (Coca Cola) is noted on the menu, this brand should be served.
- *Product identification.* Maple syrup and maple-flavored syrup are not the same (nor is orange juice and orange drink).

# More Truth-in-Menus

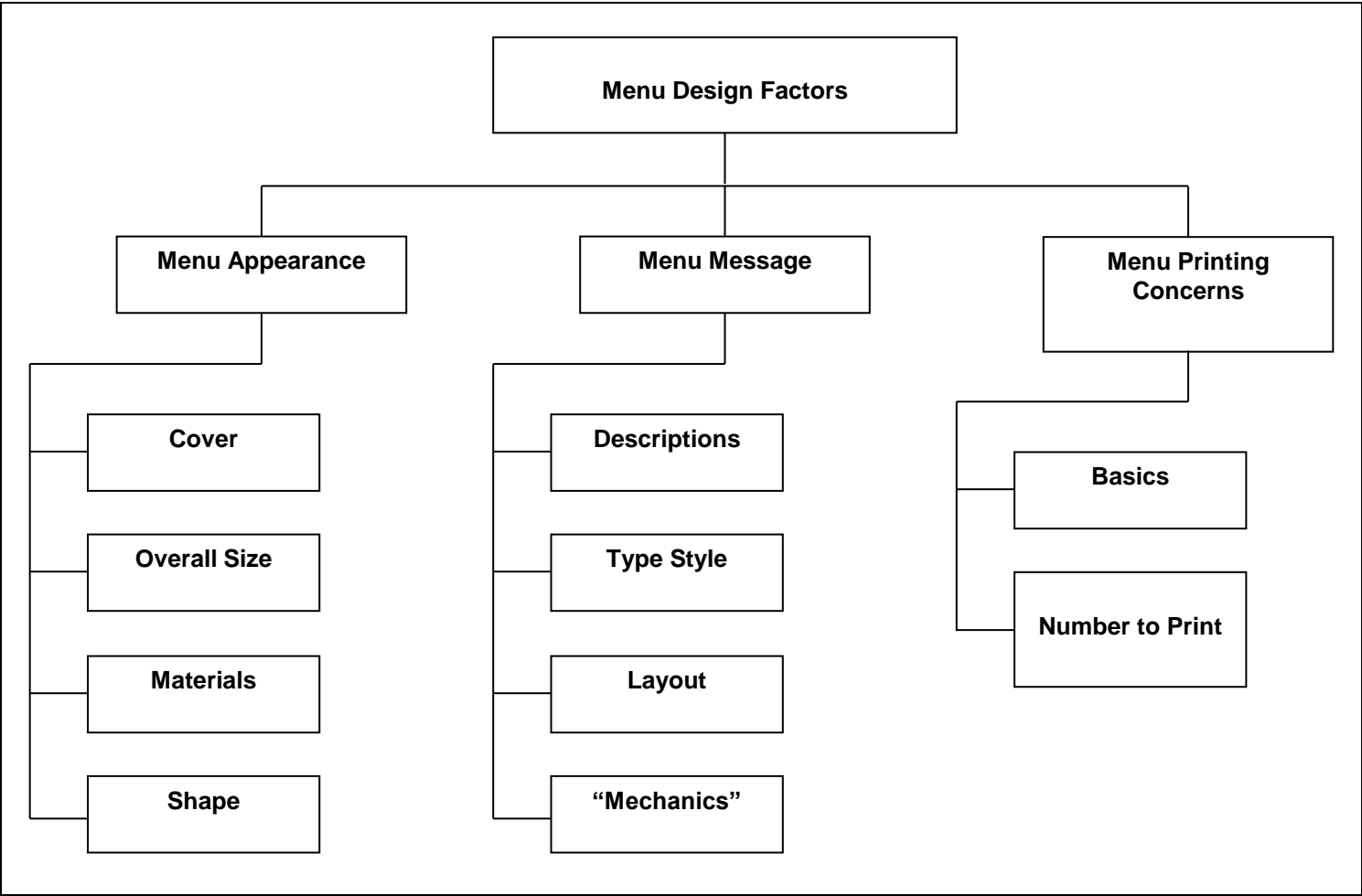
- *Points of origin.* “Pacific” shrimp cannot be from the Indian Ocean.
- *Merchandising terms.* Guests recognize that “trade puffing” is different than purposeful misrepresentation.
- *Preservation.* Frozen apple juice or canned green beans should not be called “fresh.”
- *Food preparation.* “Made on-site” does not apply to a convenience food product made elsewhere.
- *Verbal and visual presentation.* A menu photograph depicting eight shrimp on a shrimp platter means that eight shrimp should be served.
- *Dietary and nutritional claims.* If the menu indicates “egg substitutes are available,” they should be and must be used when this product is requested.



# Common Menu Types



# Important Menu Design Factors



# Factors Contributing to Menu Appearance

- Cover
- Overall size
- Materials
- Menu shape

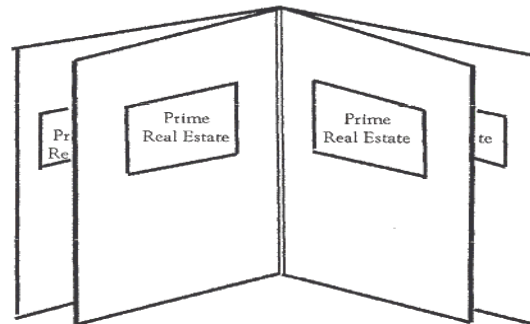
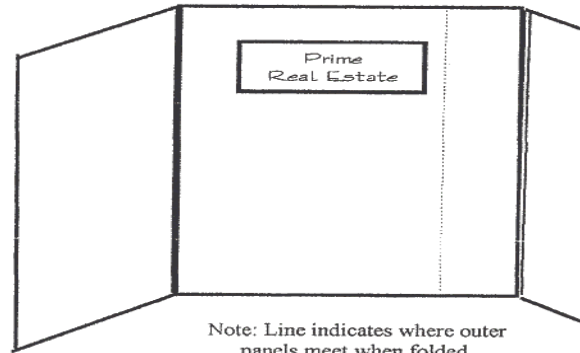
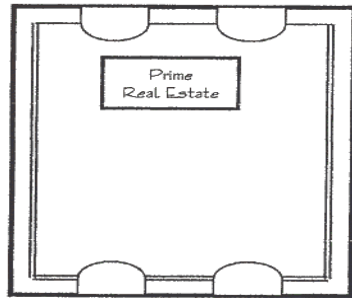
# Menu Design Concerns Relating to its Message

➤ Descriptions

➤ Type style

➤ Layout

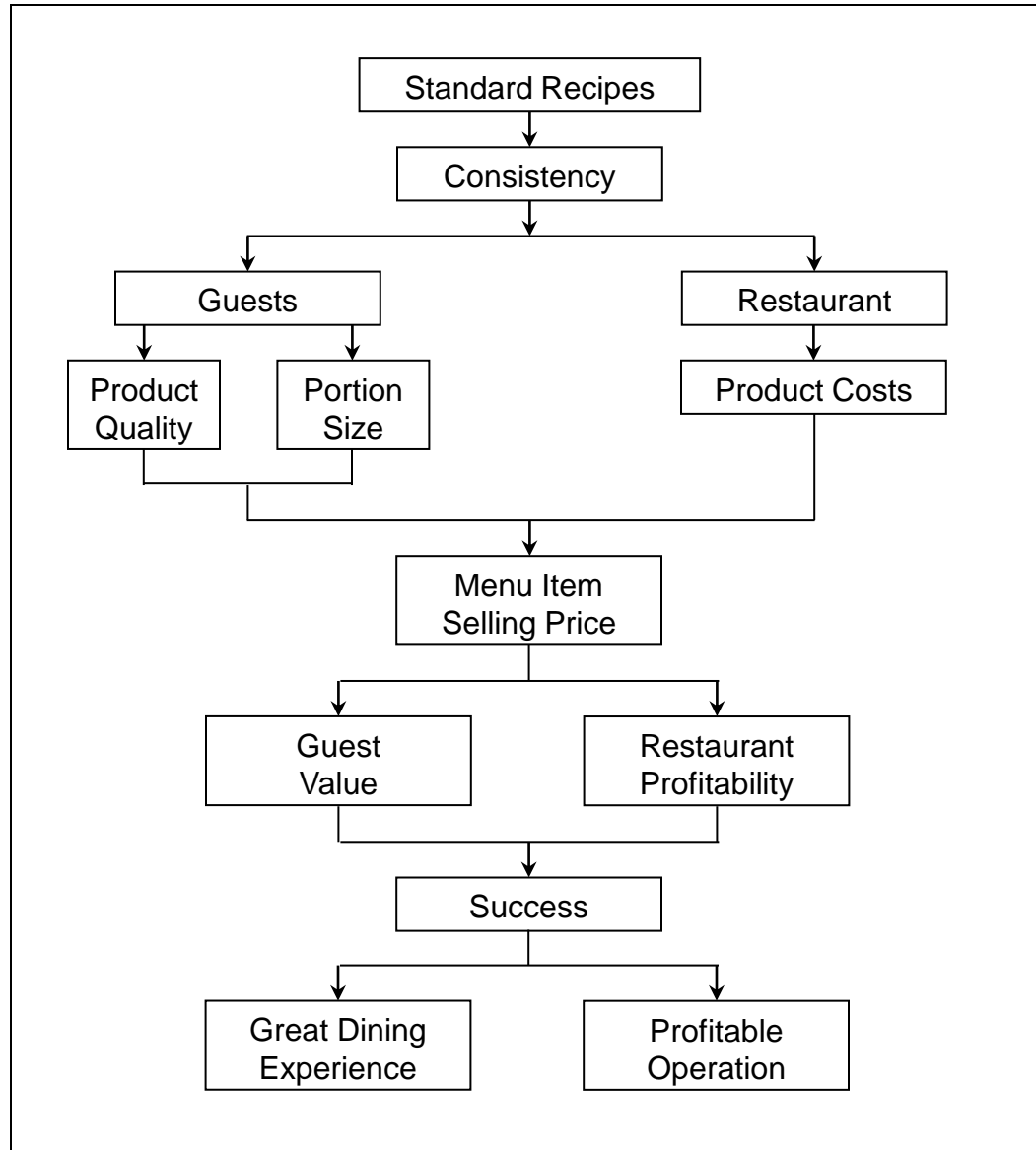
# “Prime Real Estate” in Three Common Types of Menus



# Subjective Pricing Methods

- The reasonable price method
- The highest price method
- The loss-leader method
- The competitive method
- The intuitive (wild guess) method

# Standard Recipes Connect Guest and Property Concerns



# Mark-Up Pricing Method

**Step 1: Determine the food costs (chicken dinner with cost of \$3.32).**

**Step 2: Determine the multiplier.**

- **Budgeted food revenues: \$875,000**
- **Budgeted food costs: \$325,000**
- **Budgeted food cost %: 37.1% (food cost ÷ food revenues)**

**A multiplier can now be calculated:**

$$\frac{1}{\text{Budgeted food cost percentage}} = \frac{1}{.371} = 2.7 \text{ (rounded)}$$

**Step 3: Establish a base selling price. Multiply the food cost for the chicken dinner by the multiplier:**

$$\begin{array}{rcccl} \$3.32 & & & & \\ \text{(ingredient cost)} & & & & \\ & (x) & & & \\ & & 2.7 & = & \$8.96 \\ & & \text{(multiplier)} & & \text{(base selling price)} \end{array}$$



# Contribution Margin Pricing Method

Assume the budget indicates:

- Non-food costs = \$395,000
- Profit goal = \$ 50,000
- 85,000 guests

Step 1: Determine the average contribution margin per guest.

$$\frac{\text{Non-food costs} + \text{Profit}}{\text{Number of expected guests}} = \text{Average contribution margin per guest}$$
$$\frac{\$395,000 + \$50,000}{85,000} = \$5.24$$

Step 2: Determine the base selling price for the menu item (add the average contribution margin per guest to the item's standard food cost).

$$\begin{array}{rclcl} \$3.60 & + & \$5.24 & = & \$8.85 \text{ (rounded)} \\ \text{(food cost)} & & \text{(contribution margin)} & & \text{(base selling price)} \end{array}$$

# Ratio Pricing Method

Assume that the operating budget of a restaurant (no alcoholic beverages) specifies:  
food costs = \$235,000; non-food costs = \$560,000; budgeted profit goal = \$80,000.

Step 1: Calculate the ratio of food costs to non-food costs plus profit:

$$\frac{\text{Non-Food Costs} + \text{Profit}}{\text{Food Costs}} = \text{Ratio}$$
$$\frac{\$560,000 + \$80,000}{\$235,000} = 2.72 \text{ (rounded)}$$

Step 2: Calculate the total non-food costs and profit for the menu item.

If the food cost is \$3.75, the amount of non-food costs and profit required is \$10.20  
(\$3.75 x 2.72 = \$10.20)

Step 3: Determine the base selling price for the menu item:

$$\begin{array}{r} \text{Non-food costs/profit} - \$10.20 \\ \text{Food cost} \quad \underline{\$ 3.75} \\ \hline \$13.95 \end{array}$$

# Prime Cost Pricing Method

Assume the following from the budget: Labor Costs = \$210,000; Number of Expected Guests = 75,000; Desired Prime Cost Percentage (Food Cost % + Labor Cost %) = 62%.

Step 1: Determine the labor costs per guest.

$$\begin{array}{rcl} \text{Labor Cost per Guest} & = & \frac{\text{Labor Costs}}{\text{\# of Expected Guests}} \\ \\ \$2.80 & = & \frac{\$210,000}{75,000} \end{array}$$

Step 2: Determine the Prime Cost per Guest, (assume a Food Cost of \$3.75).

$$\begin{array}{rclcl} \$3.75 & + & \$2.80 & = & \$6.55 \\ \text{(Food Cost)} & & \text{(Labor Cost per Guest)} & & \text{(Prime Cost per Guest)} \end{array}$$

Step 3: Determine the menu item's base selling price.

$$\begin{array}{r} \frac{\text{Prime Cost per Guest}}{\text{Desired Prime Cost Percentage}} \\ \\ \frac{\$6.55}{0.62} \\ \\ \$10.56 \text{ (Base Selling Price)} \end{array}$$

# Maximize the Contribution Margin

Menu Item	Menu Item			
	Item Food Cost	Item Selling Price	Food Cost Percentage	Contribution Margin
Item A	\$ 3.50	\$10.95	32.0%	\$ 7.45
Item B	\$ 8.00	\$18.25	43.8%	\$10.25
Item C	\$12.50	\$26.50	47.2%	\$14.00

# Menu Engineering Worksheet

Restaurant: \_\_\_\_\_

Date of Analysis: \_\_\_\_\_

Meal Period:  Breakfast  Lunch  Dinner

(A) Menu Item	(B) Number Sold	(C) Sales %	(D) Food Cost	(E) Sales Price	(F) Item CM	(G) Total Food Cost	(H) Total Revenues	(L) Item CM	(P) CM Type	(R) Sales % Type	(S) Menu Item Classification
Tuna Salad Plate	270	14.3	3.25	7.25	4.00	877.50	1957.50	1080.00	Low	Low	Dog
Beef Stew	490	25.9	4.25	8.50	4.25	2082.50	4165.00	2082.50	Low	High	Plow Horse
Fried Chicken	810	42.9	5.15	9.75	4.60	4171.50	7897.50	3726.00	High	High	Star
Sirloin Steak	320	16.9	8.25	13.50	5.25	2640.00	4320.00	1680.00	High	Low	Puzzle
	<b>N</b>			<b>I</b>			<b>J</b>	<b>M</b>			
Column Total	1890					9771.50	18,340.00	8568.50			
Additional Computations:							<b>K = I/J</b>	<b>O = M/N</b>	<b>Q (Popularity) = 100% ÷ No. items × 70%</b>		
								\$4.53	17.5%		

# Managing Plow Horses (Low Contr. Margin; High Popularity)

- Increase prices carefully (in stages?)
- Relocate to low menu profile
- Shift demand (provide better value alternatives)
- Combine with lower cost items
- Assess direct labor factor
- Consider portion reduction

# Managing Puzzles (High Contr. Margin; Low Popularity)

- Reposition and feature
- Add value
- Rename
- Decrease price
- Limit
- Promote
- Increase visual presentation
- Use suggestive selling
- Take off menu

# Managing Stars (High Contr. Margin; High Popularity)

- Maintain rigid specifications
- Locate in highly visible menu location
- Test for price inelasticity
- Use suggestive selling
- Merchandise and promote



# Managing Dogs (Low CM; Low Popularity)

- Eliminate
- Raise selling price
- Replace
- Manage