



Real menu makeover

Running a menu matrix will achieve higher profits and customer satisfaction, as well as realize business goals

To make the issue more hands on and show you how to run the matrix, we have taken a real live case between a client and his consulting company (their names have been changed for confidentiality).

The consulting company's client, Maher, called to say that check averages were up 19% due to his new menu system. He was excited, especially since he had been trying to sell against discount kings in the sub sandwich category, and in the process he was also attracting coupon hungry patrons.

Maher is one of an increasing number of second-generation restaurant operators coming to understand that marketing programs are an investment in the business, and not simply an expense. To that end, he's willing to put a dollar into his marketing program, because he can get three dollars back. And that's exactly how marketing investing should be. Put something in and get more out.

Maher is in a really tough business segment, being in the sub sandwich category and selling against Subway, and the like. The consultant's advice was to stop discounting and start building value in his restaurant brand by taking advantage of his unique history and place an emphasis

on the processes that are unique to his business. In other words, start to build a relationship with his customers and start to offer real value that could support a higher price, so he could get away from the discount madness that seems to prevail in the restaurant industry today.

Menu matrix and product analysis

The consultants ran menu matrix reports on Maher's seven locations, and then they ran a matrix on the cumulative data to compare each store and look at the business overall. A menu matrix is product rationalization that places products in categories based on their popularity and profitability. High popularity and profitability items become stars, low popularity but high-profit items become puzzles, high popularity yet lower-profit items become workhorses and both low profit, low popularity items become dogs.

A menu matrix will place each of the client's products into one of four categories based on their sales volume and contribution to profits. The client will be able to see which items have higher-than-average sales and profitability often referred to as "stars"; which items have higher-than-average sales but have lower-than-average profitability and vice versa, and

which items do not sell well and have lower-than-average profitability, often referred to as "Dawgs".

The menu matrix gives a visual representation of the landscape of the current menu, and helps the client decide which items to feature more prominently on the menu, which items need to be made more profitable, and which items require some soul searching to justify their continued existence on your menu.

The result will be a higher sandwich contribution overall and a better impression on guests which will help elevate their perception of the food and the experience. And, of course, higher profits for the client.



THE FOUR MENU CATEGORIES

Stars Both popular and profitable, these items are your best opportunity to build a strong, more profitable restaurant. For a start-up restaurant, these items will have a higher-than-average profit potential.

Puzzles Products that make a higher than average profit, but lower than average sales. These items may be wrong for your restaurant, may be too high-priced or may need to be marked or named differently. In a startup restaurant, these will be an unknown quantity, so this is where you will want to promote.

Cash Cows Sometimes referred to as Plough Horses, these items are high-volume with below-average profit. Items that have high competitive nature will probably fall into this category, particularly items that don't differentiate your menu from a number of other restaurants, including popular standbys like burgers. When working with cash cows on a menu, you will never want to highlight them, but instead bury them in the middle of category. Cash cows are like milk in a grocery store - making your guests read other items on the menu to find them may get them to trade up to something better for you.

Dawgs Every restaurant has a few, some have a lot. Dawgs underperform in both profit and popularity, so if you cut an item, this is often a great place to start. But before you start cutting Dawgs, you will need to look a little further first. If the items represent more than 25% of your overall business in category, you may want to invest some time rethinking the items to see if you can increase their appeal. Also, cut items that are orphans first, as they are items that will hold your inventory ransom.

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