KING-CASEY *Insights & Trends in Restaurant Merchandising & Design*

REPORT



Bojangles

Menu Optimization Grows Sales & Profits at The Drive-Thru



WHAT IS MENU OPTIMIZATION?

Menu Optimization results in maximizing the revenue and profits of a brand's menu offerings through proven business processes that are grounded in consumer research. The primary processes involved include the following:

Menu Reengineering
This process involves the redesign of a brand's food and beverage offering. It is based on consumer research and data analytics. Activities typically include: Consumer Insights; Menu Assessment; Menu Simplification; Menu Strategy; and Menu Architecture.

Menuboard Communications
Flowing from the previous menu reengineering initiative, this process includes the physical design of the menuboard and/or hand-held menus. The resulting menuboard/menu strategies and designs are then tested with consumers to identify the best performing one that will be rolled-out across the system.

OVERVIEW & OBJECTIVES

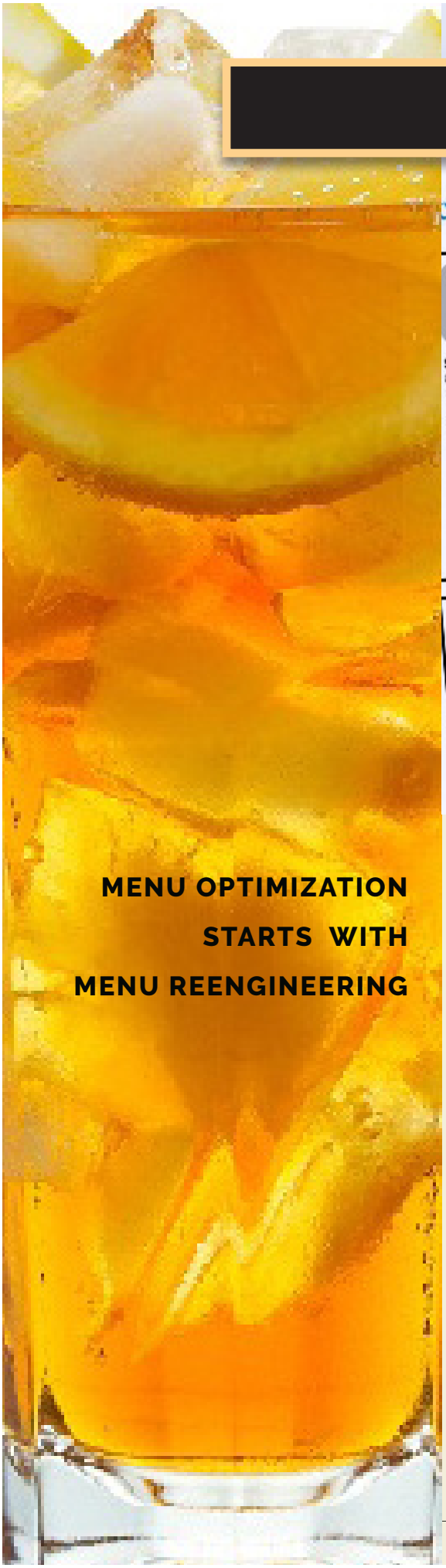
Bojangles' is a quick serve restaurant chain with approximately 760 locations in 11 states. Bojangles' success is based on its food -- that's because it is not your ordinary chicken and biscuits. The biscuits are made from scratch every 20 minutes; the chicken is hand-breaded in the store; the country ham is the highest quality; and their sweet tea is legendary and beloved by its customers.

Bojangles' was aware that the current in-store and drive-thru menuboards had significant issues that needed to be addressed. Customers had problems figuring out how to order. The nomenclature was not well understood. Key menu items were poorly communicated, and the sales of strategically important menu items were suffering.

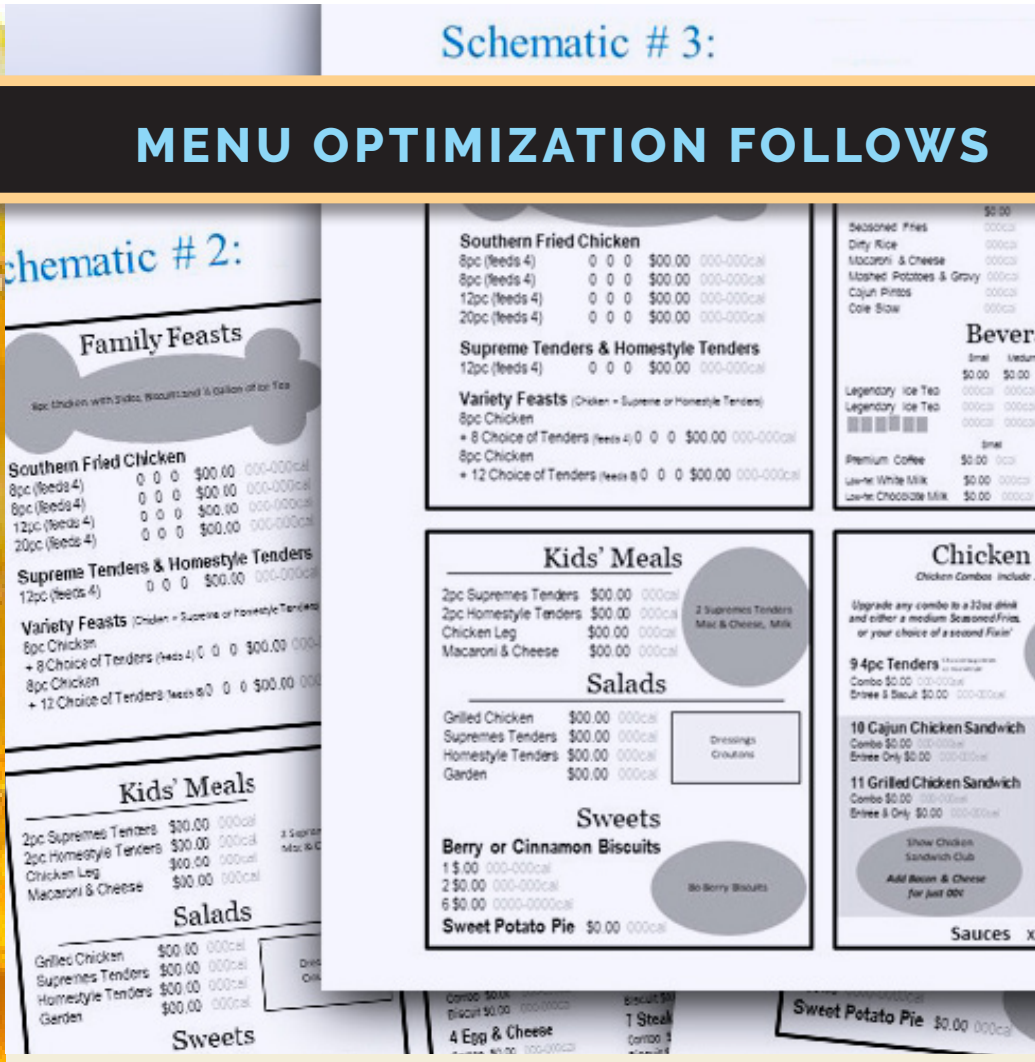
Bojangles' came to King-Casey to undertake a menu optimization initiative to achieve the following key business objectives:

- Maximize revenue via increased combo incidence
- Simplify customer navigation
- Speed the ordering process
- Reinforce customer value perceptions
- Increase check size

The following pages highlight the proprietary menu optimization process that was used for this project and scores of other King-Casey clients.



MENU OPTIMIZATION FOLLOWS



MENU OPTIMIZATION STARTS WITH MENU REENGINEERING

Menu Reengineering involves a four phase process resulting in the redesign of a brand's food & beverage offering to optimize operational work flows, maximize customer satisfaction, and increase sales and profitability. Collectively, the phases draw upon:

- Consumer Research (to determine how consumers use the current menu as well as problems encountered)
- Menu Performance Analytics (to identify opportunities at the product level to enhance revenue and profitability performance)
- Menu Operations Analytics (to identify the contributing or detracting drivers of profitability).

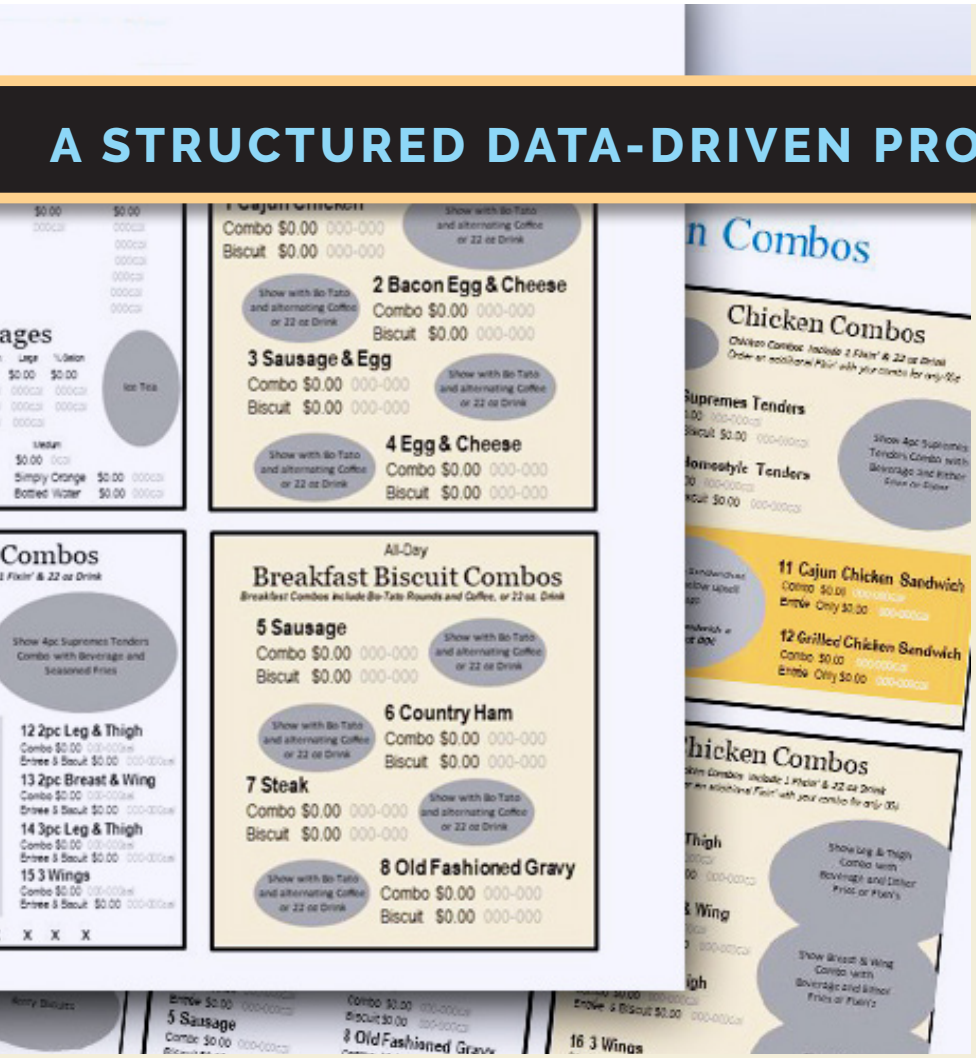
Phase 1: Menu Assessment

- Determine the current menu strengths and weaknesses
- Assess menu differentiation versus the competitive set
- Identify key opportunities relative to the menu items

Phase 2: Menu Simplification

- We often use TURF Analysis to determine the shortest list of menu items to satisfy the vast majority of customers

A STRUCTURED DATA-DRIVEN PROCESS



The final phase (Menu Architecture) involves the development of schematic diagrams illustrating how the menu should be organized, and showing the prioritization of items

- Use menu operations analytics and item complexity ratings to streamline the menu (item simplification and/or elimination)
- Develop an optimized food & beverage menu

Phase 3: Menu Strategy

- Establish business objectives for your menu categories and items
- Prioritize food & beverage platforms, categories and items
- Optimize revenue and profitability by establishing pricing parameters and increasing prices on low risk items
- Draft a new menu strategy based on all of the above actions

Phase 4: Menu Architecture

- Develop a range of strategic alternatives (based on the menu strategy) to express in words and diagram form how the menu would be organized and prioritized on the menuboards to achieve the goals & objectives set forth in the previous phases.





VALIDATING THE STRATEGIES

ONLINE RESEARCH QUICKLY IDENTIFIES THE STRATEGIES TO BE USED FOR IN-MARKET TEST

For this phase, several of the schematics are developed into color renderings illustrating how the new strategies and designs would look when developed into actual menuboards. The color renderings are used for online surveys among hundreds of potential customers. There's just enough detail (visuals, graphics, copy, etc.) to assess the validity of the new strategies when compared to the current menuboards. This provides a fast and cost-effective way to identify the strongest strategies before testing the new menuboards in actual store and drive-thru situations.

IN-STORE TESTING IDENTIFIES THE BEST PERFORMER FOR SYSTEM-WIDE ROLL-OUT

Following the online validation research, final menuboard production artwork is created using one or more of the strongest strategies. The new menuboards are then put into actual market test (both interior and drive thru menuboards, if applicable). We find it is best to test in-stores over an 8-10 week period.

King-Casey's structured, data-driven process ensures meaningful results from menu optimization initiatives. We've done it for scores of QSR and Fast-Casual brands. And we would love to do the same for your brand.





Above: This image illustrates the new drive-thru menuboard strategy and design based on King-Casey's menu optimization initiatives. These same panels are used for the interior menuboard.

Right: Bojangles menuboard prior to this menu optimization project.

BOJANGLES' IN-STORE TESTS VALIDATED ACHIEVING THE PROJECT'S BUSINESS OBJECTIVES

In multi-store test markets across the system, the new menu strategies have resulted in

- 3.2% increase in transactions (the result of improved ease of use and faster throughput)
- 2.7% increase in overall sales (higher incidence of combo sales)
- 1.5% increase in profits (better communication of high margin menu items)

KING-CASEY IS THE FIRM THAT THE WORLD'S LEADING RESTAURANT AND FOODSERVICE BRANDS COME TO WHEN THEY WANT RESULTS

King-Casey, founded in 1953, provides practical, data-driven insights and research-validated solutions for restaurant and foodservice brands. We are renowned as the leader in providing comprehensive, turn-key Menu Optimization Services and Total In-Store solutions that increase Sales and Profitability.

Our team of industry professionals provides a suite of totally integrated menu optimization services. Collectively, our services provide advanced solutions that enable our clients to unlock the full potential of their menu communications, and achieve significant, measurable business results.

No other firm provides such comprehensive menu optimization solutions. Our Suite of Services Include:

- Consumer insights
- Transactional analysis
- Demand-based pricing
- TURF analysis
- Menu reengineering
- Menu strategy
- Menu communications
- Total Store Communications

The Benefits Are Immediate and Meaningful

- Increased sales and profitability
- Totally integrated solutions
- No loss or dilution of insights and data due to their transfer from one consulting resource to the next
- Cost and timing savings resulting from combining the full suite of services under one umbrella

Want to Know More? Please call Tom Cook, Principal, King-Casey at (203) 571-1776. Or e-mail Tom at: tcook@king-casey.com. Take the first step in optimizing your menu and increasing your business performance.

KING·CASEY

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