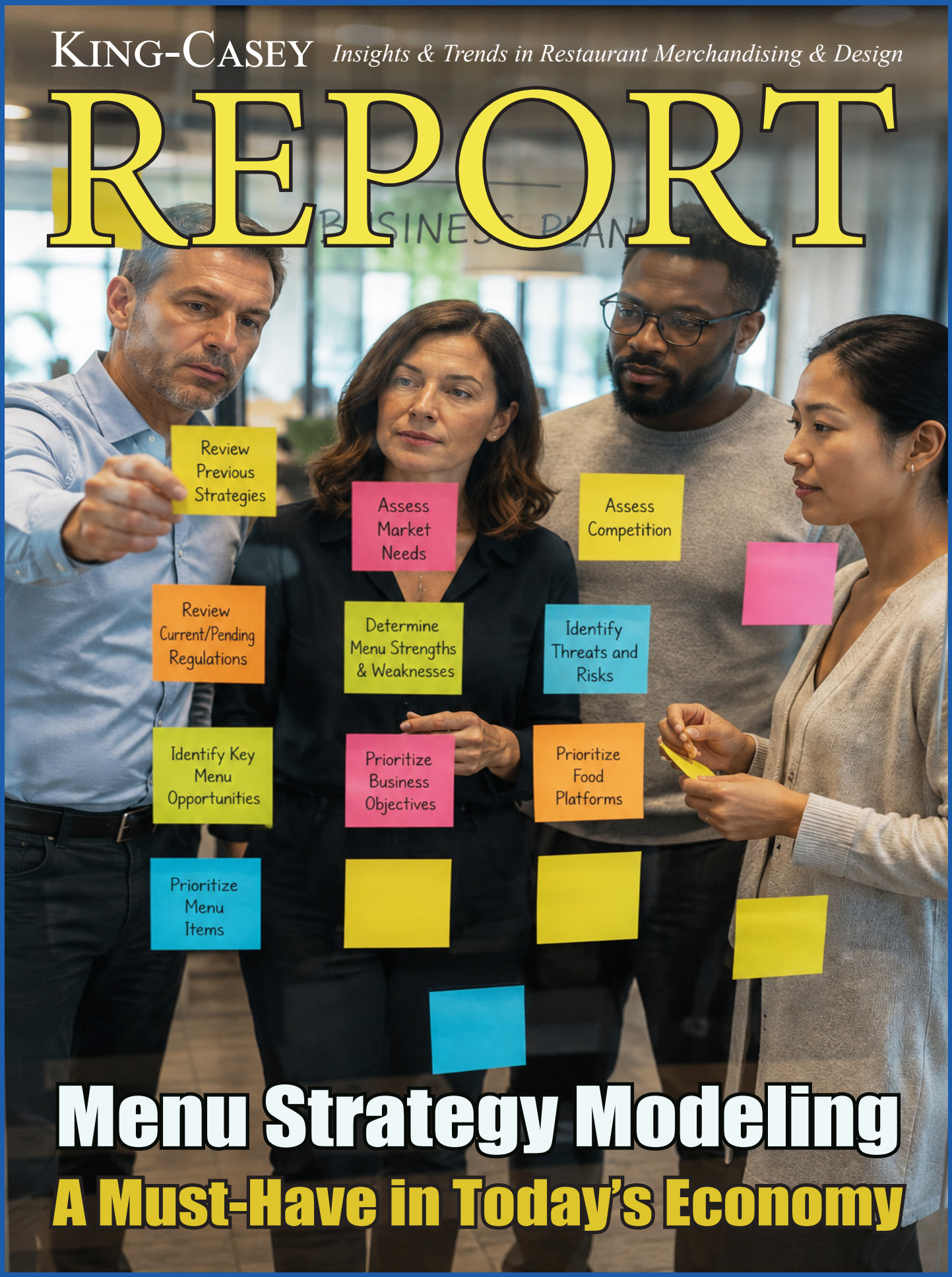
KING-CASEY *Insights & Trends in Restaurant Merchandising & Design*

REPORT



Menu Strategy Modeling

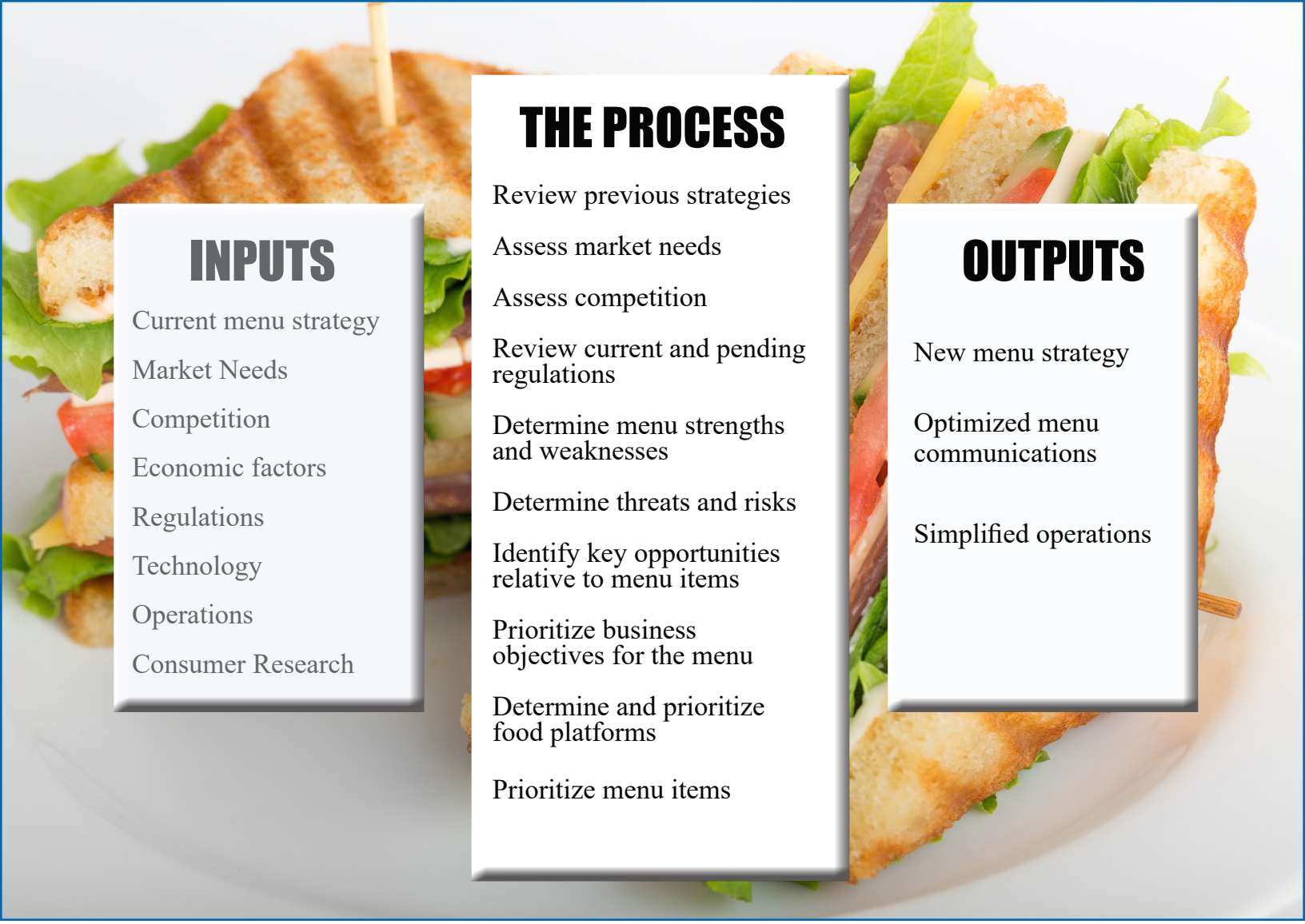
A Must-Have in Today's Economy

Menu Strategy Modeling

A Must-Have in Today's Economy

Now more than ever, restaurant brands must optimize their menu and pricing strategies to increase sales and profits.

Working with leading QSR's and fast casual brands over many years, we've learned that effective merchandising of food and beverage items involves much more than communications design. It's about establishing a sound strategy for the food and beverages on the menu. Menu Strategy Modeling is a proven, systematic approach that will help any brand optimize the profitability of their food and beverage menu.



Menu Strategy Modeling™

Grow Sales and Profits by Establishing a Winning Menu Strategy For Your Menu Offerings

What's a "Menu Strategy"?

A "menu strategy" is about establishing how each of the menu items you offer will help you grow your business.

When it Comes to Your Menu, Think Strategically

The leading QSR and fast casual brands develop a well-documented Menu Strategy linked to high-level business objectives. This is a document that sets forth how the menu products are prioritized and how they help the brand realize its business objectives. The Menu Strategy is used to guide all menu communications (i.e., web, mobile app, kiosks, menuboards). The Menu Strategy can also help identify what menu items should be eliminated. The Menu Strategy establishes product and category priorities and helps the brand decide how communications should be developed to get the desired business results. Creating and agreeing on a Menu Strategy is a critical first step in how world-class menu communications are developed.

How to Go About Creating A Menu Strategy

The process for Menu Strategy Modeling is similar to strategic

business planning, which is something already well understood by managers… setting goals; prioritizing goals; and translating the plan into specific actions. But in this case, we set business goals relative to menu items; we prioritize these goals (not all are of equal importance); and we execute the plan via specific actions.

When creating a Menu Strategy, a high level team approach is helpful -- you get valuable input across the organization, and you get consensus and buy-in. A Menu Strategy team typically includes key brand personnel: CEO, CFO, CMO, Operations, foodservice and R&D. Be sure to agree on those members of the team who will be responsible for publishing and implementing the new Menu Strategy.

Do Your Homework Before Creating a Menu Strategy

There's some up-front work to do before the team works out the details of a new Menu Strategy. The inputs are varied, and they are all business-centric. They fall into two groups, *brand inputs* and *market inputs*, as follows:

Brand Inputs

Review Your Current Menu Strategy. Identify the objectives and strategies you have now relative to your food and beverage offerings. These may be documented or you may need to document them. What you have now is your starting point.

TURF Analysis. This process combines consumer insights with a mathematical procedure for optimizing the menu. Through TURF, brands can determine the optimal assortment and shortest list of menu items needed to satisfy the vast majority of customers.

Take a Deep Dive Into the Data. Basic sales and profit contribution analysis is routine for restaurant brands. But there's a treasure trove of data that's often overlooked. It requires a deep dive into the numbers. By utilizing sophisticated analytical skills and algorithms you can develop and test many different product and pricing strategies to determine which are best for improving business performance. Brands can realize increased margins across menu items, without negatively impacting customer traffic. You can create programs tailored specifically to the needs of the chain, geographic segment, outlet, transaction type, and customer. Which menu items should stay, and which can be eliminated without any negative impact on the organization? These are powerful analytical tools for developing your menu strategy. For example:

Menu Performance Analysis. This follows the revenue situation analysis and involves a comprehensive review of revenue performance of menu items, their related transactions, and relationship with other menu items. This leads to an understanding of the specific food and beverage menu items that have the highest attachment potential. Building sales and merchandising programs featuring those items can provide the highest likelihood of successfully growing sales.

Menu Operations Analysis. Using menu item operations data and complexity ratings allow brands to determine the items contributing to or distracting from throughput and profitability.

Market Inputs

Determine Market Needs. What's trending within the industry? Include competitive foodservice concepts (such as QSR's, fast casual, C-stores and supermarkets).

Factor In Economic Climate. The current economic climate. The outlook for the next 2-3 years. Look at broad economic indicators and consumer trends.

Consider Operations. Operations are a critical factor in determining your brand's Menu Strategy. How about drive-thru? Curbside? Delivery?

Be sure your menu items can be executed easily and consistently for off-premise, which has surged due to COVID-19. These and other key operational factors must be considered prior to developing a new Menu Strategy.

Understand the Competition. Develop an understanding of the food/beverage landscape and the offerings of your key competitors. See where your brand stands relative to the competition from a menu offering standpoint. It will help determine if your brand has distinct advantages which can be capitalized. Or if there are disadvantages which represent threats that must be addressed. When studying competitive concepts, the focus should be on your brand's key competitive set, i.e., burgers, Mexican, sandwiches, chicken, etc.

Review Technology. What technology is required to positively impact your Menu Strategy from the standpoint of quality, cost, speed and customer convenience?

Menu Strategy Output

The output is Optimized Menu Communications. Once there is agreement on the menu strategy, it's time to develop menu communications and in-store merchandising that will allow you to realize the criteria and objectives established by your menu strategy.

Do You Have A Menu Strategy?

Be careful how you answer this. Many brands will say "Sure we have a Menu Strategy". But they don't. When digging deeper, we find that what they think is a strategy really isn't. There's no Menu Strategy if you can't score 100% on this simple test:

- Each menu item has been prioritized based on its importance to the brand
- There is a specific action plan for how each key menu item and/or category will contribute to the brand's business performance
- The detail needed to actually execute the plan is clearly in place
- There are specific goals and measures in place to evaluate results
- The Menu Strategy has been shared throughout the organization
- The strategy is understood throughout the company

Ready To Establish How Your Menu Will Grow Your Business?

Achieving an effective menu strategy is the driver behind optimizing the sales and profitability of your menu. It requires a structured and systematic approach as outlined in this King-Casey Report. Working closely with your senior management and menu strategy team, King-Casey can lead you through a series of activities that culminate in the creation of your new Menu Strategy and implementation plan.

Since 1985 King-Casey has been helping leading restaurant brands improve their business performance by developing data-driven, customer centric solutions. Nearly all of the top 100 restaurant chains rely on King-Casey's know-how and expertise in these areas.

If you'd like to discuss how King-Casey can help your team create or enhance your menu strategy, please feel free to call Tom Cook at +1-203-571-1776, or email him at: tcook@king-casey.com

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

King-Casey provides practical, analytics-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 that increase sales and profitability.

Collectively, our services provide advanced solutions that enable our clients to unlock the full potential of their menu, and achieve significant, measurable business results. No other firm provides such comprehensive menu optimization analytics and solutions.

Our Suite of Services Include

- Consumer insights analytics
- Attitude and usage research
- TURF analysis
- Menu performance analysis
- Menu operations analysis
- Menu reengineering
- Menu strategy development
- Menu communications (web, mobile app, kiosks, menuboards)
- Total store communications (path-to-purchase)

The Benefits Are Immediate and Meaningful

- Increased sales and profitability
- Improved customer experience
- 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

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