

## LECTURE 13

### MENU ANALYSIS FOR POPULARITY AND PROFITABILITY

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A menu is the most essential marketing tool for any food service operation. It is a list of all food and beverage products available at an operation. The menu additionally outlines the price of each food item and is often designed in a manner that reflects the style of the establishment. A well designed menu appeals to the operation's target market and ensures that revenue is garnered through appropriate pricing (Davis et al, 2008).

#### Types of Menu

Although there are numerous kinds of menus, most fall under one of two categories. These include:

##### 1. Table d'hôte

A French term which translates into "food from the hosts' table", the Table d'hôte menu offers a variety of dishes grouped into a meal and allocated a single fixed price. This menu offering may include a selection of courses; appetizers, main course, dessert or tea and coffee etc.

Dishes offered and served are often selected based on their popularity. The menu is limited to three or four number of courses with only a few options available; therefore ensuring food waste is minimized. Food based on this type of menu is usually ready at a specified time e.g. noon – for lunch.

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An operation may choose to offer multiple types of menus based on their services. Specific applications of the Table d'hôte menu include;

- a) **Banquet menu** – caters to formal events. Entails an elaborate menu of predetermined dishes with a fixed price; available at a specified time.
- b) **Buffet menu** – applies in the buffet style of service where diners serve themselves during meals. Although dishes may vary based on the occasion and price, the number of dishes offered is limited; dishes have a fixed price and are served at a specified time.
- c) **Coffee house menu** – operations within a coffee house are simplified as the menu is limited to basic meals and snacks. For this reason, basic styles of service such as over the counter or plate service are used. Menu items are limited to specific choices that are individually priced.
- d) **Cyclical menu** – comprised of a number of menus that are rotated within specified periods of time. Common in institutional catering, flight meals and welfare catering.

## 2. À la carte

Translating to “according to the card”, the À la carte menu offers an extensive selection of the food and beverage product as compared to the Table d'hôte menu. The menu features more courses and a wider variety within each course with each dish being individually priced. A brief description of each dish is provided, detailing the ingredients used and preparation time among others.

Food is prepared once the order is placed which means that guests get fresh food each time. Courses are ordered based on guest preferences. Given that this menu offers a wide range of products, the facility requires additional space, equipment and staff to ascertain smooth operations.

Various applications of the À la carte menu include:

- a) **Breakfast menu** – needs well trained staff to produce as speed is required. Items are produced after orders have been placed. A variety of items are provided, ranging from juices, cereals, pastries, beverages etc.

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- b) **Luncheon menu** – portions are smaller and require a professionally equipped kitchen to produce since a variety of cooking methods are utilized.
- c) **Dinner menu** – provides more options as compared to the luncheon menu and commands the use of pronounced styles of service as the French and Russian service.
- d) **Ethnic menu** – offers a list of food and drink based on a particular cuisine or with origin from a specific area of a country.
- e) **Specialty menu** – highlights unique and high value dishes available for order.
- f) **Room service menu** – specifies a list of dishes and beverages a guest can order for delivery to their rooms. Orders are placed through phone calls to the respective departments. Dishes on this list may be more expensive than those in the main menu.

### Other types of menus include:

- a. **Static menu** – provide the same menu offerings throughout the year. Commonly used in fast food restaurants and diners.
- b. **Du jour menu** – considered as “specialty of the house”, they are denoted by a signature dish that is prepared on a daily basis and that is different each time based on available ingredients in season.
- c. **Wine menu** – a wine’s list provides a detailed description of the offerings within the operation. It outlines different types of wines within a wide range of price point, vintage year, origin,
- d. **Beverage menu** – a catalogue of all alcoholic and non-alcoholic beverages served at a food service operation.
- e. **Dessert menu** – provides a list of dessert items available and that may be presented on a tray or cart. The dessert menu is particularly applicable for pricey dessert items.
- f. **Digital menu** – presents all menu offerings within the digital space as opposed to the traditional print form. This may be achieved through the use of an application (app) or quick response code (QR Code) to display the menu.

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## Menu Planning

The menu is essential to all stakeholders in a food service operation as it communicates customer preferences and tastes, informs on staffing requirements, gives direction in facility planning and management, acts as a marketing tool for the operation, dictates purchasing needs and is a basis for management decision making.

It is paramount that all expectations are met through critical planning during the development phase of the menu. Menu planning ensures that the appropriate location is considered relative to the target market.

### Objectives of menu planning include:

- Reduce costs
- Enhance the food and beverage cycle
- Meet nutritional requirements
- Provide a good variety of food and drink
- Maximize on resources
- Meet customer expectations
- Predict staffing needs
- Determine methods of production
- Ensure quality

## Considerations in Menu Planning

Uttarakhand Open University (2019), outline various factors that ought to be considered during menu planning to include:

1. **Location:** should be accessible to guests and suppliers. Availability of raw materials should also be considered.
2. **Nature of business:** a five star Michelin restaurant may not perform effectively in a downtown or deserted area.
3. **Competition:** knowledge on competitors' pricing, standard and products promotes strategic decision making.

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4. **Customer needs:** the menu should consider customer preferences. Unpopular dishes should be replaced with alternative options.
5. **Disposable income:** the list of menu offerings and their prices should coincide with the target market's spending power.
6. **Space:** the preferred style of service indicates how much space will be needed. A small space may require that the menu is adjusted to manage revenue. Storage space should also be taken into account.
7. **Equipment:** certain styles of service and methods of cooking need specialized or unique equipment.
8. **Type of menu:** should meet both customer and business needs.
9. **Availability of resources:** time it takes to produce and serve a dish in relation to the type of facility as well as the level of skill of the production and service personnel determine the success of the operation.
10. **Hours of operation:** these indicate the type of meals to be served.
11. **Style of service:** certain dishes require specified styles of service; this should be considered based on the facility's ability to achieve it.

### Challenges in Menu Planning

Certain constraints complicate the menu planning process. These include;

- a. **Language** – should be correct and easy to understand.
- b. **Food allergies** – ideally, foods containing common allergens such as milk, nuts, eggs etc. should be well indicated and communicated to guests to avoid incidences.
- c. **Space and equipment** – inadequacy of either of these will significantly affect the menu.
- d. **Skill level** – certain dishes require a high level of skill that may not be available or is expensive to hire.
- e. **Raw material** – the unavailability of certain ingredients will obviously affect the intended menu item.
- f. **Customer** – different groups of people have varying nutritional requirements, it may be challenging to meet all these needs at all times.

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## Menu Pricing

The main objective of pricing is to ascertain that customers get value for their money while the business secures a profit. Customers may use price to predict quality, meaning that they may relate low prices to poor quality and vice versa. Pricing decisions are based on: level of business, customers' willingness to pay, location, costs, meal time and dish. There is no single 'one size fits all' approach to pricing, however, certain pricing strategies may be used. These include but are not limited to;

- a) **Competitive based pricing** – entails pricing items slightly above, at par or below the competitor's. Might not be the best approach when the businesses differ from each other.
- b) **Economic based pricing** – price is adjusted along the demand curve. High demand commands an increment in price. There are numerous factors that attract guests to the food business other than cost hence, guests demanding your product will still frequent the operation despite the hikes.
- c) **Marketing based pricing** – based on efforts geared towards increasing sales volume while charging the highest possible price that the customer is willing to pay for.
- d) **Departmental margins** – each department is assigned a percentage of total revenue that they ought to achieve. Therefore, specific goals on how to achieve this target are set.
- e) **Prime cost** – factors in the food, labour, overheads and tax in addition to the desired revenue in order to set the price.
- f) **Cost plus pricing** –the cost of the raw materials is compounded, then a markup is added to it.

## Menu Analysis

Menu engineering was initially brought about by Dr. Michel Kasavana & Donald Smith in the 80s as a tool used to enhance effectiveness through appropriate pricing, design and marketing of menu items.

### Aims of menu analysis

- Contributes in menu adjustment and re-adjustment
- Identifies overprices menu items
- Maintains the profitability of a menu

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- Brings out any need for adjustment of recipes or portion size
- Monitors menu performance
- Clarifies on unpopular items that need positioning

Menu analysis any identifies any dish that underperforms from a menu and attempts to make them profitable as well as appealing to the operation’s guests. This is achieved by observing;

- a. customer demand – guests served
- b. Menu mix – popularity of menu items
- c. Contribution margin – profit contributions for each item

To achieve accuracy in menu analysis:

1. Standardized recipes should be used
2. Regular sales analysis of each item should be conducted
3. Use spreadsheets to compute

Menu engineering submits that all menu items may be classified into one of the four groups illustrated in the table below.

MENU MIX

<b>STARS</b>	<b>PLOWHORSES</b>
<b>PUZZLES</b>	<b>DOGS</b>

1. **Stars** - Most popular and profitable menu items.

To maintain stars, one should strictly control for quality, quantity and presentation.

2. **Plow horses** - not profitable but popular menu items. Ensure demand is high and may be used to lure in the price sensitive buyer.

Customers drawn in by this category may be redirected to stars to increase profitability. Portion reduction may also be performed however, it may be essential that any price increments are strategic to avoid a dramatic drop in their popularity.

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3. **Puzzles** – profitable but not popular menu items.

To enhance performance of puzzles, the item may either be eliminated from the menu, their price lowered, repositioned in the menu to enhance visibility or renamed.

The goal is to limit the number of puzzles in a menu.

4. **Dogs** – neither profitable nor popular.

These are unwanted menu items that should be eliminated from the menu or bundled up with a different item and promoted.

*Recovery strategies used for profitability include any of the following*

- a. Price increments
- b. Lower the cost of labour
- c. Decrease the portion size
- d. Alter the standard recipe
- e. Avoid complementaries
- f. Adjust purchase specifications
- g. Enhance operation controls

These should be strategically used to avoid adverse consequences stemming from customer perception.

### Quiz

1. Differentiate between À la carte and Table d'hôte types of menus.
2. Describe the difference between a cyclic and static menu.
3. State and explain the factors one should consider in menu planning.
4. Outline various factors that affect menu planning.
5. Explain how the availability of resources may pose a challenge to menu planning.
6. Discuss why it is essential for a food operation to consistently perform a menu analysis.
7. Mention any actions you could take to financially recover from a poorly performing food business.

## REFERENCES

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