

KING-CASEY

Insights & Trends in Restaurant Merchandising & Design

REPORT



**Menu Reengineering
Pays off Big Time**

**the
Habit**
BURGER GRILL



WHY MENU REENGINEERING?

Menu Reengineering results in maximizing the revenue and profits of a brand's menu offerings through proven business processes that are grounded in consumer research. The 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.

Menu Communications Optimization

Flowing from the menu reengineering initiative, this step includes the physical design of the menu communications (menuboard, web, app, kiosk, etc.). The resulting strategies and designs are then tested with consumers to identify the best performing one prior to rolling out across the system.

OVERVIEW & OBJECTIVES

The Habit Burger Grill is a fast casual restaurant chain that specializes in charbroiled hamburgers. Along with its signature Charburgers, The Habit Burger Grill's menu consists of sandwiches, salads, sides, and a variety of beverages. Founded in 1969 in Santa Barbara, CA, Habit Burger Grill has 350+ locations

The Habit Burger Grill was aware that the current in-store and drive-thru menuboards had issues that needed to be addressed. They came to King-Casey to undertake a menu reengineering initiative to achieve several key business objectives, that included:

- Increase revenue and profitability
- Communicate variety
- Improve ease of ordering
- Reinforce brand positioning

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



MENU OPTIMIZATION FOLLOWS . . .



Original Menuboard. The first phase included an assessment of The Habit Burger Grill's current menu communications (drive-thru version is pictured above) noting that the current design is cluttered; high margin, best selling categories and menu items are given same visual prominence as lesser priority categories and items. Also up-sell and add-on messaging is very weak. The best-selling category (Charburgers) is not located in the hot spot (where customers look first). These findings and other identified opportunities for improvement.

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 communications

Phase 2: Menu Simplification

- TURF Analysis is used to determine the shortest list of menu items

... A STRUCTURED DATA-DRIVEN PROCESS

LTO	<p>Fresh-Tossed Made-to-Order SALADS</p> <p>Grilled Chicken Santa Barbara Cobb BBQ Chicken</p> <table border="0"> <tr><td>Santa Barbara Cobb</td><td>0.00</td><td>000 CAL</td></tr> <tr><td>Grilled Chicken</td><td>0.00</td><td>000 CAL</td></tr> <tr><td>Grilled Chicken Caesar</td><td>0.00</td><td>000 CAL</td></tr> <tr><td>BBQ Chicken</td><td>0.00</td><td>000 CAL</td></tr> <tr><td>Garden Salad</td><td>0.00</td><td>000 CAL</td></tr> <tr><td>Caesar Salad</td><td>0.00</td><td>000 CAL</td></tr> </table>	Santa Barbara Cobb	0.00	000 CAL	Grilled Chicken	0.00	000 CAL	Grilled Chicken Caesar	0.00	000 CAL	BBQ Chicken	0.00	000 CAL	Garden Salad	0.00	000 CAL	Caesar Salad	0.00	000 CAL	<p>The Original Cooked-to-Order CHARBURGERS <small>Meals include fries and a regular soft drink</small></p> <p>Charburger Santa Barbara Double Char Impossible Burger</p> <table border="0"> <thead> <tr> <th></th> <th>MEAL</th> <th>BURGER ONLY</th> </tr> </thead> <tbody> <tr><td>Charburger</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Double Char</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Santa Barbara</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>BBQ Bacon</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Teriyaki Char</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Portabella Char</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Impossible Burger</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> </tbody> </table> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Personalize Your Char <small>Add any of these</small></td> <td style="width: 50%;">Substitute Your Fries <small>For any of these</small></td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </table> </div>		MEAL	BURGER ONLY	Charburger	0.00 000 CAL	0.00 000 CAL	Double Char	0.00 000 CAL	0.00 000 CAL	Santa Barbara	0.00 000 CAL	0.00 000 CAL	BBQ Bacon	0.00 000 CAL	0.00 000 CAL	Teriyaki Char	0.00 000 CAL	0.00 000 CAL	Portabella Char	0.00 000 CAL	0.00 000 CAL	Impossible Burger	0.00 000 CAL	0.00 000 CAL	Personalize Your Char <small>Add any of these</small>	Substitute Your Fries <small>For any of these</small>	_____	_____	_____	_____	_____	_____	<p>Hand-Crafted Signature SANDWICHES <small>Meals include fries and a regular soft drink</small></p> <p>Crispy Chicken Chicken Club Ahi Tuna Veggie Burger</p> <table border="0"> <thead> <tr> <th></th> <th>MEAL</th> <th>SANDWICH ONLY</th> </tr> </thead> <tbody> <tr><td>Chicken Club</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Grilled Chicken</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Crispy Chicken</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Ahi Tuna</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Tenderloin Steak</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> <tr><td>Veggie Burger</td><td>0.00 000 CAL</td><td>0.00 000 CAL</td></tr> </tbody> </table> <p style="text-align: center;">SIDES & SNACKS</p> <table border="0"> <tr><td>French Fries</td><td>0.00 000 CAL</td></tr> <tr><td>Onion Rings</td><td>0.00 000 CAL</td></tr> <tr><td>Crispy Bacon Bites</td><td>0.00 000 CAL</td></tr> <tr><td>Crispy Chicken Bites</td><td>0.00 000 CAL</td></tr> <tr><td>Tempura Green Beans</td><td>0.00 000 CAL</td></tr> <tr><td>Sweet Potato Fries</td><td>0.00 000 CAL</td></tr> <tr><td>Side Salad or Caesar</td><td>0.00 000 CAL</td></tr> </table>		MEAL	SANDWICH ONLY	Chicken Club	0.00 000 CAL	0.00 000 CAL	Grilled Chicken	0.00 000 CAL	0.00 000 CAL	Crispy Chicken	0.00 000 CAL	0.00 000 CAL	Ahi Tuna	0.00 000 CAL	0.00 000 CAL	Tenderloin Steak	0.00 000 CAL	0.00 000 CAL	Veggie Burger	0.00 000 CAL	0.00 000 CAL	French Fries	0.00 000 CAL	Onion Rings	0.00 000 CAL	Crispy Bacon Bites	0.00 000 CAL	Crispy Chicken Bites	0.00 000 CAL	Tempura Green Beans	0.00 000 CAL	Sweet Potato Fries	0.00 000 CAL	Side Salad or Caesar	0.00 000 CAL
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Optimized Architecture. The final phase (Menu Architecture) involves the development of a range of black & white schematic diagrams illustrating how the menu should be organized, and showing the prioritization and placement of menu items and images. This schematic (above) was one of several schematics that addressed the improvement opportunities. These are later developed into color versions that can be tested quickly using quantitative research to validate the effectiveness of the various optimization strategies (see next page).

to satisfy the vast majority of customers

- Use menu operations analytic and item complexity ratings to streamline the menu (item simplification and/or elimination)
- Finalize 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 items would be organized and prioritized on the menu to achieve the 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 would look when developed into menu communications. The color renderings of the optimized menu strategies (and the current menu communications as a control) are used for online surveys among hundreds of potential customers. This technique provides a fast and cost-effective way to identify the strongest strategies before testing in actual store and/or drive-thru situations.

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

Following the online validation research, final menu production artwork is created using one or more of the strongest strategies. The new menus are then put into actual market test. We find it is best to test in-stores over a 10-12 week period.



CUBANO CHAR \$7¹⁹

SALADS
Fresh Made-to-Order



Choice of balsamic or olive oil, ranch, sweet mustard, thousand island, blue cheese, real wine vinaigrette, caesar, or balsamic. (2-100 cal)

Santa Barbara Cobb	9.99	690 cal
Grilled Chicken	9.49	410 cal
Grilled Chicken Caesar	9.69	690 cal
BBQ Chicken	9.89	550 cal
Garden Salad	5.99	190 cal
Caesar Salad	6.19	470 cal

CHARBURGERS
The Original



With lettuce, tomato, caramelized onions, mayo, and pickles on a grilled bun. (Meats include fries and a regular soft drink)

Charburger	10.69	910-1110 cal	4.99	470 cal
Double Char	11.99	1080-1200 cal	6.29	640 cal
Santa Barbara Char	13.69	1370-1570 cal	7.99	930 cal
BBQ Bacon Char	12.29	1070-1270 cal	6.59	630 cal
Teriyaki Char	11.09	950-1150 cal	5.39	510 cal
Portabella Char	12.29	1380-1580 cal	6.59	940 cal
Impossible Burger	12.69	990-1290 cal	6.99	550 cal
Veggie Burger	12.69	910-1110 cal	6.99	470 cal

SANDWICHES
Hand Crafted



Choice of a grilled chicken roll, sourdough, seeded, pilsen, or wheat bun. (Meats include fries and a regular soft drink)

Chicken Club	15.29	1170-1370 cal	9.59	730 cal
Grilled Chicken	13.69	1280-1480 cal	7.99	840 cal
Crispy Chicken	13.99	1030-1230 cal	8.29	590 cal
Ahi Tuna Filet	15.19	830-1030 cal	9.49	390 cal
Tenderloin Steak	15.29	1170-1370 cal	9.49	800 cal

NEW MANGO DREAM SHAKE



\$4.99

DRINKS & TREATS



Coca Cola Products	As. 2.59	0-264 cal
Fresh-Brewed Iced Tea	As. 3.19	0-296 cal
Hand-Crafted Juices		
Milk Shakes	4.99	680-820 cal
Sundaes	3.29	840-990 cal
Cones	1.19	330 cal

CUSTOMIZE YOUR CHAR

Add Cheese	.80	70 cal	Avocado	1.99	90 cal
Bacon	1.69	100 cal	Mushrooms	1.99	120 cal

Lettuce swapped available on request

UPGRADE YOUR SIDE
Substitute your fries for:

Tempura Green Beans	.60
Onion Rings	.50
Sweet Potato Fries	.60

SIDES

French Fries	3.19	440 cal
Onion Rings	3.69	500 cal
Crispy Chicken Bites	5.49	355 cal
Tempura Green Beans	3.79	250 cal
Sweet Potato Fries	3.79	370 cal
Side Salad or Caesar	3.79	70-220 cal

KIDS FAVORITES
Choice of a **WATER** apple juice or French fries, and a kid's beverage

Charburger, Grilled Cheese, or Crispy Chicken Bites	5.99	380-655 cal
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Optimized Menu Communications. This image shows the best performing drive-thru strategy that was tested during the quantitative validation research. This strategy also serves as the framework for the interior menuboard, as well as digital applications.

Project Objectives Achieved: Validated by Quantitative Research

- Double digit increase in check size
- Improved customer perceptions of brand
- Higher likability of the order process
- Better at communicating variety
- Easier to quickly order from
- Encouraging more frequent visits



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

King-Casey 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 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

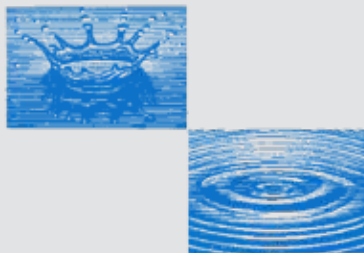
- Consumer insights
- Attitude and usage research
- TURF analysis
- PMIX analysis
- Menu performance analysis
- Menu operations analysis
- Menu reengineering
- Menu strategy
- Menu communications
- Customer zone merchandising (P2P)
- Total store communications

The Benefits Are Immediate and Meaningful

- Increased sales and profitability
- Improved customer experience
- Totally integrated solutions
- No loss/dilution of insights and data due to their transfer from one consulting resource to another
- 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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