

KING-CASEY

Insights & Trends in Restaurant Merchandising & Design

REPORT



**Business Boosted by
Menu Optimization**



WHY 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.

Menu Communications

Flowing from the previous menu reengineering initiative, this process 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

White Castle is an American regional hamburger restaurant chain with 345 locations across 13 states. Founded on September 13, 1921, in Wichita, Kansas, it has been generally credited as the world's first fast-food hamburger chain.

White Castle 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 optimization initiative to achieve several key business objectives, that included:

- Increase revenue and profitability
- Speed the ordering process
- Maximize combo incidence
- Communicate value

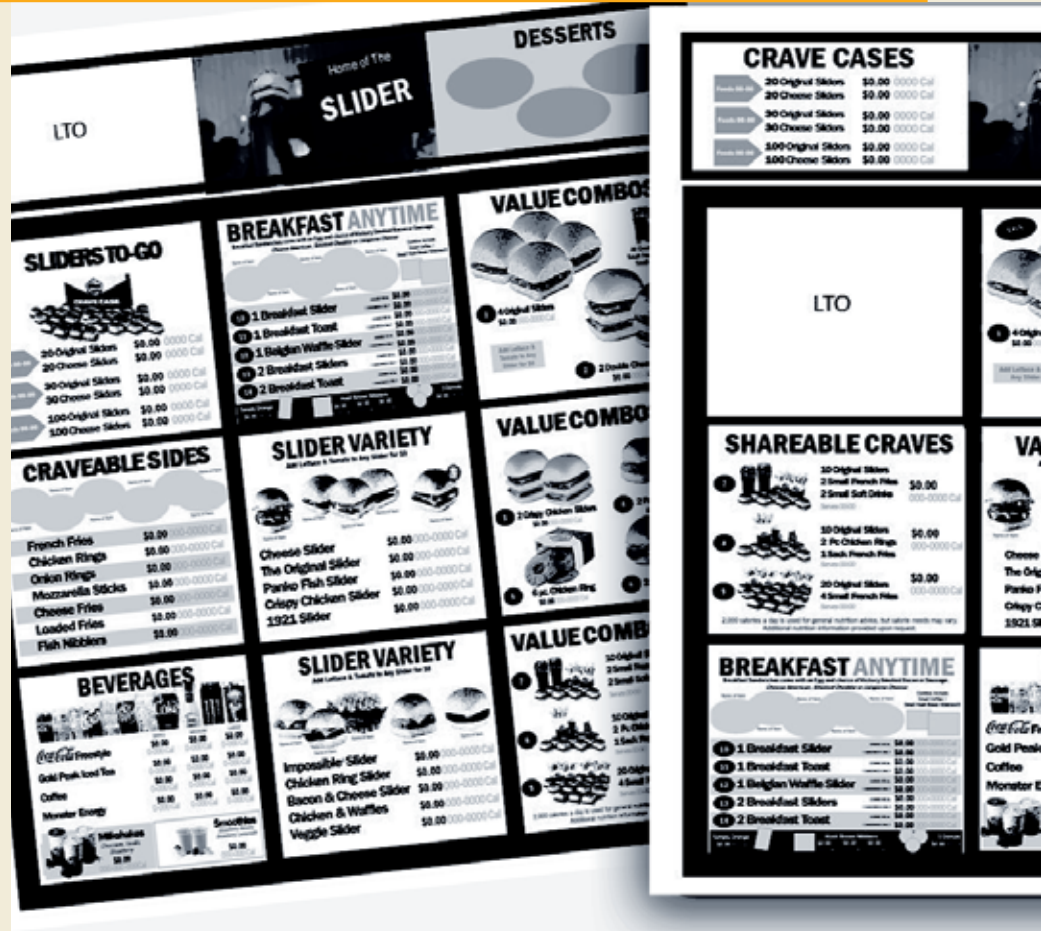
The following pages highlight the proprietary menu optimization process that was used with great success for this project and scores of other King-Casey clients.



MENU OPTIMIZATION FOLLOWS . . .



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 communications

Phase 2: Menu Simplification

- TURF Analysis is used 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 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.

- Use menu operations analytics 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.



Above: This image shows the new drive-thru menuboard strategy based on King-Casey's menu optimization initiatives. The same strategy is used for variations of the drive-thru and interior menuboards, as well as digital applications.

Project Objectives Achieved: Validated by Quantitative Research

- Double digit sales increase
- Order time 25% faster than current
- Significantly higher combo incidence
- Improved customer perceptions of brand
- All of the optimized alternatives rated higher than the current menuboard for:
 - Easy to read/navigate
 - Value
 - Quality of food



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

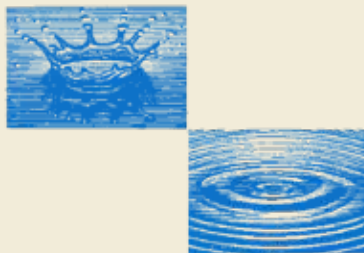
- Consumer insights
- Attitude and usage research
- TURF analysis
- PMIX analysis
- Menu performance analysis
- Menu operations analysis
- Menu reengineering
- Menu strategy
- Menu communications
- Customer zone merchandising (P2P)
- Total store communications

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.



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