

KING-CASEY

Insights & Trends in Restaurant Merchandising & Design

REPORT



**Menu Reengineering Sweetens
Sales For Duck Donuts**

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 all 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 in-store testing and then rolling out across the system.

OVERVIEW & OBJECTIVES

Duck Donuts offers made-to-order, customizable donuts, as well as a range of sandwiches, milkshakes and ice cream treats. The brand has over 150 stores in the USA and abroad. Management was aware that their digital menuboard communications needed to be optimized to assure optimum business performance.

They came to King-Casey to undertake a menu reengineering initiative to achieve several key business objectives, that included:

- Maximize revenue (increase check)
- Increase the incidence of “ordering donuts by the dozen”

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



MENU OPTIMIZATION FOLLOWS . . .



Original Menuboard. The first phase included an assessment of Duck Donuts' current menu communications noting specific, actionable opportunities for reengineering the menu communications to achieve the desired business objectives established in the brand's new menu strategy.

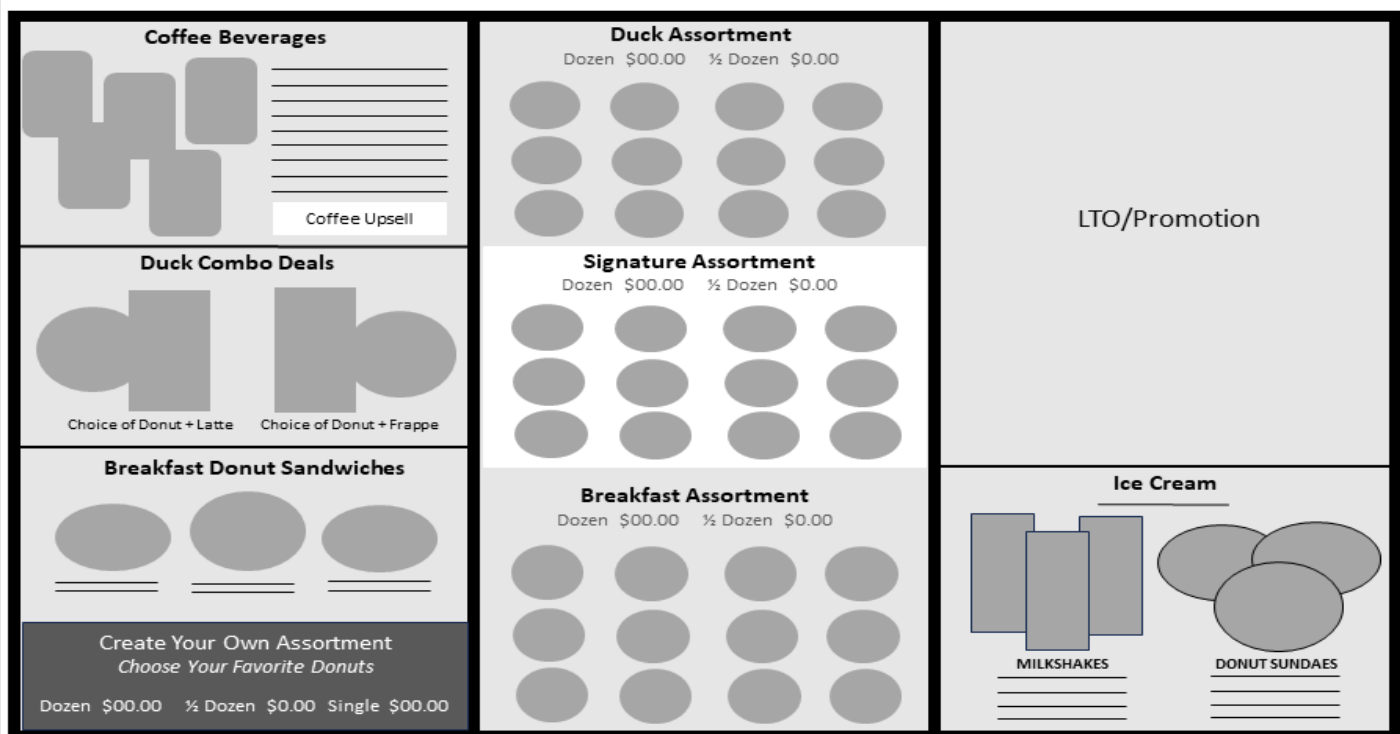
King-Casey's Menu Reengineering typically involves a four-phase process resulting in the redesign of a brand's food & beverage offering to optimize operational work flows, maximize customer satisfaction, and increase sales and profitability. Collectively, the phases draw upon:

- Up-Front Consumer Research (These onsite interviews with customers assess their response to the current menuboard with a view toward understanding how they are used and uncovering any sources of dissatisfaction and opportunities for improvement)
- 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

... A STRUCTURED DATA-DRIVEN PROCESS



Optimized Architecture. The fourth 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. The above schematic was one of several schematics that addressed the improvement opportunities.

Phase 2: Menu Simplification

- 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.



EVALUATING THE STRATEGIES

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

For this phase, three of the schematics were developed into color renderings illustrating how the new strategies would look when developed into menu communications. The color renderings of the optimized menu strategies are used for online surveys among hundreds of potential customers. The current menuboard is used as the control. 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.

Coffee Beverages				
	SM	MED	LG	
LATTE OR CAPPUCCINO	\$4.50	\$4.75	Cal 380-540	
VANILLA LATTE	\$5.00	\$5.25	Cal 390-550	
CAFÉ MOCHA	\$5.00	\$5.25	Cal 380-540	
CARAMEL MACCHIATO	\$5.00	\$5.25	Cal 390-550	
COLD BREW	\$2.75	\$4.00	Cal 0	
TRY IT WITH SWEET CREAM	\$4.25	\$4.50	Cal 100-200	
HOT COFFEE	\$2.50	\$2.75	\$3.00	Cal 0-100
HOT CHOCOLATE	\$3.50	\$3.75	\$4.00	Cal 0-100
COFFEE FRAPPES	\$5.00	\$5.75	Cal 300-700	
CARAMEL · MOCHA · ORIGINAL				

Duck Combo Deals			
			
You Pick 2 Donuts & Medium Coffee \$7.00 Cal 405-745		Sausage Breakfast Sandwich & Med. Coffee \$7.00 Cal 325-535	

Donut Breakfast Sandwiches			
			
SAUSAGE or BACON, EGG & CHEESE \$5.00 Cal 370-530		EGG & CHEESE \$4.25 Cal 280-350	
<i>Also available on an English Muffin or Bagel</i>			

Duck Dozen			
Apple Cinnamon	Cherry	Chocolate	Glazed
Glazed	Maple Bacon	Maple Butter Pecan	Peppermint Bark
Strawberry Tiramisu	Vanilla Caramel	Vanilla Cream	Vanilla Cream
Vanilla Cream	Vanilla Cream	Vanilla Cream	Vanilla Cream

Signature Assortment			
Apple Cinnamon	Cherry	Chocolate	Glazed
Glazed	Maple Bacon	Maple Butter Pecan	Peppermint Bark
Strawberry Tiramisu	Vanilla Caramel	Vanilla Cream	Vanilla Cream
Vanilla Cream	Vanilla Cream	Vanilla Cream	Vanilla Cream

Breakfast Box			
Apple Cinnamon	Cherry	Chocolate	Glazed
Glazed	Maple Bacon	Maple Butter Pecan	Peppermint Bark
Strawberry Tiramisu	Vanilla Caramel	Vanilla Cream	Vanilla Cream
Vanilla Cream	Vanilla Cream	Vanilla Cream	Vanilla Cream

Build Your Own Assortment			
ONE DOZEN \$21.00 Cal 2400-4440 · HALF DOZEN \$13.00 Cal 1200-2220 · SINGLE \$2.50 Cal 200-370			

Cheers to A SWEET HOLIDAY



THE DELICIOUS A BAKE TO REMEMBER

Ice Cream	
MILKSHAKES \$6.00 Cal 620-1160	DONUT SUNDAES \$6.00 Cal 460-580
	
Chocolate · Strawberry · Salted Caramel	Chocolate Madness · Cookies & Cream · Strawberry Shortcake
Birthday Cake · Blueberry · Chocolate · Cookies & Cream · Maple Bacon · Salted Caramel · S'mores · Strawberry · Vanilla	Chocolate Madness · Classic · Confetti · Cookies & Cream · Peanut Butter Crunch · Salted Caramel · S'mores · Strawberry Shortcake

Optimized Menuboard Communications. This image (above) shows the best performing drive-thru strategy that was tested against the current menuboard during the quantitative evaluation research.

Business Objectives Validated Using Quantitative Evaluation Research

- +25.2% increase in average check
- 25% increase of ordering “donuts by the dozen”



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.

King-Casey's Suite of Services Include

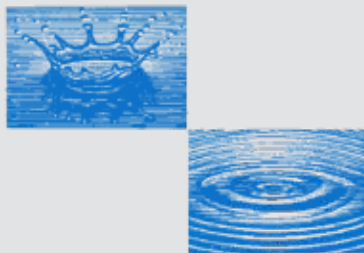
- Consumer insights
- Attitude and usage research
- TURF analysis
- PMIX analysis
- Menu performance analysis
- Menu operations analysis
- Menu reengineering
- Pricing and Revenue Management
- Menu strategy
- Menu communications
- Customer zone merchandising (P2P)
- Total store communications

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

25 Sylvan Road South, Westport, CT 06880 USA

Tel: + 1 (203) 571-1776

www.king-casey.com

KCR042024