

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

REPORT



Digital Menu Optimization

A Structured Process for Improving Menu Performance and the Customer Experience

Optimized Menus Optimize Sales

Why should you optimize your digital menus? Because the digital menu is the single most important communicator for your off-premise business (take-out, curbside and delivery). It's your top selling-tool. Successful menu optimization programs generate significant returns on investment. Optimizing the digital menu can boost customer satisfaction and loyalty, increase ticket, and grow the number of transactions. We routinely see increases in overall sales. This translates into increased profitability. In fact, menu optimization has one of the highest ROI's of any option available to foodservice brands.

The proven approach outlined in this issue of the *King-Casey Report* is applicable to all foodservice operators, including restaurants and c-stores.

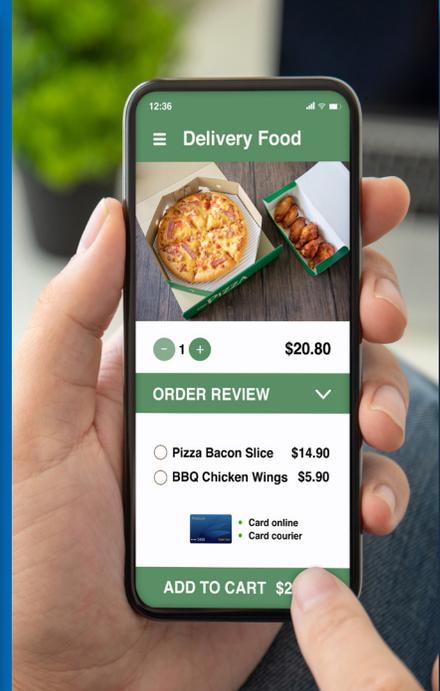
Consumer Research Analytics



Financial Data Analytics



Communications Analytics



Digital Menu Optimization

Three Analytical Approaches That Improve Digital Menu Performance

by Howland Blackiston, Principal, King-Casey

A Trio of Analytics: Consumer Research, Financial Data, and Communication Design

King-Casey has been pioneering the science of menu optimization for decades. We have learned that in order to realize significant results, menu optimization involves combining three different skill sets

that collectively result in meaningful advancements in menu communications.

This approach helps restaurant and foodservice brands be smarter as they optimize their menu layout, design, content and pricing structure in a way that promotes profitability while encouraging repeat customers. The process

helps brands understand the thinking behind customer decisions. It provides a complete picture of customer needs, attitudes, and behaviors, and how these can be turned into desirable menu decisions. In this King-Casey Report we take a look at each of the analytical tools critical to digital menu optimization.

1. Consumer Research Analytics

Consumer Research plays an important role when it comes to digital menu optimization. Research should be conducted both prior to and following menu optimization.

Although there are many forms of research available, the following approaches have proven particularly beneficial.

Pre-Optimization Research

We use pre-design research as a diagnostic tool to help identify how customers are actually using the digital menus, what issues they have, and what specifically needs improvement. Research can involve ethnographic studies to actually observe customer behavior and menu use. We use customer intercept interviews to ask questions about their menu use, and to explore their likes and dislikes. Yet another approach is on-line research, where feedback can quickly and cost-effectively be collected from many consumers to quantify and prioritize key findings and insights.

Post-Optimization Research This approach is used later on to test and validate the effectiveness of the new optimization strategies, before new digital menu designs are put into use. Focus groups can be used to gather qualitative research on consumer reactions and use of the new menu strategies. Quantitative on-line evaluation is an effective way to reach hundreds of consumers very quickly and compare the performance of the optimized digital menus to the current. We can evaluate purchase intent as well as gather data on consumer attitudes and preferences. It's important to note that all

of this strategy validation research can be conducted using renderings of the digital menus. This allows us to quickly hone in on the best strategies before the creation of final digital menu designs, and before the costs associated with production and implementation.

“The most effective digital menu communications are the result of superior analytics and strategic thinking... not just clever graphics”

2. Financial Data Analytics

This part of the analytic trio focuses on utilizing sales data to identify ways to optimize the menu layout, product positioning, pricing elasticity, menu mix optimization and food and beverage attach opportunities.

Menu Sales Analysis

All brands track sales but it is astonishing how few use this data to help them create an optimized menu. Understanding where your sales are coming from can help you learn how and where to position items on your menu. Where you place products on your menu should be driven by an analysis of sales and profits. Some of your menu items are better sellers than others and some contribute more to your bottom line. These should be more prominent on your digital

menu. Analyzing sales also helps identify which poor selling items should be eliminated altogether to free up space for high priority items.

TURF Analysis

This is a mathematical procedure for optimizing a brand's menu. Through TURF, you are able to determine the shortest list of menu items needed to satisfy the vast majority of your customers. TURF delivers multiple benefits:

- Identification of revenue driver items
- Determination of items that drive customer loyalty
- Operational complexity improvements

Menu Performance Analysis

This identifies opportunities at the product level to enhance revenue and profitability performance.

Menu Operations Analysis

Using menu item operations data and complexity ratings allow brands to identify the contributing or detracting drivers of profitability.

3. Communication Analytics

This involves a communications assessment of the current menu by an experienced menu optimization consultant. The objective is to evaluate how effectively the digital menu's language, images, colors, branding, typography, layout, navigation, and interface come together to communicate and support your brand's menu strategy. It's critical that strategy drives the design of the digital menu. For example, if the menu strategy states that “we will increase off-premise ticket by increasing beverage attach”, does

the current digital menu effectively promote adding a beverage to a food order?

Research has proven consumers prefer to order by images. The use of quality food and beverage images with high appetite appeal can increase the sales of featured items. How does your digital menu stack up in this regard?

You should determine if the current digital menu is simple to navigate and order from. How have menu categories been arranged? Are items easy to find? What's the clarity of key messages? Is the order process intuitive? Learning to think like a customer can help you assess your menu's ease-of-navigation.

The communication analysis identifies what you are currently doing well, and want to retain in your optimized digital menus. It also identifies the problem areas where design and communication techniques fall below best-practice. The analysis results in a "hit-list" of opportunities for improvement as you optimize your menus.

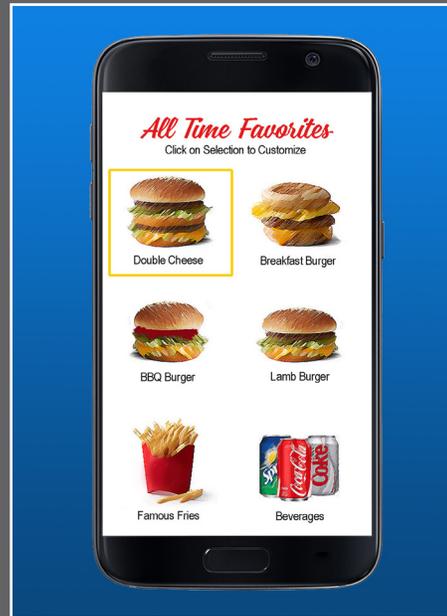
The Critical Importance of Having a Menu Strategy



An optimized digital menu is only as good as the menu strategy that is driving the effort. It's important that management takes the time to thoughtfully develop a menu strategy. Establish how the individual menu items should be prioritized. How will each contribute to realizing your brand's business objectives? It's the menu strategy that helps drive your menu optimization strategy.

Putting It All Together

Using the collective analytical findings of the previous phases, it's time to develop your optimized digital menu communications. This typically following a series of activities, as illustrated below:



1.) Develop the Menu's Strategic Layout. This is a "blueprint" for how the optimized menu will be organized. It expresses in schematic form how the content will be organized to achieve the business goals and objectives set forth in the menu strategy. The schematic illustrates the menu's presentation sequence, product placement, space allocation, and key customer interfaces.

2.) Visualize the Optimized Digital Menu. Here the strategic layout is developed into color renderings illustrating what the new menu would look like. There's just enough detail in these renderings (visuals, graphics, copy, branding, colors) to conduct on-line consumer research to quickly assess the validity of the new digital menu strategy.

3.) Conduct Validation Research This determines if the new menu resonates with customers and if it can outperform the current menu. Using the color renderings, quantitative research is conducted to evaluate the new strategy before implementing the menus. Use renderings of your current digital menu as a control. See what works, and what needs tweaking. This will help confirm if the new strategy can achieve the desired business objectives.

On-line research (shown in this image) is a fast and cost-effective method for validating new strategies with hundreds of consumers.

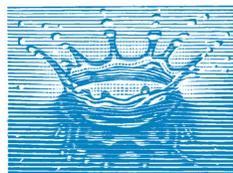


Are You Ready To Optimize Your Digital Menu?

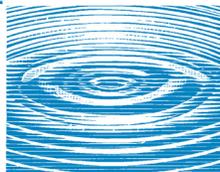
Achieving world-class digital menu optimization in today's competitive market requires far more than good-looking graphics. It requires a structured and systematic approach using the three analytical approaches outlined in this Digital Menu Optimization report.

Since 1953 King-Casey has been helping leading 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 when it comes to menu optimization.

If you would like to discuss a digital menu optimization initiative for your brand, please feel free to call Tom Cook, Principal, King-Casey at +1 (203) 571-1776. Or you can email Tom at: tcook@king-casey.com.



KING·CASEY



BRAND·RETAIL INNOVATORS

The Leading Brands Come to King-Casey When They Want Results

King-Casey, founded in 1953, 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.

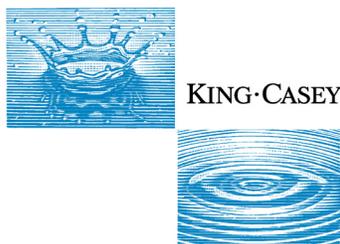
Collectively, our services provide advanced solutions that enable our clients to unlock the full potential of their menu communications, and achieve significant, measurable business results. No other firm provides such comprehensive menu optimization analytics and solutions.

Our Suite of Services Include

- Consumer insights analytics
- Attitude and usage research
- TURF analysis
- PMIX analysis
- Menu performance analytics
- Menu operations analysis
- Menu reengineering
- Menu strategy
- Menu communications analytics
- Path-to-purchase communications analytics
- Total store communications

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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