

JET MENU

MENU ENGINEERING GUIDEBOOK

 **Jet Menu**

 <https://mymenu-v6k6.onrender.com/>



A warm welcome to **Jet Menu**, Menu Engineering Guide Book

We're very excited to have you here! We are confident that with right ideas & tips, we all can master menu engineering.

Your restaurant’s menu is much more than a list of food.

1. What is Menu Engineering ? ✨

Menu engineering is a highly effective, scalable method for balancing the popularity and profitability of your menu. The objective here is to analyze your menu items and optimize it towards achieving two Ps: **popularity and profitability**. Briefly mentioning, following are the steps taken for effective menu engineering.

- Segmenting Menu items based on their popularity and profitability
- Promoting popular & profitable items
- Rearranging and rebranding less popular & profitable items
- Measuring the impact of your new menu

2. What are the benefits of Menu Engineering ?

Often times, restaurant business has low profit margins and menu engineering helps increase profitability. Through menu engineering you can:

<ul style="list-style-type: none">• draw attention to higher value menu items	use <u>today's special</u> feature of Jet Menu to highlight your higher value menu.
<ul style="list-style-type: none">• upsell extras to encourage greater spend	Jet Menu <u>slot machine</u> is design to incentives greater spend as it provides winning customers discount on their next order. Use it as your Restaurant's USP.

<ul style="list-style-type: none">● create a system for regular analysis of your menu, keeping it optimized towards higher revenue.	Data is king for every business. Digitize your menu with Jet Menu to access and analyze customers orders data for menu optimization (coming soon).
<ul style="list-style-type: none">● easily design coupons for meal combo deals	use coupon addons feature of Jet Menu to automate coupon creation and distribution of meal deal coupons thru coupon deal interface .

More than anything, Menu Engineering helps you gain insights on your menu performances and provide framework to optimize your menu for higher revenue & profitability.

3. Framework Implementation described:

Below information describes how to apply Menu Engineering framework to your restaurant Menu.

Contents:

- a. Calculate cost & margin for each items
- b. Segmenting menu items based on profitability and popularity

a. Calculate cost & margin for each items:

Important metrics for measuring profitability and popularity include the [menu item food cost](#), [menu item food cost percentage](#), [contribution margin](#), and [amount sold or frequency of sales](#).

All of these metrics can be conducted manually by gathering ingredient pricing information from your invoices and converting those prices into the portion costs of each ingredient within a specific dish.

Calculating cost and profit margin can be a tedious process but its extremely simply and also usually is a one time process. So, we highly encourage every restaurants owner to know these numbers by heart.

There are simply 2 formulas:

Cost of goods sold (COGs)=

Cost of each ingredient + Purchasing costs

- If a single tomato costs \$0.32, and each can be sliced into eight , the tomato cost for a dish that includes two slices would be $(\$0.32 / 8) = \0.08 .
- Purchasing costs includes cost like delivery charges, cost on inventory management and other various cost

With COGs of each items, you can easily calculate your profit margins on each items. The higher the profit margin, more profitable your business will be.

Unit Profit Margin =

Menu price — COGs

- Menu Price here is the price you have offered your customer in your menu.

occurred in buying, transporting & stocking those

Other cost such as labour, operational costs (electricity, water, gas & various fixed costs) are different from menu items cost, so these other cost are to be calculated separately. Understanding these cost are essential to business and should be kept in mind when pricing food items. Moreover, these cost are paid from the overall profits, so optimizing for high profit margins on each items is extremely essential for every restaurants.

b. Segmenting menu items based on profitability and popularity

Following Menu Engineering framework is widely popular and is often taught in most Hotel Management Colleges around the world. Below is how you can apply this framework in segmenting your restaurants menu.

☞ **Segmentation is done in 4 categories based on their popularity & profitability in your menu .**

1. Stars

- **Which items:** Usually also coined as Star performers. Food Items within your Menu with **high popularity & profitability** are listed in this category.
- **Tips to optimize:** It is often wise to leverage the star performers to increase the sales of other category items such as puzzles and Duds.

Since puzzles are highly profitable but less popular, combining them in a best combo deal for customers will likely increase sales for puzzle items.

Similar goes with Buds items, which are less popular & less profitable. However, before combining Stars with Buds items in your combo deal offers, it is always suggested to work on rebranding of the Buds items. Rebranding usually is intended towards increasing the popularity of the items. Rebranding includes changing their names, descriptions, images and experimenting with different prices.

Other than this, try promoting Stars items in your majority of marketing. For example, "try our famous hot Buffalo wings". Display them at the top of your Menu.

2. Puzzles

- **Which items:** Food Items within your Menu with **less popularity & high profitability** are listed in this category.
- **Tips to optimize:** The main objective for us to optimize this menu item is to increase their popularity (demands & sales).

As mentioned earlier in Stars section, in order to boost sales of these items, try combining them together with Stars on your combo coupon deals. They also have high profitability which you can initially leverage to balance those discounts % you offer in your discount coupons.

Often restaurants find these items have untapped potential just with a different name, image or descriptions. Consider making their name catchy.

Other than this, puzzle items are also the suitable fit for marketing. For example, highlight them in your menu & add them in today's special.

3. Plow Horses

- **Which items:** Food Items within your Menu with **high popularity & less profitability** are listed in this category.
- **Tips to optimize:** These food items are often considered star performers with less profitability. So, the main objective for us is to optimize profitability for these items.

It is suggested to make quantity (plate size or size) variant of these items. It can be decreasing the size of current quality with same price and simultaneously introducing bigger quantity variant with little price markup.

Increasing the prices to optimize for profitability is the way to optimize for this category items. If you have separate menu for lunch and dinner, it is suggested to experiment different pricing respectively on those menus. However, if you don't have separate menus, experimenting different pricing with different quantity variant can help you determine the perfect pricing.

It is not often wise to include them in combo deals with other food items as their profitability is already less. However, some restaurants have repeatedly combined these categories items with the most profitable item on their menu or drinks.

Offer them as add ons if you find them to be suitable. While offering them as add ons, it is highly suggested to use quantity (size) variant strategy.

4. Buds

- **Which items:** These are often also called as Dogs category. Food Items within your Menu with **less popularity & less profitability** are listed in this category.
- **Tips to optimize:** The main objective here is to determine the reasons for their less popularity. So, taking customer feedbacks for these items are necessary. In 2008, Dominos because of their declining sales opted towards customer feedbacks and revamped their 49-year-old pizza recipe which helped them break the industry record of selling the most pizzas in one day.

There could be various reasons. Usually, every other reasons except the taste of food items itself, can be resolved with some tweaks. So it is first important to determine whether food taste itself is the reason for its low popularity or not.

After understanding reasons, consider taking necessary steps such as reworking on their price, ingredients and cost of goods sold to optimize it towards puzzles category.

If you reworked a dud and both its sales and contribution margin remain low, consider removing it from the menu altogether.

More importance should be given at getting more customer feedbacks and revamping the recipe as per requested.

[Read Bliss point psychology:](#)

This is a psychological experiment put forward by American market researcher and psycho-physicist, Howard Moskowitz, which describes how a ratio of fat, sugar and salt can trigger all 10,000-plus of our taste buds as a result making food taste, pleasure to eat. Though we haven't experimented this, based on the conclusion we drawn from the study, we suggest experimenting recipe of your buds menu items following this framework. For example, maybe a spicy buds items need a little bit of sourness to make it appealing to customers. Please let us know if you did any experiment & it became a success. We will review it ourselves and include your findings crediting you and your restaurants in our pdfs forever.

How often should Menu Engineering be done ?

It would be ideal if you could schedule it seasonally (or quarterly). Most big chains restaurants are reportedly doing it on seasonal basis. You can also do it twice a year with small tweaks round the year. It is important to remember that a little menu engineering is always beneficial to none.

Conclusion: Menu Engineering Key take ways:

We've covered a lot of information, but here are those key takeaways for creating effective menus:

- Calculate your cost and margins of every items on your Menu.
- Based on above calculation & popularity, categorizing your menu items into Stars, Plow Horses, Buds and Puzzles helps you see what's profitable, what's popular, what's neither and what's both.
- At best, main objective is to upgrade puzzles, plow horses & buds towards stars category. For plow horses and buds, try aiming to upgrade them to puzzles first. Try necessary steps to upgrade and optimize each category.
- Don't fix things that aren't broken. Do not change anything specific to Star category menu items. Rather leverage their popularity with coupons or in marketing to upsell other category items.
- Measure effectiveness of your new Menu. Your KPIs (**key performance indicators**) are popularity & profitability of each items.
- Make a routine for Menu engineering. Ideally, Menu engineering is effect when its done quarterly (or seasonally).

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The Jet Menu Team

Try gamification to increase order volume and provide better experience to your customers