



King • Casey REPORT

Insights and Trends in Retail Branding, Merchandising and Design

THE SEVEN ABSOLUTES OF MENUBOARD OPTIMIZATION

Proven Methods for
Increasing Sales & Profits

The Seven Absolutes of Menuboard Optimization

Proven Methods For Increasing Sales & Profits

A KING-CASEY REPORT by Howland Blackiston, Principal, King-Casey

Optimized Menuboards Optimize Sales

For more than a quarter of a century, King-Casey has been helping leading QSR and Fast Casual brands increase sales and profits by dramatically improving their menuboard strategies and designs. Strategically sound menuboard optimization generates significant returns on investment. We routinely see 5-10% increases in overall sales. Optimized menuboards can also shave precious seconds off the order process speeding thru-put and boosting customer satisfaction and loyalty.

Your Number One Sales Tool

A strategically designed menuboard helps customers decide what to order. The menuboard is your number one sales tool. No element of the marketing mix is as overlooked or as underestimated in its ability to increase sales and ROI. Research shows that 56% of customers can be influenced by the menuboard. 74% of customers say that an easy-to-read menuboard is their top priority. In a recent discussion with a CEO of a QSR chain, he commented that, “menuboard optimization is one of the best investments

my company can make. It far exceeds almost any other strategy I could pursue to increase profits”.

Does Your Menuboard Underperform?

Many menuboards underperform because they are strategically weak. They don't incorporate business objectives. Nor do they take into consideration any understanding of how customers actually use menuboards.

Effective menuboard design follows a structured, analytical approach (menuboard optimization is much more than a graphic exercise).

The Secrets of Success

Over the years, King-Casey has identified seven critical truths that collectively result in world-class menuboard strategy and design. These are the “absolutes” that all menuboard re-engineering projects should follow.

Supporting Your Menuboard with “Staged Messaging”



Before arriving at the main menuboard, staged messaging helps pre-sell high margin items. Staged messaging can also help customers understand complex menu offerings. This is accomplished by presenting a series of short, simple related messages with visuals over 3 consecutive zones: entry, pre-order, and menuboard.

Using staged messaging can help customers decide what to order, speed thru-put by simplifying the order process and increase sales of high margin items.

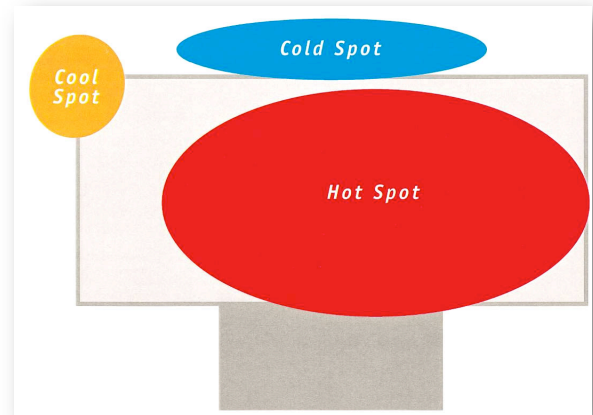
1. Entry Zone: In this zone, introduce the idea of ordering a combo meal
2. Pre-Order Zone: Continue to further communicate by showing key/feautured combo offerings
3. Order/Menuboard Zone: Close the deal in this zone. List all of the combo offerings on the main menuboard with pricing and additional details about the combo

Absolute 1: Leverage Hot Spots

Menuboard “Hot Spots” have been determined through years of King-Casey’s menuboard research. We know that these Hot Spots are where customers tend to look first and most frequently. This is where your best-selling and highest margin items should be placed. We also know that the Hot Spots are different on the interior menuboard than on the drive-thru menuboard. And for the interior board, the Hot Spots can vary depending upon where the primary order point is located (typically where the register(s) are located).



Interior Menuboard



Drive-Thru Menuboard

Absolute 2: Real Estate By The Numbers

Conducting a “sales to space” analysis helps determine if the ideal amount of menuboard “real estate” has been devoted to best selling items. The objective is that your best selling items or categories should be given more space on the menuboard than low selling items or categories. You should also dedicate more space to the items/categories that contribute the most to your bottom line. Using your sales analysis, create a simple all-text “schematic” of your current menuboard. Does a category’s percent contribution to sales have a one-to-one relationship to the percentage of real estate it occupies on the menuboard? This exercise will lead to an optimized schematic that represents a better sales to space ratio.

Sales to Space Analysis		
Beverages 15% Sales	Custom Pizzas 13% Sales	Sandwiches 8% Sales
Kids 1% Sales		
Family Meals 4%	Salads 3% Sales	Combos 56% Sales

Before

Sales to Space Analysis		
Salads Kids Meals 4% Sales	Sandwiches Family Meals 12% Sales	Custom Pizzas 13% Sales
Beverages 15% Sales	Combos 56% Sales	




After

Sales to Space Analysis

Note in the “before” schematic that combos (which account for 56% of sales) are relegated to only about 16% of the menuboard’s real estate. Also note that salads (which account for a mere 3% of sales) occupy the same percentage of real estate as combos. An improved use of the space is shown in the enhanced schematic (“after”). Combos are given more space, and other lower selling categories have been combined to better align sales contribution to space allocation. Beverages (with 15% of sales) are given their own panel.

Absolute 3: Location, Location, Location

All brands track sales, but it is astonishing how few use this data to help them create a strategic menuboard layout. Understanding where your sales are coming from will help you to better position and rank items on your menuboard. Where you place products on your menuboard should be driven by an analysis of sales and profits. Some of your menu items are better sellers than others. Some contribute more to your bottom line and should be more prominent on your menuboard. Using sales analysis also helps you to identify which items should be eliminated all together to free up space for new items or make more room for those items driving the business. First create a spreadsheet of your annual sales. Sort this list by percent sales. What percentage of total sales do each of the top 5-10 items represent? Sort this list by category for organizational purposes. Do this analysis for both your combo listings and general listings. You will use this information in subsequent steps to better position best-selling items on the menuboard.

	Cold Sandwiches	Sales %	Ranked by Sales	Margin %	Ranked By Margin
 Sales of 1.0% and over	Turkey	1.3%	3	77.3%	8
	Italian Combo	0.3%	5	85.4%	1
	Ham	2.8%	1	83.5%	3
 Sales of 0.5% to 0.9%	Ham and Cheese	2.5%	2	77.4%	7
	Roast Beef	1.1%	4	80.1%	5
 Sales under 0.5%	Roast Beef LG	0.8%	6	84.8%	2
	Chicken Salad	0.3%	8	82.2%	4
	Egg Salad	0.1%	7	76.0%	6

In this analysis of “cold sandwiches”, we have listed items in this category as they are listed on the menuboard. We discover that two low selling items (in red) are candidates for elimination. We also see that the best sellers are not listed on the menu first (listing items by sales rank can help speed the order process by making popular items easier to find).

Absolute 4: Launch, Sustain, Core

The concept of “launch, sustain, core” is part of a “dynamic menuboard management plan” -- a strategy for dealing with changes to menuboard content. The elements of this are as follows:

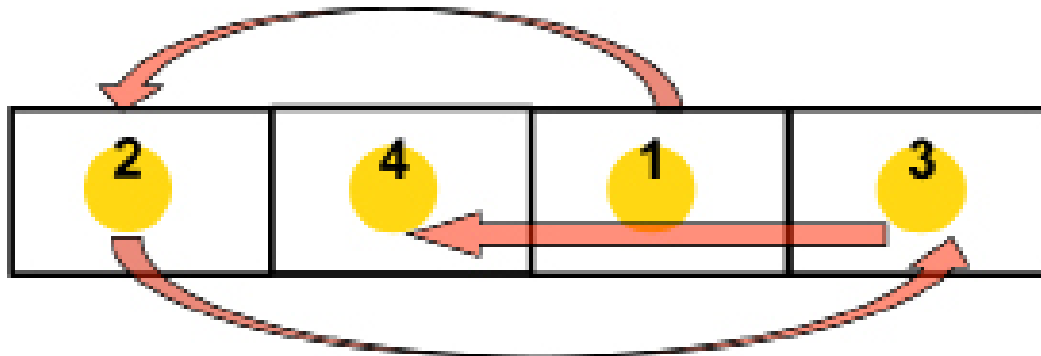
Launch: When you introduce a new product, where does it go on the menuboard? Has your menuboard strategy allowed space for introducing new items? It should. In fact, research shows that establishing a designated part of the menuboard for new product introductions is helpful to customers. Customers become accustomed to looking at this section of the menuboard to “see what’s new”. An optimized menuboard strategy designates a specific portion of the menuboard for the “launch” of LTO’s, and new or seasonal items.

Sustain: What happens when these new items become popular and successful? Is there a strategy for sustaining these items on the menuboard following their introduction? Where will they go? Is there room on the menuboard? Should lower selling items be removed to make room? It’s important that an optimized menuboard strategy take these issues into consideration.

Core: An optimized menuboard strategy also addresses your “core” items. These are the items that drive your business and account for the majority of sales. These listings should never be compromised as new items are added to the menus. Is there a strategy in place to manage these critical listings on your menuboard and to ensure that “core” items are always the “hero” on the menuboard?

Absolute 5: Think Like A Customer

Learning to think like a customer will help you to optimize your menuboard's navigation. The menuboard's design should sync with how customers order a meal. Research plays a role in finding out clues to improve menuboard navigation. Finding out how a customer orders a meal can help this process. What do they order first, second, third?



In this example, we see that a customer needs to bounce around the menuboard to order a meal. This is not in sync with the logical sequence in which a customer would order a meal: what do I want to eat; what beverage shall I have; what sides do I want; how about dessert? An optimized layout would take into consideration how the customer will order.

What's the Scoop on Digital?

Digital Merchandising Systems (DMS) are finding their way into the restaurant industry. DMS can be used as a menuboard or as a video merchandising display. DMS require an up-front investment in hardware and software, but over time prove cost-effective in savings associated with ease of change-out and updated listings.

There is little empirical data that shows that digital menuboard technology increases sales. So a decision to go digital should not be based on any belief that digital alone will boost sales. There is data to suggest that the real advantages may come with ease of updates and change-outs, and the costs associated with updates to traditional static menuboards.

As technology steadily improves and DMS becomes easier to maintain and more cost-effective to update and utilize, more and more restaurants will take the plunge into the digital signage realm.

Here are some of the pros and cons of switching to digital signage versus traditional menuboards:

The Pros:

- Change anything on the menuboard quickly
- Animate promotions to draw attention and entertain customers (can reduce perceived waiting time)
- Network your menuboards (so listings can be managed and updated by corporate)
- Schedule day parts and menu cycles
- Get around cultural/language barriers (an image is worth 1000 words)
- Enhanced brand image and perception ("halo effect")
- Selectively target messaging

The Cons:

- Systems are capital intensive/premium priced
- When the system fails you have no menuboard (e.g., power outage)
- Creative context can be more expensive to develop
- More costly to operate (e.g., energy costs, maintenance, updates, creative content, etc.)
- Can be technically problematic (software/hardware quirks and bugs)
- No quantitative data on key measurement criteria (e.g., awareness generation, increased viewing time, persuasiveness, etc.)



Absolute 6: Brand It

Consistency of branding integration is often overlooked. Many restaurant brands do little to integrate their brand positioning and identity with the whole customer experience. By consistently integrating branding elements, you will: increase customer awareness, loyalty, see a greater ROI and notice an improvement of overall sales.

Great branding is more than a logo. Branding should extend to every aspect of the business that involves the customer, especially the menuboard. With a branded menuboard and consistent branding throughout, the customer will easily be able to differentiate a brand from its competitors and will be able to see what makes the brand unique. By increasing the branding on your menuboard you can heighten a customer's trust and overall experience.

When designing your "branded" menuboards, keep in mind that the number-one priority for an optimized menuboard is "simplicity & ease-of-use". Be careful not to get carried away with clever designs and unnecessary graphic details. The number one priority is making the new design as easy to read and navigate as possible.

Absolute 7: Metrics Matter

Now that you have developed an enhanced strategy to optimize your menuboard, it is time to put it to the test. It is extremely important to objectively measure the success of your menuboard optimization efforts versus key metrics and decision-criteria. Things to look for are sales increases, ticket increases, improved thru-put, improved customer satisfaction and an overall happier franchisee. Here is where thoughtful research can be helpful. There are many research tools at your disposal. For a "research primer" on what research techniques work best in a given situation, download a copy of this King-Casey Report. Go to www.king-casey.com and on the homepage look for "Click Here for Free Downloads".



Back Yard Burger menuboards visually reinforce the brand and its premium Black Angus positioning.



Subway's Fresh Value Meal graphics reinforce the brand's proprietary "fresh-value" positioning.



A free copy of this report on "research techniques" is available at www.king-casey.com. Go to the homepage and look for "Click Here for Free Downloads".

Things to Avoid

Here are a few examples on what to do and what not to do when optimizing your menuboard:

Too Much Clutter



One of the most common mistakes of menuboard design is offering too many promotions at the order point. If you want to show promotions, give them their own space. If you let your menuboard layout and the area immediately around it overwhelm communications, it will slow thru-put and decrease customer satisfaction and ease-of-use. When it comes to good menuboard design, less is more. Menuboard real estate is too valuable to be used for non-food items. A rule of thumb is to offer no more than 10 combo items to avoid clutter. If you do, everything will start to look the same from the customers point of view.

All-Text, No Visuals



All-text menuboards can be difficult to read and reduce ease-of-ordering. These types of menuboards do not help the sales of high margin items because they lack good quality, appetite appealing images that can increase sales. Research shows that customers prefer to order by visuals versus text. It is a good idea to number combos and use visuals to show what is included in the meal. It is also a good idea to visually feature high margin beverage items by showing quality brands. This is a simple way to reassure quality and stimulate thirst appeal for this high margin category.

Poor Graphics

Difficult to Read

CHEESEBURGER

Easier to Read

Cheeseburger

Having an illegible menuboard is one of the fastest ways to slow thru-put and decrease ease-of-ordering. Making your menuboard legible should be a top priority and can help you to avoid customer dissatisfaction. When looking to improve text visibility, make sure that the text height is at least 1" so that customers standing in line or waiting in their car can easily read the menuboard. It helps when you use both upper and lower case lettering (as opposed to only upper case letters). Another way to increase visibility is to use good contrast for text. Dark text on a light background is generally easier to read than light text on a dark background.

King-Casey Can Help

Too often restaurant brands are drawn to quick low-cost menuboard redesigns provided by the companies who manufacture menuboards. Or restaurants engage the services of advertising or promotion agencies who lack the specific knowledge, skills and experience to develop and design an optimized menuboard.

World-class menuboards are developed by thoughtful business analysis and a sound strategy executed superbly and creatively. King-Casey has more know-how and experience than any other firm when it comes to menuboard strategy and design. We have a profound database of best practices and customer behavior research that spans decades.

Are You Ready to Optimize Your Menuboards?

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



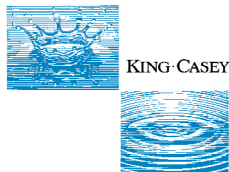
About King-Casey

King-Casey is one of the top retail consulting and design firms in the U.S. For more than half a century, we have been helping companies build competitive brands by dramatically improving the customer experience. We serve clients throughout the world. Our highly creative design solutions are firmly grounded in scientific insights derived from research and hard data about consumer behavior. Our strategies and designs are crafted to realize measurable and meaningful results for your brand. Our solutions are designed to delight your customers and help you achieve your business objectives. We provide a complete range of services including assessment, research, branding, visual merchandising, retail prototype design, and rollout. We will help you develop creative, innovative solutions that result in increased customer loyalty, higher sales and greater return on investment. We can make a positive impact on your business while exciting your customers with fresh, innovative and competitive design solutions.

King-Casey has developed a significant clientele from the restaurant industries (including QSR, Fast Casual and Casual Dine). Our work within these segments now accounts for a large percentage of King-Casey's overall business and includes restaurant design, branding, identity development, merchandising, menu/menuboard optimization, and restaurant design.

Be sure to visit our website for more information on King-Casey and our full range of services.

www.king-casey.com



BRAND-RETAIL. INNOVATORS

King-Casey
25 Sylvan Road South, Suite H
Westport, CT 06880 USA
Telephone (203) 571-1776
Fax: (203) 571-1599

www.king-casey.com