



# KING • CASEY REPORT

*Insights and Trends in Retail Branding, Merchandising and Design*



## Strategic Menuboard Enhancement

The Hidden Goldmine in Your Restaurant

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

### There's a Goldmine in Your Restaurant

There is a goldmine waiting to be harvested in most QSR's and fast casual restaurants - the reward can be found in menuboard enhancement. But not run-of-the-mill menuboard enhancement. Too often the focus of menuboard enhancement projects is solely on legibility, ease of use, throughput, production standardization, and signage esthetics. These kinds of enhancements can improve customer satisfaction and even reduce costs. So there's value in such activities. But that's not where the goldmine is located. A well engineered menu enhancement program should include strategies for increasing ticket and generating more profits.

Time and time again King-Casey has observed that well-engineered menuboard enhancement strategies generate fabulous returns on investment for those QSR's choosing this strategy. We routinely see sales increases of 5-10% as the result of implementing an enhanced menuboard strategy. On average, 8% is a typical sales increase.

"The ROI for menuboard enhancement far exceeds almost any other strategy for increasing profits"

In a recent discussion with the CEO of a QSR chain, he commented that, "Menuboard enhancement is one of the best investments my company can make. In fact", he went on to say, "the return on investment far exceeds almost any other strategy I could pursue to increase profits".

### The Rewards Come With an Investment

Menuboard/merchandising enhancement does not come free. It requires a three phase investment:

**Diagnosis.** A diagnosis of menuboard and zone merchandising problems to discover opportunities for improve-

ment. This would include an analysis of how customers use the menuboards. It includes an in-depth sales analysis of menu items. Which are selling? Which are not? Which are most profitable? How are merchandising strategies (analyzed zone-by-zone) integrated with menuboard strategies?

**Remedy.** The development of an enhanced menuboard and merchandising concept. This is driven by the findings of the diagnosis and designed to enhance desirable sales and improve ease of use.

**Implementation.** This final phase includes the fabrication, installation and rollout of new menuboard and merchandising solutions.

### Breaking Down the Investment

Based on our work with many restaurant concepts, we can estimate typical investments and typical returns. Investments break down into two categories: corporate investment, and store-by-store investment. A strategic menuboard and merchandising diagnosis and remedial design typically

involves a one-time *corporate* investment of about \$100,000 (to cover in-depth product and zone analysis, strategy development, design, etc.). The store-by-store investment covers the fabrication and installation of the resulting new interior menuboard. That would typically run about \$10,000 per store. Therefore, a QSR with 250 stores would invest \$2.6 million to upgrade all of the stores to the new and enhanced menuboard strategy.

## The “Burger Store” Example

Let’s look at the results at “Burger Store”, a hypothetical chain of 250 stores. Although “Burger Store” is not a real place, the data in this example *is* real. It is based on the investments and results obtained by numerous QSR’s King-Casey has worked with over the years.

### Strategy 1: Enhance Menuboard

Here’s how the numbers break down for menuboard enhancement at Burger store.

- Menuboard Investment for All Stores: \$2.6 million
- Average Enhanced Store Sales: \$1.62 million (an 8% increase)
- Average Enhanced Profit Per Store: \$324,000 (profits are 20% of sales)
- Enhanced System Profits: \$81 million (\$6 million increase in system-wide profits)

Note that by investing in menuboard enhancement, the resulting \$6 million increase in system wide profits equates to a significant 230% Return on Investment.



## Burger Store Profile

250 stores

Total System Sales: \$375 million

Average Store Sales: \$1.5 million

Average Profit Per Store:

\$300,000 (20% of sales)

System Wide Profits: \$75 million

### Strategy 2: Store Image Enhancement

Menuboard Enhancement’s 230% return on investment offers some interesting contrasts to other forms of improving company profitability. One popular approach is to re-image stores, giving them a fresh new look with the goal of increasing sales. This approach can also increase sales by 8%. But getting this increase comes at a far greater investment than menuboard enhancement. And it takes far longer to implement. To retrofit existing stores (new decor and enhanced interior design) companies can plan on investing \$100,000 (or more) per store. For a 250 store system like Burger Store, that translates to a systemwide investment of approximately \$25 million to get the same 8% increase in sales. That’s only a 24% return on investment. And even if your new decor program results in double that sales increase (a substantial 16% increase), the ROI is only 48%.

This sharp contrast is the basis for an emerging awareness among QSR CEO’s that the ROI for enhanced menuboard design is among the highest available to senior management.

### Why Menuboard Enhancements Fail

Far too often QSR companies are drawn to cost-attractive redesigns provided by those who fabricate menuboard. Or they might engage the services of well-meaning firms whose primary focus is on graphic design. Note that attractive graphics do not necessarily generate attractive profits.

Effective menu enhancement should be primarily driven by thoughtful and in-depth business analysis. Make certain that your enhanced menuboard design is dictated by a sound strategy and menu analysis. Analyze sales and cost-of-goods information for use in repositioning offerings to gain maximum return. Identify opportunities for pre-sell messages. Understand customer behavior and identify opportunities for improvement

You’ll get an enviable ROI.

There’s information on the process for strategic menuboard enhancement on the following page.

## Here's How It's Done

So how does one go about "strategic menuboard enhancement"? We recommend a structured process for maximizing menu/menuboard potential and increasing customer satisfaction, thru-put, check size and profit margin.

**Insight:** Determine what's the current situation? Review brand positioning, present menu strategy, and business goals.

**Analysis:** Analyze sales and cost-of-goods information for use in repositioning offerings to gain maximum return. Study key restaurant "zones" to ensure that the right message is being conveyed within the right zones. Identify opportunities for pre-sell messages. Understand customer behavior and identify opportunities for improvement (this is where focus groups, observation, interviews and videography are useful). What are the customers' needs? How do they use the store? How do they read the menu?

**Assessment:** Based on the analysis, assess the current menu/menuboard and develop a schematic recommendation and strategy for an improved solution to maximize menu and menuboard effectiveness.

**Strategy:** Based on our analysis, a strategy is developed for menuboard enhancement. Which

profitable items do we want to sell more of? Which non-profitable items should be dropped? Are there items accounting for 1% or less of sales? Chances are these are just taking up valuable real estate on your menuboards. Are there items we don't currently offer that we should? Are there opportunities for increasing average ticket (bundled meals, family meals, add-ons)?

**Design:** Translate the improved menu strategy into a new design solution that is responsive to brand, customer needs, ease of use, and business objectives. Note this is the last step in the menuboard enhancement process. It is tempting to jump straight to this phase. But don't. Good design is driven by good business analysis.

**Location:** Where is the ideal location for the menuboard? How does it relate to how customers actually use the menu? How does it relate to customer flow and the order process? Menu placement should respond to the needs of the customer. And it should be located so as to maximize customer flow and thru-put. Have you considered the use of pre-sell menus?

**While You Are At It:** Menuboard enhancement is a good opportunity for reinforcing your brand. Good strategies include design solutions that distinguish your brand.

**King-Casey** is a pioneer in retail consulting and design. For more than half a century, we have been building competitive brands for a broad array of retail companies by dramatically improving the customer experience at every point of contact. King-Casey provides a complete range of services including assessment, research, branding, visual merchandising, retail store design, and rollout. We develop innovative solutions that result in increased customer loyalty, higher sales and greater ROI.

King-Casey has been particularly successful in helping restaurant brands optimize the guest experience and improve business performance. The firm has worked with most of the leading QSR, Fast Casual and Casual Dine concepts.

If you would like to discuss menuboard enhancement within your restaurant chain, please call Howland Blackiston at King-Casey. Telephone (203) 571-1776. Or email Howland at: [hblackiston@king-casey.com](mailto:hblackiston@king-casey.com)

Be sure to visit our website:

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