Ten Menu Mistakes You Can Avoid

by Mark Laux

People eat what they eat, right? Isn't that the prevailing wisdom? When I give presentations to restaurant operators, pointing out that their menu can act like a fairy godmother bonking customers on the head with fairy dust and getting them to buy more of what they want to sell, I get blank stares of disbelief.

But it's no fairy tale. A well-engineered menu is all about putting energy around items that have a better gross profit potential, and offer significant value to your brand. A menu should be your most effective marketing tool. It should suggestively sell products, describe your offering in a poetic way, entice an upsell and, most importantly, be a visual representation of your brand. In addition, it is the place your guests will find what they want to order, so it is also your catalog.

Yet too often menus are given little thought, and treated simply like a price list that anyone with a computer and printer can create. In fact, one of the reasons badly designed menus are so prevalent is that computers have seduced operators to go it alone in the engineering and design process. If you're old enough, think back to when automated photography first arrived on the scene, and promised that almost anyone could take a decent snapshot. Some people dismissed the value of an experienced and skilled photographer. Likewise, desktop publishing tools promise to turn anyone into a designer. You can give a monkey a top-of-the-line digital camera or the best computer-aided design tools in the world; however, the product may leave something to be desired.

With a few pointers you can avoid the most common menu mistakes and improve presentation and, more importantly, profitability of your menu. Granted, I am a menu designer by profession, so I would not have much business if everyone designed their menus on their own. Still, whether you decide to hire a pro or go it alone, you need to consider the following.

One of the many reasons badly designed menus are so prevalent is that computers have seduced operators to go it alone in the engineering and design process.
Mistake 1: Not Learning Enough About Your Customers

If you are just starting from scratch, you don't have current customers or a sales history. Nevertheless, the following information is valuable to you, since early in the life of your restaurant, you will want to use this data to fine-tune your menu.

If you don't understand what draws people to your restaurant, you will be unable to create a menu that builds upon and leverages your appeal. You have a focus group going on in your restaurant everyday -- people who are voting on your restaurant with their pocketbook and their feet. They decide if they will dine with you, and when they do they decide what to eat. If you understand how, this focus group is at your fingertips and will tell you more about your brand than your gut, your best friend and a palm reader combined. You need to be constantly asking your customers how much they love you. And before you run out to the front of the house and say something like, "How was everything?" just sit down for a moment and think first.

You need to ask, but you need to ask the correct questions, and to the right people. If possible, you don't want to ask first-time customers, because while a first-time customer is always a treat, they will not be honest enough to get the answers you seek. Next, you want to ask questions that probe deeply into the reasons they purchased what they did, where else they eat, how you compare, etc. None of this is for the faint of heart, but it will give you great insight about your business and how to improve it.

In addition to guest surveys, another crucial method to understand your guest behavior is to develop a "menu matrix." A menu matrix is an X and Y axis plot of your menu items based on their popularity and profitability. It tells you (and the person you hired to help engineer your menu) about the buying habits of your customers, and how their choices affect your profitability. Wouldn't you prefer that your most popular items were also your most profitable items? Of course, you would. Your menu can help nudge guests in that direction. But before you start making changes, you need to know where you stand. By creating a menu matrix you can get an instant visual aid of where all your menu items fall in sales volume and gross income.

A menu matrix will place each of your products into one of four categories based on their sales volume and contribution to profits. You will be able to see graphically which items have higher-than-average sales and profitability (often referred to as "Stars"), which items have higher-than-average sales but have lower-than-average profitability and vice versa, and which items do not sell well and have lower-than-average profitability (often referred to as "Dawgs"). The menu matrix gives you a visual representation of the landscape of your current menu, and helps you decide
which items to feature more prominently on the menu, which items need to be made more profitable, and which items require some soul searching to justify their continued existence on your menu. The four categories described are:

**Stars.** Both popular and profitable, these items are your best opportunity to build a stronger, more profitable restaurant. For a start-up restaurant, these items will have a higher-than-average profit potential.

**Puzzles.** Products that make a higher-than-average profit, but lower-than-average sales, these items may be wrong for your restaurant, may be too high-priced, or may need to be marketed or named differently. In a start-up restaurant, these will be an unknown quantity, so this is where you will want to promote.

**Cash cows.** Sometimes referred to as Plow Horses, these items are high-volume with below-average profit. Items that have a high competitive nature will probably fall into this category (particularly items that don't differentiate your menu from a number of other restaurants, including popular standbys like burgers). When working with cash cows on a menu, you will never want to highlight them, but instead bury them in the middle of a category. Cash cows are like milk in a grocery store -- making your guests read other items on the menu to find them may get them to trade up to something better for you.

**Dawgs.** Every restaurant has a few, some have a lot. Dawgs underperform in both profit and popularity, so if you cut an item this is often a great place to start. But before you start cutting Dawgs, you will need to look a little further first. If the items represent more than 25 percent of your overall business in a category, you may want to invest some time rethinking the items to see if you can increase their appeal. Also, cut items that are orphans first, as they are items that will hold your inventory ransom. An orphan is a product you inventory for only one menu item.

You can create an adequate menu matrix with spreadsheet software. The technique for creating a menu matrix is well beyond the scope of this article. And frankly, it may involve more labor and time than some operators might be willing to undertake on their own. Here is where a professional menu engineer and designer can really be helpful.

If you are just opening your restaurant, you won't have any history. That's OK; just use potential income as your guide. You're actually in the best situation if you start out from Day 1 with an engineered menu.

**Additional Resources:**

*Success Focus Video: Menu Engineering*

http://www.restaurantowner.com/members/2063print.cfm
The key take-home point is that true menu "engineering" requires a menu matrix and analysis of menu items in their sales volume and contribution to your profitability. Whether you conduct this analysis yourself or hire an expert, it is critical to maximizing the performance of your menu.

**Mistake 2: The Perilous 'Price List'

One of the most pervasive and preventable mistakes in the restaurant business is the price list menu. Why so many restaurant operators lead with money, I will never understand. A price list is just teaching your customers to shop from you on price.

A price list is a menu that has all the prices listed on one side, usually with dots lining up the items with the prices, and while that is the biggest mistake any restaurant operator will ever make because it is such a travesty, it deserves special attention. It's the worst thing you can do to a menu, to your business, to your mother's memory, to your kid's future and to the local economy. It's such a sin that if you have a menu with a price list on it, you should slap yourself and apologize to your customers. A price list menu is just begging your customers to shop you on price, and it takes all the fun out of eating out for your guests.

The cure for this problem is simple: Tuck the prices into a paragraph. Don't highlight the price; don't make it another color, or type size, or style. Just end the description with a price without a dollar sign and move on.

And, heaven forbid, if you don't have descriptions on your menu, now would be a great time to write some. If only to hold the price, it's a good idea; but as a way to describe your offering in an enticing way is even better.

Regardless of the skill of the salesperson or the elegance of the pitch, ultimately every product's key selling proposition is the perceived value to the customer. Any time a person decides to buy any product they do a simple calculation in their head. They weigh the function and the price of any product and decide if the two are close enough together to offer what they consider a value. If the function seems too high for the price, they don't buy it. If the function is too low to support the price, again, they don't buy. If they are confused about the value of the offering, again the result is no sale.

**Mistake 3: Not Updating the Menu Often Enough

How many of us resolve to lose weight, quit smoking, drink less or complain less, and don't keep...
up with it? It's not really a surprise, but most restaurant operators just don't update their menu enough. I've worked with more than 2,000 restaurant operators across the country, and it's been our experience that, on average, restaurant operators change their menu less than once per year.

The downside of waiting too long is twofold: First, by the time the operator makes an update to the menu, he or she is often upside down on many of their best-selling items. Second, many operators then end up shocking their customers with a price increase across the board because they're faced with such tight margins.

My best recommendation is to update your menu at least four times per year. In this way you can keep pace with eating trends and seasonal shifts with your guests, and you can ensure you don't get too far behind in price adjustments.

Updating the menu is a good opportunity to expand or revise your offerings; however, I recommend that you use appetizers to test new items. Consumers are much more willing to try new food items as appetizers than they are with an entrée. The last thing anybody wants to do is leave hungry. So if you want to try something new on your menu, start it out as an appetizer and see how well it sells.

When you decide on a new ingredient for any of your menu items, make sure you tell your customers that you're experimenting with the recipe to try to improve it. Do not tell them you're trying to save money, which is most often the case, as that will make them much less likely to approve of the change. Ask for their feedback, and if it's negative at all, don't make the change. Many times a price increase is much easier for your customers to accept than a product change.

**Mistake 4: Improper Product Placement**

Many operators don't give much thought to where items are placed on the menu. In most cases, product positioning is more of an afterthought than a strategic decision. But it's an easy fix with the right knowledge. Depending on the menu style you've chosen, your best profit items need to be placed in order of importance. Make sure the best plate contribution in your restaurant goes in one of the top three positions, at the very least.

A word about appetizers, sides and desserts: All of these products are important to your overall success. But when a customer decides what to eat, it's best to have these items in locations that do not take up the overall best locations on your menu. As an example, many restaurant operators are tempted to place appetizers in the No. 2 position on a four-page view menu. In my opinion this is a mistake, because it's a missed opportunity to sell something more valuable like sandwiches or other entrées.
Through experience I've found the best place for the appetizers is on the back of the menu, which might seem counterintuitive. When the menus are placed with the appetizers face up, however, and the servers point them out, the sales of appetizers increase.

**Mistake 5: Not Highlighting or Not Highlighting Correctly**

Of all the mistakes I see on homespun menus, this is probably the most pervasive. While I've never done any research as to why operators choose not to highlight on their menu, it's probably because they either don't know how, or what, to highlight.

Over the years I've learned a couple of surefire tips on the best way to highlight on a menu. First, box in an area of the No. 1 position on your menu. This needs to be large enough to hold your best entrée items, or sandwiches if you're a sandwich-oriented restaurant.

Next, make sure there is a background color that is light enough to allow for you to use black type, yet dark enough to allow contrast for highlighted areas. It's been my experience that the best highlights are white with a light background color. In fact, it has been my experience, through trial and error, that most other methods of highlighting have an opposite or negative effect on the sales velocity of the items highlighted.

**Mistake 6: Skipping Mental Anchoring**

This step is skipped most often, probably because many restaurant operators don't understand it. Mental anchoring can be the difference between getting an extra buck from your guests or not. The reason: Most consumers do not purchase the most expensive item on any menu. In fact, the single most difficult item to sell at any restaurant is the most expensive item. But there's a catch. Consumers are very open to moving up the scale if given permission to do so. And the easiest way I have found to give them permission is to offer them something more expensive than the highest-priced item currently on the menu. In fact, just offering a double order of your most expensive item will bring a higher check average.

Here's an example of mental anchoring: Seafood Cruise. Take a cruise on a riverboat, eat dinner, gamble and be entertained; and you've spent at least $500. Or eat the steak-and-crab dinner here
for only 21.95, and save a cool $478.

This may seem silly, but it works every time. Consumers compare the $500 with the 21.95 and change their mind about how expensive the item appears. And when they do, they are more likely to order the higher-priced item than if they hadn't made that comparison.

**Mistake 7: Careless Pricing**

I once coached a restaurant operator in Houston. While we discussed his prices, I pointed out that he could make close to $12,000 in extra income in just three months by simply adjusting prices.

Whenever you take prices up, you run the risk that some customers will stop buying from you. That is a fact.

Yet there are simple price points that have an effect on consumer behavior. Under $5, there are four price ending points to be concerned with: 0.29, 0.49, 0.79 and 0.99. After $5 there are only two: 0.49 and 0.99. So a product priced at $6 will sell at about the same rate as a product priced at 6.49.

By the way, I did not drop the dollar signs by accident. Dollar signs make me angry. Dollar signs just remind consumers that they are in fact spending money. So rather than remind them of this, why not just leave the dollar signs off?

**Mistake 8: Misinterpreting Brand Value**

Brand marketing is a very specialized field. Some people spend their entire lives understanding brand development and, even so, many of them make fundamental mistakes. So when independent restaurant operators make fundamental brand mistakes, no one should be surprised.

If you conduct guest research and create a menu matrix, you will have some clues as to your own brand's value and what it can support. If you haven't, you're just guessing. And even then, you'll have to get your own ego out of the way to make clear decisions involving your brand.

Here is a simple test you can do to make sure your menu offerings fit your brand personality. Single out the item in question and clear your mind of everything except that item. Then think, "Is this us?" If your gut tells you it is, you're probably OK. If your gut tells you no, then you may want to take a pass on the item.

**Mistake 9: Doing Too Much On Your Own**
Even the best golfers and tennis players in the world have coaches. Think about it; Tiger Woods is one of the best golfers in history and could undoubtedly beat his coach any day of the week in golf, yet he takes his advice.

There are a number of reasons why many restaurant operators don't hire advice, with the three most prevalent being:

1. Restaurant operators don't think they can afford a good menu resource.
2. They don't believe any of this menu engineering stuff anyway.
3. They're being cheap.

The most important thing a good menu engineering coach or consultant can offer you is an objective viewpoint. Beyond that, they may offer ideas that you haven't thought of. You don't have to take all their advice, but you can't take what you haven't asked for. Be a Tiger and get a coach.

**Mistake 10: Nephew Art**

This is a corollary to Mistake 9. If I had a dollar for every time I've said, "Don't let an amateur design your menu and menu art," I wouldn't be writing this article. Instead I'd be in Tahiti drinking on the beach. Good design is good business. And yet so many restaurant operators design their own menu or turn it over to a friend or family member to hack together. A menu with clip art, an amateur painting or a snapshot from the digital camera someone got for Christmas on the outside and a price list on the inside just brings misfortune and missed opportunity every time.

But correcting this mistake is much harder because it requires hiring professional help, and that can cost serious money. Here are a couple of ways to ease the pain. If you're going to let your friend design the menu, or if you're going to do it yourself and you're not a professional designer, copy a well-engineered menu. Many of the techniques I offer here are simple enough to be handled competently by an amateur designer. However, if you can afford a professional designer, especially one with menu design-engineering experience, it's well worth the money.

That said, there are ways to save money when working with a professional designer. Set the tone for the graphic representation of your menu with the cover layouts first; then incorporate the design you choose into the rest of the menu. Many operators make the mistake of having the menu designed all at once, and then when they make changes it becomes expensive. Most art directors and designers charge by the hour as professional, skilled crafts people often do. So when you change your mind about your menu, they will want to charge you more money. Since the cover sets the tone for the piece, make sure you are happy with that theme before you execute the entire menu. In this way, you will avoid overruns and additional expenses.
I get calls all the time from restaurant operators looking for a sympathetic ear about escalating costs on their menu design and engineering. Sadly, in most cases they made changes to the original idea so the charges are most often legitimate.

**Costly Mistakes**

It has been said that until the pain of the current situation is stronger than the fear of change, things stay pretty much the same. With our current economy there must be a lot of pain, because I'm suddenly inundated with calls from restaurant operators wanting advice on how to grow their restaurants.

Think of your menu as an investment in the long-term well-being and financial health of your restaurant. And consider for a moment that if you spend a few hundred dollars in design and engineering fees to make menu changes, such as price adjustments, adding a few new items and dropping a couple of "Dawgs" from the lineup, how long does it really take to recoup that expense? It might take a couple of days or maybe a week at most. Weigh that expense against the opportunity cost in lost revenue by not analyzing and making changes to your menu often enough. That can add up to hundreds of thousands of dollars of lost sales over the years.

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**Restaurant Startup & Growth**

**Bigger Isn't Always Better**

When you stroll down the aisles of a typical supermarket or watch television for more than a few minutes, you are slammed with the seemingly infinite choices of food available to the U.S. consumer. That's why it's tempting to offer a supermarket of choices on your menu. Slow down. The number of menu items on the menu is critical to cost and quality control. Vary it enough to interest the guest, but limit choices to maintain control.

Many restaurateurs make the mistake of trying to be all things to all people. On any given menu, 50 percent of the menu offerings typically produce 70 percent to 80 percent of the popularity. Theoretically, that means you might be able to dump half your items and still maintain 80 percent of your sales. Now in practice, some of those less popular items are necessary to carry your concept, please your spouse, and/or cater to smaller but important customer groups (e.g., children, vegetarians, folks on low-fat diets). The important thing is to understand the trade-offs, and have a strategic reason for every item on your menu, not just to take up space.

Establish early what you do well, and what you want to be known for, and then do it. Size of the menu will depend upon the concept, market, operational capabilities, as well as quality and profit.
goals. A general rule of thumb: The more items on the menu, the higher the food cost. If, in your circumstances, you feel the need for an "extensive" menu, then make sure you design the menu with a limited inventory, and have strong "cross-utilization," or use the same ingredients across several menu items.