Menu Engineering: How to Create a Profitable Menu

What is your most valuable piece of marketing as a restaurant? **A thoughtfully designed menu** advertises your offerings and can increase your restaurant's profits. Menu engineering is a process through which you can best capitalize on your restaurant menu, and it first requires an analysis of the profitability and popularity of your menu items. Your menu engineering and menu psychology tactics push your high profit margin items while also creating a relaxing, fulfilling customer experience. Below we explain menu engineering basics along with essential design tips based on menu psychology.

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What is Menu Engineering?

Menu engineering is the practice of analyzing and strategically designing your menu to maximize restaurant profits. By highlighting your restaurant's most popular and profitable items with menu psychology techniques, menu engineering constructs your menu in the most effective way.

Menu Engineering Guide

Below we outline steps to engineer your menu and increase your profits.

## Step 1: Analyze Your Menu Items

Menu engineering first requires analyzing the items on your menu to figure out which ones are the most popular and profitable. This is important, because you will be constructing your menu around these items.

A) Ensure that your menu is initially priced correctly for maximum profit.

B) Understand the popularity and profitability of your menu items with the menu matrix.

Plotting out your menu items with the menu matrix is the easiest way to discern their ranking. The menu matrix tracks an item's popularity and profitability. Choose a time period to track your menu items. Record the volume sold of each item along with the profit brought in by each menu item. Plot the information on a graph; the Y axis will reflect the volume sold, and the X axis will reflect the profit of the item. Below is an example of a menu graph.

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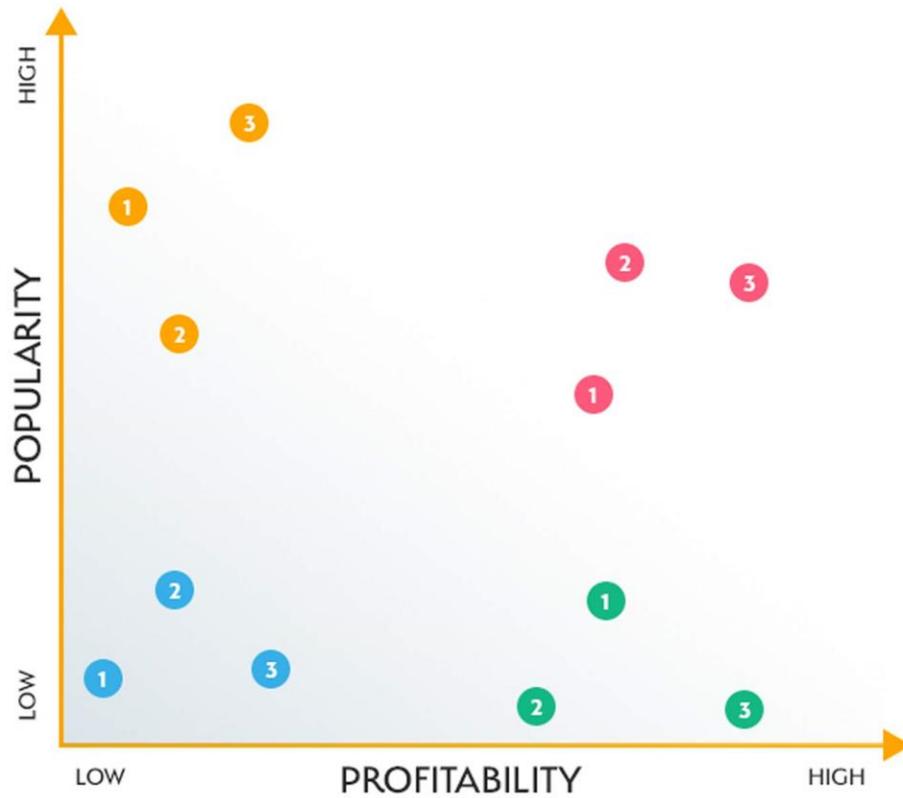
PLOW HORSES

1. Steak
2. Striped Bass
3. Halibut

STARS

1. Omelette
2. Pasta
3. Margarita

DOGS

1. Shrimp Quesadilla
2. Liver & Onions
3. Veggie Burrito

PUZZLES

1. Loin of Pork
2. Duck Breast
3. Lobster

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In the menu engineering field, common terminology groups together different levels of profitability and popularity to form the following groups:

- **Plowhorses: Low Profitability and High Popularity.** These are menu items that do not have a high profit margin but are crowd-pleasers, making them essential to keep on your menu. A classic example is steak or fresh-caught, unique fish. You might consider using less expensive ingredients or decreasing the portion size to make it more profitable. If the item continues to have a small profit margin, you should avoid upselling or featuring it on your menu.
- **Dogs: Low Profitability and Low Popularity.** Dogs represent food items that are not ordered often nor have a large profit margin. Consider removing these items from your menu. However, there are cases when you may want to keep Dogs on your menu. One example may be kids' options, such as a grilled cheese or kiddie burger, which may not sell often but are important to keep on your menu for families. If continuing to offer items in this category, avoid upselling or accentuating them on your menu.
- **Stars: High Profitability and High Popularity.** These are the items that have a high profit margin and that are frequently ordered by guests. Typical examples include pasta or popular cocktails, like margaritas. You should showcase these the most on your menu, promote them, and avoid drastically changing the ingredients of these dishes.
- **Puzzles: High Profitability and Low Popularity.** Puzzles are items that have a high profit margin but are hard to sell. The recipes of these items may need to be tweaked to appeal to guests. Additionally, servers should **upsell these menu items,** and menu engineers would recommend finding ways to highlight them on your menu.

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Step 2: Restructure and Redesign Your Menu

To turn over a greater profit, psychologists and menu engineers have identified a series of menu engineering strategies that encourage guests to spend more and to select high profit items. These strategies include emphasizing certain items and muting the costs of dishes. Below are the most valuable menu engineering tips.

1. **Guide guests' attention to your high profit items.** Studies show that customers are likely to order one of the first items that draws their attention. Since guests only spend an average of 109 seconds looking at your menu, it must be designed for guests to easily find key items.

   o **Use an attention-grabbing technique.** Include a photo, graphic, colored or shaded box, border, or surround the item(s) with white space. Only highlight one or two items per section.

   o **Place the items you want to sell in the center, the top right corner, and the top left corner.** Psychologists fittingly call these three areas "The Golden Triangle," and it refers to the way our eyes tend to move when first looking at a menu.

   o **In each section, place your most profitable items at the top of the list and one at the bottom.** Studies show that people

       notice and order the top two items or the last item in each section more often than the others.

2. **Include a "decoy" menu item that would seem overly expensive to guests.** Place this near your high profit margin items. They may already have a reasonable price, but when compared to the "decoy" item, they will appear even more attractive. Or, put a "decoy" item next to your high-profit, pricey items that would seem more reasonable when compared to the "decoy" item(s).

3. **On a similar note, try "bracketing".** Include two portion options for one dish without including the exact size. The "larger" size will have a steeper price, such as $31, while the "smaller" size will have a seemingly cheaper price, like $22. The customer won't know exactly how much smaller the small portion is, yet it will still seem to be the best-value price, since it simply costs less. In reality, the "smaller" portion can be the one you wanted to sell the whole time, and this tactic makes the meal item more attractive because guests will feel they are choosing a dish with good value.

4. **Write your pricing information using the nesting method.** List the price discreetly after each meal description in the same size font, so customers' eyes glide right over the price instead of focusing on it. Avoid the below tactics:

   - **Avoid ending your prices with .99.** This can sound cheap and unsatisfying to many customers.

   - **Avoid dollar signs.** Currency indicators remind customers that they're spending money and can even make them feel like they are spending more than they are. Soften the price by eliminating the dollar sign.

   - **Avoid price trails.** Price trails are dotted lines that connect your menu items to their price, which is often listed on the other side of the page. This takes the focus away from your dish description and straight to the price instead.

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- o **Avoid price columns.** By placing your prices in a column next to your dishes, guests can easily compare prices and may make their decision based on the cheapest dish.
5. **Use selective, descriptive language.** Many diners will make their final decisions off of this information. Descriptive menu labels lead to customers feeling more satisfied with their meals, and appetizing descriptions can also offset a high price.

Menu Psychology Tips

Guests will only scan your menu for an average of 109 seconds. This means you have a small amount of time to set your menu's tone for both customer satisfaction and optimal profit. Below are the basics to ease your customers' experience based on psychology research of menu design.

- **Use color.** People respond to color in emotional, subconscious ways, so choose your color scheme accordingly.

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- o Bright colors like red, yellow, and orange capture attention and trigger appetite. You can use this to attract attention to specific areas of your menu and create a hierarchy for the layout.

- o You can also match your color scheme to your restaurant's theme to reinforce associations. For example, use light blue to highlight the ocean-caught fish at your seafood restaurant, or use green and tan for a farm-to-table restaurant.

- **Make your menu scannable.** Avoid crowded layouts, and choose an easy-to-read font and font size. Include clear section headings and visible dish titles. Even if your menu is more than one or two pages, menu engineers would agree that if your menu is scannable with fewer choices per category, guests will still feel at ease when making a choice from your menu.

- **Limit choices.** The "paradox of choice" states that the more options we have, the more anxiety we feel. Psychologists suggest that restaurateurs limit options per category to around 7 items.

- **Invoke nostalgia or humanize dishes in another way.** These menu items are attractive because customers feel like they're ordering something special, and they induce happy memories of childhood or feelings of comfort and closeness. Examples: "Grandma's Chocolate Chip Cookie," "Campfire Hot Chocolate," or references to the chef or restaurant owner, such as "Chef Mike's Charbroiled Steak."

- **Include a separate dessert menu.** If guests see an eye-catching dessert, they are more likely to skip an appetizer. By surprising guests with your dessert menu after dinner, you are more likely to obtain appetizer and dessert sales.

- **Use photos sparingly or not at all.** Excessive photos are associated with low-end, cheap venues, so high-end restaurants usually avoid photos. However, one photo per page has been shown to increase sales up to 30%, especially at casual, affordable eateries. If you still want to share more photos of your dishes, your Instagram or Facebook pages can do this for you.

- **Choose a reasonable menu size.** Physically oversized menus can be uncomfortable for guests to maneuver. Ensure **your menu is easy to handle and can be easily placed on tables.**

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Revamping your menu with menu engineering tactics can greatly improve your restaurant profits, and menu psychology techniques can improve the experience of your guests.