

Menu Design: Balancing Perceived Guest Value with Profit

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One of my colleagues associated with the Family and Consumer Sciences Advisory Board recently sent me an article titled "[Sneaky ways restaurants use menus to entice you to spend more](#)". I've written about many topics, yet, this one hits close to home since I teach restaurant menu design and planning at Shasta College. From an educational perspective, I'll offer some techniques of restaurant menu design and its power in influencing your decision making when dining out. At the very least, you may become more conscious of where items are located the next time that you read your favorite restaurant menu.

There are some basic menu formats that exist in the restaurant world: *A la Carte*, *prix fixe*, *table d'hote*, and what I call *modified table d'hote*. All of this sounds very French, but is very simple. *A la Carte* means that each item is individually priced on the menu. *Prix fixe* translates to one price for perhaps a selection from an appetizer category, entrée category and a dessert category. *Table d'hote* would be the same format as *prix fixe* except each entrée item is individually priced. For the price of the entrée you would get three courses. *Modified table d'hote* is the classic American-style format where a choice of soup or salad may come with your entrée. To the American public, a *la Carte* is the least "value-oriented" menu format, but is the most desirable for a chef for controlling his/her food costs. *Prix fixe* is the most value oriented for the public as you receive three courses for one price. If one of the entrees happens to be a steak, you may have hit the jackpot. However, it is not the best solution for controlling a chef's food cost. The *table d'hote* format is perceived as a value and does a better job of controlling food cost as the entrees each have a price attached that will include an appetizer and dessert. *Modified table d'hote* is also perceived as a value, as you are receiving a choice of soup or salad with your entrée. The dining public usually does not realize that they are still paying for the soup or salad that is included in the price of the entrée. One of the toughest challenges I faced was changing to an *a la carte* format from one where the soup or salad was included. The dining public thought that they had lost their "value" in the menu. My job became having to convince them that they still had the value of choice. They could pick what they really wanted, rather than a specific soup or salad the came with their main course.

When it comes to pricing, the average diner does not usually think that each retail price needs to include a percentage for profit, and percentages that will cover operational, food, and labor costs. Food and labor are the highest costs in any restaurant. You are paying for the salt and pepper, the sugar packets, the flowers, silverware, and table linens when you sit down. With all of these items to be covered in pricing, it should come as no surprise that a restaurant would do its best to upsell and get the best dollar to cover expenses. The national average for percentage of profit in restaurants is between 4 and 5 percent, which may or may not sound like much. Most menu planners/designers avoid pricing that involves whole numbers and focus on the numbers below them. Prices of \$7.95 and \$4.99 are perceived as less than \$8 and \$5. The number "5" is the most commonly used ending digit in menu pricing. Although, I usually find that a price ending in .99 is more often found in fast-food operations. For more casual food service operations, the use of four-digits may be perceived as less desirable than three digits; \$9.95 is more desirable than \$10.95 (Escoffier and Kotschevar, 1994).

In terms of item location, Miller and Pavesic (1996) reported that the average restaurant consumer only spends about 109 seconds reading a menu before making a

choice. Therefore, it becomes a high priority for restaurants to place high profit items in the locations where they would most likely be read. When a restaurant guest opens a menu, the first place they look is known as the “prime space”. It is located on the middle of the right page on a two-page menu and in the center of the upper third of the menu in a single or three-page format (Adams-Galipeau and Drysdale, 2008). In my course, I suggest that students designing menus employ the use of “specialty boxes” where signature items may be placed. If a restaurant is known for ribs and chops, the favorites that are often the best food cost for the establishment may be highlighted in a bordered box within a “prime space” location. Finally, it is important that specific fonts be noted for your target market. As an example, bolder and clearer fonts are recommended for breakfast menus as people are just waking up and larger fonts are recommended for senior populations that may require a document be easier to read.

On a final note, are all of these techniques “sneaky ways for restaurants to entice you to spend more”? Yes and no. Menu design is associated with varying levels of profitability. The choices in terms of color, font, and menu format are also marketing considerations and effective ways for your guests to best know what you have to offer. We are psychologically bound in the way we think about price ranges, not only in restaurants but also in anything we buy in the retail sector. For some establishments, it’s a matter of survival. If it were not for some of this alleged “sneakiness”, perhaps some restaurant establishments would not be around to continually serve their consumers. If you are happy with the price and the perceived value, I say, “Go for it.”

Additional Websites:

<http://www.restaurant.org/rusa/magArticle.cfm?ArticleID=162>

<http://consumerist.com/5285728/take-currency-symbols-off-the-menu-restaurant-patrons-spend-more>

<http://www.walletpop.com/blog/2009/10/14/how-restaurant-menus-get-you-to-spend-more/>

<http://www.youtube.com/watch?v=yzRDEKyqIJs&feature=channel>

References

Adams-Galipeau, J. & Drysdale, J. (2008). Profitable Menu Planning (4th ed.)
Upper Saddle River, New Jersey: Pearson Education, Inc.

Escoffier, E. & Kotschevar, L. (1994). Management By Menu (3rd ed.)
The Educational Foundation of the National Restaurant Association

Miller, J. & Pavesic, D. (1996). Menu Pricing and Strategy (4th ed.) New York:
John Wiley & Sons, Inc.