

Key Components to Consider

During challenging economic times offering a “Value Perception” is likely to help generate interest and sales dollars. Full Service Chain restaurants have been offering “bundled” meals and Starbucks is considering offering a \$1 cup of coffee with free refills. This concept of offering a perception of value on selected menu items is essential in today’s market - in addition to passing along menu price increases. Operators must strike a balance.

Current Market Information

As the restaurant industry continues to grow, Sysco Columbia recognizes the need to become a resource to local independent operators. Each week we review news publications from across the country for articles related to the restaurant industry. As we find articles that would be beneficial for you and your operation, we post them for our marketing associates to utilize and share with you. We have established different categories that address various segments of your business. We hope you find them beneficial. Contact your Marketing Associate if you would like to see articles related to a specific concern.

Have You Conducted A Prime Cost Analysis ?

Food Cost + Labor Cost = Prime Cost

- Complete documented, standardized recipes for every item in your restaurant.
- Next, your Marketing Associate has a Menu Analysis Program to assist you with developing your recipe manual and determining your actual food cost for each item on your menu.
- Conduct yield tests, many raw products lose weight or volume from the time they are purchased to the time they are put on the finished plate or measured for a recipe. One advantage of using value-added, ready to use products is that they can make the costing process easier since all or nearly all the product is usable.
- For each item on your menu, there is a labor cost associated with it. Those items that are more labor intensive inevitably increase the cost of producing that menu item.

Pricing Strategies

- We recommend that your menu items should end in nines. By moving from fives to nines, a restaurant that sells 2,800 items per week will add \$5,824 in revenue each year with no added expense.
- Price all menu items under five dollars in the following increments (\$.29, \$.59, \$.79, \$.99)

- Price all menu items over five dollars in the following increments (\$.49, \$.99)
- Incremental increases move the item to the next highest price, ie., \$8.49 to \$8.99. Psychologically, the customer is less likely to notice the increased price.
- Evaluate your prices on similar items with comparable restaurants in your area. If you are below the market, there might be an opportunity for price increases.

Money Makers

Beverages:

For soft drinks, tea and coffee, national chain restaurants charge between \$1.85 and \$2.29. Higher price points can be achieved with both alcoholic and non-alcoholic signature drinks. See your Marketing Associate or our website for the Business Building Tool on Pouring on the Profits with Beverage.

Add Ons:

Offer toppings and add-ons to current menu items for an additional price.

Signature Dishes:

What menu selections do you offer that are unique, different or special to your operation?

Subjective Influences

Perceived Value:

Ask your employees and customers “What would you pay for this item?”

Plate Presentation:

Creative and unique product presentation is important in forming the value perception of an item. ie. items with height, garnishes, sauces, etc.

Menu Description:

Use descriptive adjectives to explain menu items. ie. pan seared, fire grilled, etc. See your Marketing Associate or our website for a more detailed list of descriptive adjectives.

Restaurant Location:

Downtown areas and tourist driven markets typically bear higher prices.

Atmosphere and Environment:

From the moment a guest walks through your door, the atmosphere and staff professionalism will set the stage for their expectation of price.