# SHA507: Foodservice Management: Menu Planning and Marketing & Merchandising Strategies

 

## This course includes

- Two self-check quizzes
- Two discussions
- Three tools to download and use on the job
- Two Ask the Expert interactives
- One final action plan assignment
- One video transcript file

Completing all of the coursework should take about five to seven hours.

## What You'll Learn

- Explain the value of foodservice operation systems for menu planning, purchasing, receiving, storage, and production.
- Identify effective marketing and merchandising strategies for a foodservice operation.
- Assess the effectiveness of these systems.

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## Course Description

A critical element in the marketing of your foodservice business is the menu. There's far more to a menu than meets the eye; it's the key to establishing and reinforcing the business' brand or personality. Winning over a customer rests on meeting--or better yet--exceeding their expectations based on the menu and delighting them to the degree that you win their loyalty.

This course lays out how to create and design an appealing menu, one that aligns with your business' values and goals. Learn how to properly evaluate a menu and understand the psychology behind layout, language, pricing and design.

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Stephen Mutkoski
The Banfi Vintners Professor of Wine Education & Management, School of Hotel

Administration, Cornell University

Click Play to Listen

Stephen A. Mutkoski is the Banfi Vintners Endowed Chair of Wine Education and Management at the School of Hotel Administration, where he has taught since 1972. He received his BS from Cornell University in 1967 and his PhD in 1976. A former food and beverage manager and restaurant owner, Mutkoski has been able to combine his professional career with his love of food and wine. He teaches several food and beverage management courses in both the academic programs and the executive education program at Cornell. His "Introduction to Wine" class has an enrollment of over 700 students each term. In the past 23 years he has taught over 33,000 Cornell graduates about the pleasures of wine and the fascinating story behind each label.

Start Your Course

# Module Introduction: Menu Planning System

In this section of the course, you explore the importance of both the design and layout of the menu as well as the integral part the menu plays in conveying the personality of the foodservice. The importance of a menu planning team approach is addressed as the objectives of an effective menu are explored. The menu is the starting point for meeting customer expectations and achieving the business objectives of a foodservice operation. As such, this module also introduces you to strategic pricing and the use of various pricing models. This module is rich with references covering topics such as the use of descriptive menu terms to influence customer preference, the psychological aspects of menu prices, menu winners and losers, and a menu rating form to evaluate the elements of a menu's contents and design.

After completing this module, you will be able to:

- Recognize the functions of the menu planning system
- Identify the individuals and expertise needed to plan the menu
- Identify what an effective menu should do
- Evaluate the layout and design of a menu
- Identify trends in menu development and management
- Evaluate the strengths and weaknesses of standard pricing methods used today
- Select the appropriate menu pricing strategies to achieve the desired outcomes

 

## Watch: Overview of Foodservice Systems

What is a system? How can a systems approach improve the performance of a foodservice operation?

There is a linear approach to setting up an operations foodservice management systems. This list shows the sequential nature of the systems and explains each individual systems functions. Note that the first three foodservice systems were covered in the associated course, *Foodservice Management: Marketing, Service, and HR Systems.*

## Read: Meet the Industry Panel

Throughout this course, executives in the foodservice industry provide you with their perspectives on issues that relate to the content of this course. View a brief introduction to the experts and their companies below.

 

## Listen: Does the Menu Match the Restaurant?

A restaurant is the sum of its parts. Each component provides an opportunity to unify the concept in the mind of the customer. The decor, lighting, china, glass, silver, service staff attire, menu, and food presentation should all contribute positively to the restaurant's image.

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Your menu projects an image of your restaurant to current and potential customers. The design, layout, color, and fonts; the print quality, paper stock, and condition; the positioning of menu items and prices on the page; the number of options and frequency with which menu items or prices are changed all of these factors combine to create an overall impression of the quality and concept of your restaurant. Is this the impression you're aiming for? Since the menu is such an important sales- and image-building tool, it takes a team of professionals with expertise in several different areas to plan and implement an excellent menu. Do the menu covers in the following presentation give you an accurate impression of the restaurants they represent? Can you describe the restaurant by looking at the menu cover?

## Read: Nation's Restaurant News MenuMasters Awards

MenuMasters Awards, presented by *Nation's Restaurant News* and sponsored by Ventura Foods LLC, recognize the important role of research and development in the advancement of foodservice. Selected by the editorial board of *Nation's Restaurant News* in concert with the MenuMasters advisory board, MenuMasters honorees are visionary leaders who have generously given of their time and talents in planning, designing, implementing, and supporting foodservice research and development. In so doing, they've set a standard of excellence and creativity that has significantly benefited the foodservice industry.

The MenuMasters awards recognize the companies and the research and development executives who have created the most innovative and successful new menu items during the previous year.

Here are some other sources of information that periodically cover innovative and successful menu ideas:

- *A la Carta* Mexico
- American Express' *Briefings* (tips and trends exclusively for American Express restaurant merchants)
- *Bon Appetit*
- *Beverage World*
- *Beverage Media*
- *Catering*
- *Cheers*
- *Chef*
- *Cooking for Profit*
- *Cooking Light*
- *Cornell Hotel and Restaurant Quarterly*
- *Cuisine et Vin de France*
- *Culinary Trends*
- *Food Arts*
- *Foodservice Europe*
- *Food Management*
- *Food & Wine*
- *Foodservice Equipment & Supplies*
- *Hospitality*
- *Gastronomica*: The Journal of Food and Culture
- *Global Foodservice*
- *International Wine Cellar*
- *Nation's Restaurant News*
- *Restaurant Business*
- *Restaurant Hospitality*
- *Restaurants and Institutions*
- *Restaurant Wine*
- *Sant* Magazine France

- *Saveur*
- *Vegetarian Journal*
- *Vegetarian Times*
- *Wine & Spirits*
- *Wine Enthusiast*
- *Wine Spectator*

## Read: Menu Miscues

### Key Points

"One of the most painful lessons learned from improper menuing happened in the early 1990s, when some quick-service chains tried to recast themselves in a health-friendly mold."

"Menu Miscues: Cook up items that heat up interest"
by Bret Thorn from the Nation's Restaurant News, May 20, 2002

Learn from people in the business which menu changes worked and which did not. The insights provided by other operators can help you in evaluating menu changes you're considering making.

PDF
View the article

# Read: Descriptive Menu Terms

## Key Points

"If descriptive menu-item labels are used sparingly and appropriately, they may be able to improve sales and post-consumption attitudes of both the food and the restaurant."

"Descriptive Menu Labels' Effect on Sales" by Brian Wansink, James Painter, and Koert Van Ittersum from the Cornell Hotel and Restaurant Administration Quarterly, December 2001.

Creating just the right name for a menu item is important. If the name is too long, it becomes cumbersome, but if it's too short, it may not adequately convey the message about that menu item. Studies have shown that using descriptive names for menu items not only increases sales, but also increases the customer's positive perception of the restaurant.

PDF

View the article

## Listen: Menu Planning Considerations

Tracking trends and understanding product availability, cost, quality, customer expectations, operational capabilities, and financial needs are just a few of the considerations that need to be brought to the menu planning process. These considerations can be divided into three broad categories: customer considerations, managerial considerations, and printing considerations. Planning and executing an excellent menu requires expertise in several different disciplines, and therefore requires a team approach.

# Tool: Menu Rating Form

Download the Tool

Menu Rating Form

This downloadable menu rating form groups all the elements of a menu's contents and design into categories, and lists the specific criteria within each category you can use to judge the quality of your menu.

## Scoring

*Scoring the menu:*

- Total possible score is 800
- 700 to 800: excellent
- 600 to 700: good
- Below 600: specific areas of the menu need attention

*Scoring individual categories:*

You can also use this form to rate specific aspects of a menu since the items in each category total 100.

- 90 to 100 in any individual category (e.g. layout): excellent
- 80 to 90: good
- Below 80: this category needs attention

## Activity: Rate Your Own Menu

The menu-rating form below groups all the elements of a menus contents and design into categories, and lists the specific criteria within each category you can use to judge the quality of your menu. Use the tab key to move from field to field within the form.

### Scoring

Scoring the menu:

- Total possible score is 800
- 700 to 800: excellent
- 600 to 700: good
- Below 600: specific areas of the menu need attention

Scoring individual categories:

You can also use this form to rate specific aspects of a menu since the items in each category total 100.

- 90 to 100 in any individual category (e.g. layout): excellent
- 80 to 90: good
- Below 80: this category needs attention

## Watch: Copycat Pricing

Menu pricing is not as simple as copying the pricing of the competition. In this scenario, we showcase a restaurant called Sincere Flattery. It is a successful restaurant with only a few items on the menu. Other operations try to copy Sincere Flattery's concept and pricing structure, but all fail. Watch this presentation to learn why an operation that simply mimics the competition without considering the behind-the-scenes factors for their success is heading for trouble.

# Read: Pricing Methods

## Key Points

- Prime Cost, Gross Cost and Actual Cost methods each expand on costs covered by the previous method.
- Base Price calculates backward from selling price to determine amount spent on ingredients.
- Volume Risk adds a volume and risk markup to a base price.

On this page, you have the opportunity to see how several popular pricing models produce distinctly different outcomes, even though the raw food cost of the item doesn't change. To show each of these models in use, we first present some statistics from a restaurant's profit and loss statement. These numbers will be used to work through several of the pricing models.

This exercise presents multiple pricing methods that can be implemented according to the needs of your restaurant or personal preference. Be sure to note the purpose for each method.

## Pricing Methods

This scenario presents several methods for determining menu prices in foodservice operations:

- Food cost method
- Prime cost method
- Gross cost method
- Actual cost method
- Base price method
- Volume-risk-profit method

These examples demonstrate the strength and weaknesses of each method and allow you to compare the final results of the six most popular methods side by side.

## Historical Data

These statistics were taken from an actual restaurant's profit and loss statement. The figures are used to work through each of the pricing methods that follow.

## PROFIT & LOSS STATEMENT

| | IN DOLLARS | | PERCENT OF TOTAL | |
|---|---|---|---|---|
| Sales (SP): | $3,700,000 | | 100% | |
| Food cost (FC): | | $1,400,000 | | 38% |
| Labor cost (LC): | | $1,260,000 | | 34% |
| Overhead cost (OH): | | $740,000 | | 20% |
| Total costs: | - $3,400,000 | | - 92% | |
| **Profit:** | **$300,000** | | **8%** | |

**COVERS SERVED PER YEAR** = 280,000

| | | |
|---|---|---|
| Labor cost per meal: | $1,260,000 / 280,000 = $4.50 | per cover |
| Overhead cost per meal: | $740,000 / 280,000 = $2.65 | per cover |

## Food Cost Method

The straight food cost method takes only one cost into consideration: the cost of the raw ingredients used to prepare the menu item. It assumes that the food cost is a fixed percentage of the final selling price (SP). In this example, the historic food cost (FC) of 38% has been used to price three menu items. The difference between the selling price and the food cost is the contribution margin (CM). While the charts below show the actual calculation, the final selling price would be rounded up or down on a menu.

## FOOD COST METHOD

| | FOOD COST | / | FC% | = | SP | CM |
|---|---|---|---|---|---|---|
| Strip steak: | **$6.50** | / | 0.38 | = | $17.10 | $10.60 |
| Chicken: | **$3.50** | / | 0.38 | = | $9.21 | $5.71 |
| Lobster: | **$10.00** | / | 0.38 | = | $26.31 | $16.31 |

### Disadvantages of the Food Cost Method

Although the straight food cost method is easy to use and fast, there are a few problems associated with it:

- It is based only one cost and assumes that if the food cost is met, the remaining 62% will cover all remaining costs and yield a profit.
- It is based largely on historical data, which may no longer be accurate.
- While a 38% food cost for an overall menu objective may be reasonable, the individual menu items need to be priced at different food cost percentages, and more attention needs to be paid to the contribution margin and the balance of prices on the menu.

## Prime Cost Method

With the prime cost (PC) method, both food cost and labor cost are used to determine the approximate selling price, so you need to calculate your actual labor cost per cover served. You might also want to assign degrees of labor intensity. In this example, the same labor cost per cover was used for three menu items.

**PRIME COST METHOD**

| ITEM | FC (38%) | + | LC (34%) | = | PC (72%) | PC / PC% | = | SP | CM |
|---|---|---|---|---|---|---|---|---|---|
| Steak: | **$6.50** | + | $4.50 | = | $11.00 | $11.00 / 0.72 | = | $15.27 | $8.77 |
| Chicken: | **$3.50** | + | $4.50 | = | $8.00 | $8.00 / 0.72 | = | $11.11 | $7.61 |
| Lobster: | **$10.00** | + | $4.50 | = | $14.50 | $14.50 / 0.72 | = | $20.13 | $10.13 |

## Assessment of Prime Cost Method

### Advantages

Like the food cost method, this method is easy to use and relatively fast. Because it uses the two primary costs of doing business (food cost and labor cost), it is more accurate than the straight food cost method. It brings the menu prices closer together and the contribution margins for each item more in line. As with the food cost method, the food cost percentages should really be varied.

### Disadvantages

While the prime cost method takes more costs into account, it still makes an assumption similar to the previous method: that the 28% remaining after prime costs are subtracted will cover all other costs and still produce the desired profit.

## Gross Cost Method

The gross cost method takes all costs into consideration: food cost, labor cost, and all remaining costs, which are lumped into the final category of overhead cost (OH). In the example below, the three costs contribute to the gross cost, which totals 92% of the selling price. By using that percentage to drive the selling price, we obtain an 8% profit as an end result.

**GROSS COST METHOD**

| ITEM | FC | + | LC | + | OH | = | GROSS COST | GC / PC% | = | SP | PROFIT | CM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strip steak: | **$6.50** | + | $4.50 | + | $2.65 | = | $13.65 | $13.65 / 0.92 | = | $14.83 | $1.18 (8%) | $8.33 |
| | 38% | + | 34% | + | 20% | = | 92% | | | | | |

## Assessment of Gross Cost Method

### Advantages

This method improves on the prime cost method by including all other costs in the calculation.

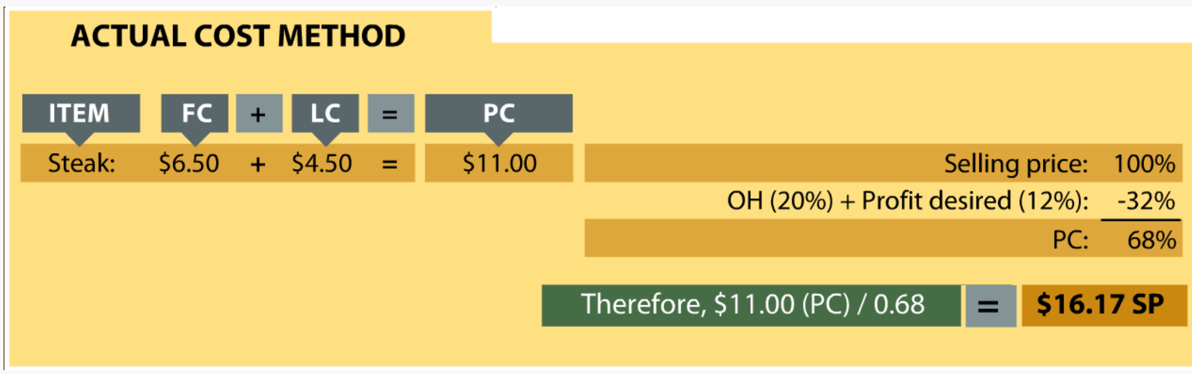
Disadvantages

Profit, however, is what is left over rather than something programmed into the formula. Because these methods use historical information in the calculation, it is important to adjust the numbers based on current and future information. For example, if labor rates are going up in the next few months but the number of covers served will remain the same, the labor cost per cover will rise and a higher cost will need to be used in the formula.

## Actual Cost Method

The actual cost method considers profit to be a cost of doing business, and therefore includes the desired profit of each item into the calculation by combining it with the overhead cost (OH). This essentially drives the prime cost (FC + LC) percentage to the level necessary to generate the desired profit.

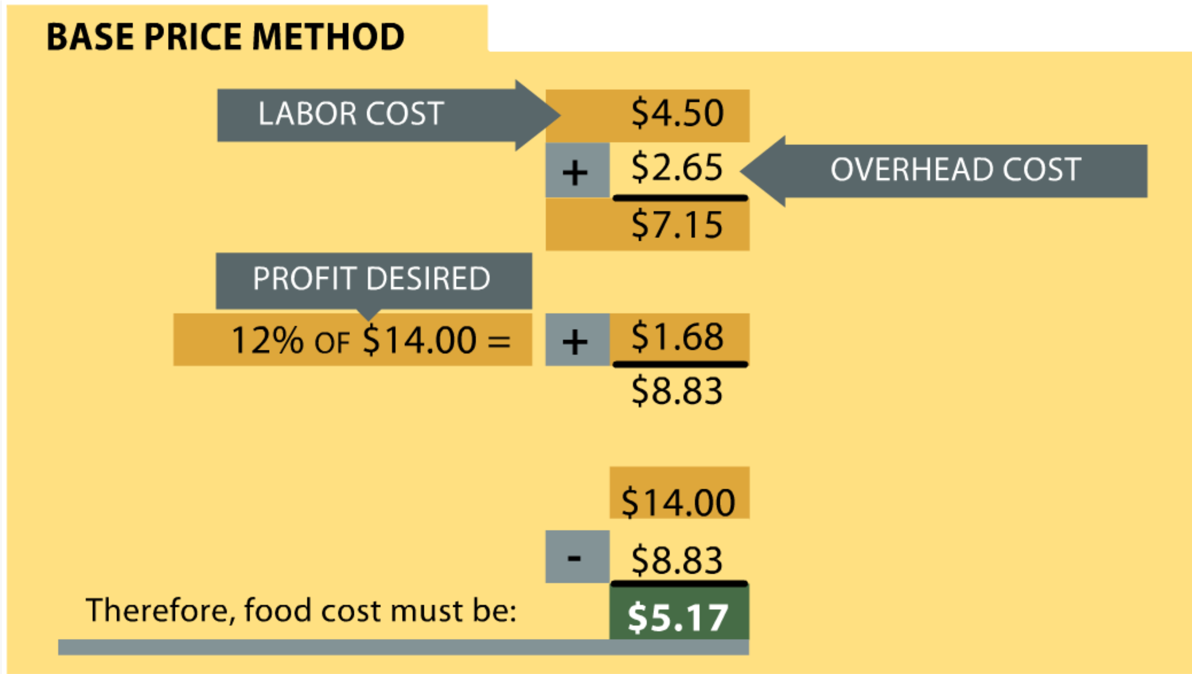
As you can see from the calculations below, the prime cost is now 68%, compared to 72% in the prime cost example.




## Base Price Method

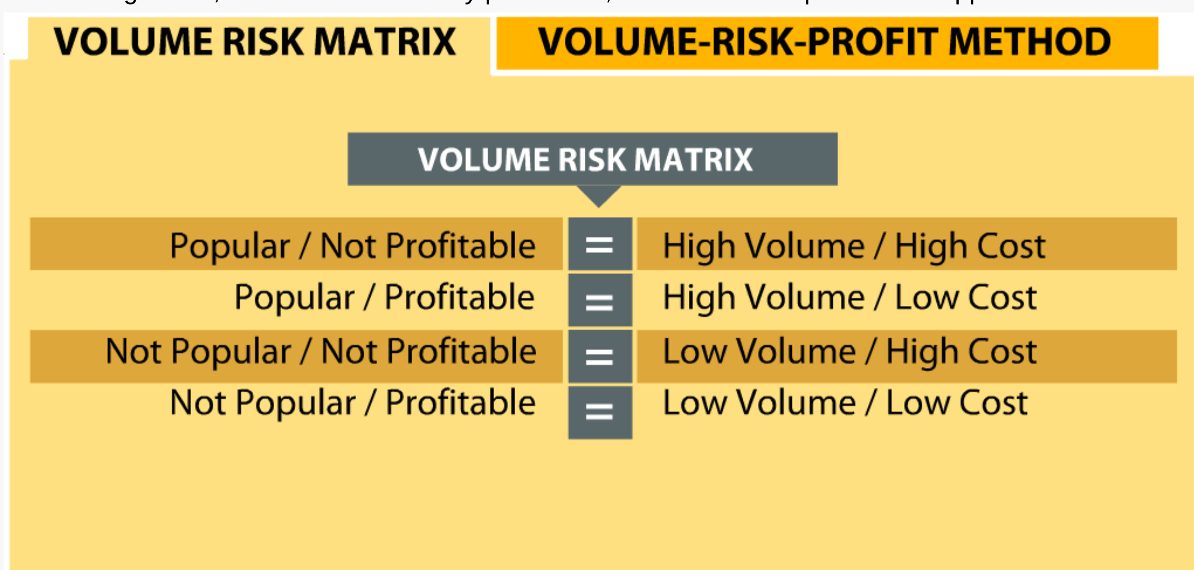
This following base price method is not widely used. It can be helpful in a price-sensitive market. This method works the calculation from the selling price backwards to determine how much the operation can spend on the raw ingredients to produce a menu item. Say the acceptable price limit for a given market is $14.00 and the desired profit is 12%; given the existing labor cost and overhead cost, the food cost cannot exceed $5.17 to produce the desired profit.




## Volume Risk Method

The volume-risk-profit method was developed by the Texas Restaurant Association and adapted by Jack E. Miller in his book Menu Pricing. It is based on the volume (popularity) and risk (costs and perishability) associated with each item. It requires the calculation of a base price, then the addition of a markup to account for the item's category of volume/risk. Every item on a menu can be classified into one of the four categories that make up the volume-risk matrix. Then the appropriate markup is assigned. Click the Volume-Risk-Profit Method tab to see the example. The item is High Volume/High Cost, but since it is not very perishable, the lower markup of 10% is applied.




## Pricing Method Comparisons

## FOOD COST METHOD

| | STEAK | | CHICKEN | |
|---|---|---|---|---|
| | $17.10 | SP | $9.21 | SP |
| - | $13.65 | Costs | $10.65 | Costs |
| | $3.45 | Profit 20.17% | - $1.44 | Loss 15.63% |

## ACTUAL COST

| | STEAK | | CHICKEN | |
|---|---|---|---|---|
| | $16.17 | SP | $11.76 | SP |
| - | $13.65 | Costs | $10.65 | Costs |
| | $2.52 | Profit 15.58% | $1.11 | Profit 9.43% |

## PRIME COST METHOD

| | STEAK | | CHICKEN | |
|---|---|---|---|---|
| | $15.27 | SP | $11.11 | SP |
| - | $13.65 | Costs | $10.65 | Costs |
| | $1.62 | Profit 10.60% | $ .46 | Profit 4.14% |

## VOLUME / RISK /PROFIT

| | STEAK | | CHICKEN | |
|---|---|---|---|---|
| | $18.80 | SP | $13.16 | SP |
| - | $13.65 | Costs | $10.65 | Costs |
| | $5.15 | Profit 27.39% | $ 2.51 | Profit 19.07% |

## GROSS COST METHOD

| | STEAK | | CHICKEN | |
|---|---|---|---|---|
| | $14.83 | SP | $11.58 | SP |
| - | $13.65 | Costs | $10.65 | Costs |
| | $1.18 | Profit 7.95% | $0.93 | Profit 8.03% |

## Listen: Pricing Considerations

Previously in this section, we talked about pricing methods based primarily on either the strategy the competition uses (Sincere Flattery) or on food and other costs of doing business. We noted that over the years, most foodservice operators have relied on cost-based pricing methods. The selling price was established by looking at various costs associated with selling the item.While both competition and costs need to be considered in developing a pricing strategy, so does the customer. Demand-based pricing considers the customers' perception of value and price elasticity of demand.

# Read: Pricing for Your Target Market

## Key Points

"When you test the elasticity of your menu prices, you must do this delicately so you don't damage your reputation."

"Pricing for Your Target Market" by Aaron Donatello from NRA News, September 1983.

This article explores the factors you should consider when setting or changing your menu prices, including the price sensitivity of your target market, the competitive price of a menu item, and an item's overall popularity. The author also provides tips on changing menu prices so that customers take new prices in stride.

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## Ask The Expert: Menu Planning Considerations

Doug Martinides, Putnam Gibson, and Phil Kendall share their considerable experience on how trends impact menu planning and pricing. Changing demographic conditions have exposed today's savvy consumer to an endless assortment of international cuisines and ingredients. When this trend toward high flavor, ethnic foods is combined with convenience required by the fast pace of people's lives, the result is that consumers expect authentic, regional menu options that can be prepared and served quickly at a price that reflects the high standards of quality and freshness of the ingredients.

# Read: Engineering Profitable Menus

## Key Points

"The menu-engineering concept requires that management orient itself to the number of dollars a menu contributes to profitability, not to merely monitoring cost percentages."

"Engineering Profitable Menus" by Michael L. Kasavana, from *Lodging Hospitality*, February 1986.

Setting a menu item's price at a fixed percentage over the food cost only guarantees a set profit for each sale--it doesn't take into account the whole picture. Pricing a profitable menu also entails monitoring customers' demand for an item in relation to other similar menu items--like entrees--and ranking each item's contribution margin as compared with the menu's weighted average contribution margin. Sounds complicated? Authors Kasavana and Smith have developed a software application that, given minimal raw data, automatically performs these calculations, sortings, and rankings quickly and accurately.

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View the article

## Read: Using the Contribution Margin Aspect of Menu Engineering to Enhance Financial Results

### Key Points

"It is concluded that the goal of any restaurant should be to apply marketing techniques based on menu engineering and contribution margin concepts in order to achieve the highest possible financial results."

"Using the Contribution Margin Aspect of Menu Engineering to Enhance Financial Results" by Stephen M. LeBruto, Robert A. Ashley, and William Quain from *International Journal of Contemporary Hospitality Management*, September 1997.

This article explains how you can apply menu engineering and contribution margin analyses to devise a new sales mix that will meet your operation's financial goals at lower customer counts. It guides you through simple, inexpensive marketing techniques you can easily implement to shift customer preferences to menu items that provide a high contribution margin and a low to average food cost percentage.

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# Module Introduction: Marketing and Merchandising Systems

In this module, you explore the various functions of the marketing and merchandising systems. You are introduced to the most effective use of advertising, sales promotions, personal selling, public relations, and merchandising for your type of operation. A checklist for evaluating advertisements is one of several useful tools provided, along with a competitive analysis form to help you determine a competitive advantage that can be emphasized in your marketing communications mix. You have the opportunity to evaluate a Manhattan restaurant's marketing strategy and determine the best course of action to suit the target market. You also review a set of guidelines in "Designing Promotional Strategies" that can be used as a template for developing effective programs of your own.

After completing this module, you will be able to:

- Identify effective marketing and merchandising strategies for a restaurant.

## Listen: In Search of a Better Strategy

The American Harvest Restaurant was a popular dinner venue for an upscale clientele in lower Manhattan. The freshness of their food was second to none. The spaciousness of the dining room assured they could comfortably accommodate the large number of guests anticipating entry nightly. Their overwhelming success during the dinner period was contrasted by a paltry lunch business. Where were they going wrong?

Note: If you have trouble understanding this presentation, please consult the other resources in this section.

## Read: Functions of the Marketing System

There are two distinct components of the marketing system. The first is a determination of market needs and opportunities, which is established through market research. The second is the development of the most appropriate and cost-effective methods to attract and retain customers through the use of the marketing communications mix.

 

## Watch: Designing Promotional Strategies

If you think of advertising as a creative process that involves using the latest media trends to come up with attention-grabbing ads to sell your services, you're probably not getting the kinds of results you had hoped for. The best advertising results from taking a step back and carefully evaluating the needs and expectations of your customer base. Do some research to discover what really matters to your clientele--which aspects of your service are essential to them? Only then can you craft messages that will hit the mark by promoting features your customers are looking for, giving you a competitive advantage.

No matter what your marketing mix consists of--whether it be purchased advertising spots, one-time sales promotions, or internal merchandising--you'll want to monitor a promotion's effectiveness by setting objectives beforehand to measure its success. If you run a 2-for-1 special on entrees for the month of February, for example, your objective might be to increase covers 25% per night.

There are many strategies available to capture market share for your operation. The strategies you choose depend on your geographic area, your target market, your restaurants physical location, the time of year, and many other factors. This resource gives you a good basis for designing your promotional strategy.

See the resource Advertising Strategies for Hospitality Services for more information on this topic.

## Ask The Expert: Marketing Strategies

Find out which advertising and promotional strategies work best for these very diverse foodservice operations, and how they develop and recognize a loyal customer base.

 

# Read: What You Should Know About Co-branding

## Key Points

"Outsourcing partnerships typically bring together organizations with diverse capabilities. Understanding what each side of the equation requires to succeed is essential. This important guideline applies whether a hotel owner is considering outsourcing all or part of its F&B operations to a restaurant chain, or merely outsourcing its coffee shop to a local restaurateur.."

"Branding and Repositioning Food & Beverage: The Case for Outsourcing Partnerships" by Sally Robinson and Stacy Saef, London, and Lawrence Kantor, Los Angeles Summer 1998. ©Arthur Andersen.

If your hotel guests are taking their dining dollars to nearby restaurant chains, you're losing an important source of revenue. This article shows that by introducing a branded concept travelers are familiar with, hotel management can keep guests at the hotel, increase external traffic, and score a competitive advantage. Partnering with a Food and Beverage (F&B) operation also brings in skills required for running a restaurant, and leaves hotel management free to focus on their core competencies. Read this article to examine the factors involved in making a decision to pursue an outsourcing arrangement, and the operational terms that must be agreed on to make the outsourcing partnership work.

PDF
View the article

## Tool: Checklist for Effective Advertising

Download the Tool

Checklist for More Effective Advertising

Advertising can be a very costly activity. As a result, we must develop ways to ensure that it will be as effective as possible for the money spent. This checklist will help you develop more effective advertising. If you can't check off a particular item, you've got more work to do before finalizing an ad.

## Read: Advertising Strategies for Hospitality Services

### Key Points

"Services marketers want their advertising to make the intangible service benefit understood and appealing."

"Advertising Strategies for Hospitality Services" by Banwari Mittal and Julie Baker, from Cornell University, 2002.

People in the hospitality industry often find themselves in a quandary when it comes to advertising. Many of the products they offer are services with intangible features and benefits that are difficult to demonstrate, such as an experienced chef, an attentive wait staff, or short wait times. This paper offers strategies to hospitality-services advertisers that are meant to help overcome the obstacles posed by intangibility and to achieve three communication goals: establish brand recognition, create demand for the branded product or service, and position the brand in the marketplace.

PDF
View the article

 

## Tool: Competitive Analysis Form

Download the Tool

Competitive Analysis Form

The most direct way to find out how you measure up to the competition is to poll your customers. Ask them to prioritize the features that are most important to them when dining out. Find out which other restaurants they go to, then spend some time researching the competitors who turned up most frequently in customer surveys. Download the competitive analysis form above to compare your restaurant against the competition on a feature-by-feature basis. This analysis can help identify your strengths and weaknesses, and improve the results of your marketing efforts by focusing your message on what is important to the customer in a specific market segment.

This analysis should be completed for each meal period and for each market segment served during that meal period. In a hotel with multiple restaurants, it needs to be done for each outlet. If there is a difference in the market segments for weekdays and weekends then a separate analysis should be performed. With the information generated on this form, it is possible to find:

1. That the operation currently has a strong competitive edge, which it should be promoting to a particular market segment
2. That the operation does not currently have a competitive edge, but by making some operational adjustments it can gain one
3. That the operation does not have a competitive edge for the specified market segment and that because it would be too costly to try to gain one, the operation would be better off focusing on a different market segment.

 

Click Play to Listen

Stephen Mutkoski
Professor of Wine Education & Management
School of Hotel Administration, Cornell University

## Listen: Thank You and Farewell

Hello, I'm Professor Mutkoski. Thanks for taking this course. I enjoyed writing it, because I believe it covers some of the most essential aspects of foodservice management.

Setting up the systems properly and establishing a well thought out marketing strategy is critical to the establishment of a smooth-running foodservice operation. I hope you found the real-life examples and articles instructive and meaningful in presenting the topics addressed. Mastering these systems is the foundation to your success in foodservice management.

I hope you enjoyed the course, and you personally benefited from the material presented. Good luck with your career in foodservice management.

 

## Stay Connected

 

# Supplemental Reading List

The Center for Hospitality Research provides focused whitepapers and reports based on cutting-edge research.

Articles:

"Brand Buzz Making the Link"

by Mark Brandau. Nations Restaurant News January 11, 2010

*Chains sync messages across social media sites to protect, enhance brands.*

"Pricing for Your Target Market"

by Aaron Donatello from NRA News, September 1983

*This article explores the factors you should consider when setting or changing your menu prices, including the price sensitivity of your target market, the competitive price of a menu item, and an item's overall popularity. The author also provides tips on changing menu prices so that customers take new prices in stride.*

"Branding and Repositioning Food & Beverage: The Case for Outsourcing Partnerships"

by Sally Robinson and Stacy Saef, London, and Lawrence Kantor, Los Angeles. Summer 1998. ©Arthur Andersen

*If your hotel guests are taking their dining dollars to nearby restaurant chains, you're losing an important source of revenue. This article shows that by introducing a branded concept travelers are familiar with, hotel management can keep guests at the hotel, increase external traffic, and score a competitive advantage. Partnering with an F&B operation also brings in skills required for running a restaurant, and leaves hotel management free to focus on their core competencies. Read this article to examine the factors involved in making a decision to pursue an outsourcing arrangement, and the operational terms that must be agreed on to make the outsourcing partnership work.*

Utilities:

"Three-Part Menu Item Planning Guide"

*The three-part menu planning guide is a tool designed for the menu planner to ensure that recipes, equipment, cost, and purchasing data are recorded. It provides management information on which to build the total menu plan. The parts of the menu planning guide are the production standards planner, the standardized recipe (presented in the resource titled "Recipe and Presentation Standardization") and the pre-cost entrée calculation form.*

 