MENUBOARDS: MYSTERIOUS NO MORE

New Study Reveals Consumer Needs and Industry Best Practices

A 2019 Survey Report Prepared by King-Casey and SeeLevel HX

MENUBOARDS: MYSTERIOUS NO MORE

New Study Reveals Consumer Needs and Industry Best Practices

Prepared by King-Casey and SeeLevel HX
July 2019

BACKGROUND

The menuboard is the number one sales tool for QSRs and Fast Casual restaurants. Research shows that 56% of customers can be influenced by it, and 74% say that an easy-to-read menuboard is their top priority. In fact, the CEO of a QSR chain recently said: "Menuboard optimization is one of the best investments my company can make. It far exceeds almost any other strategy I could pursue to increase sales and profits."

Given that, it's puzzling that no element of the marketing mix is as overlooked or as under-estimated in its ability to increase sales and ROI. Two long-time consultants to the restaurant industry – King-Casey and SeeLevel HX – decided to address that problem through a menuboard survey whose goals were to determine:

1. What consumers wanted menuboards to do
2. How well leading QSRs and Fast Casuals were meeting consumer needs and, ultimately,
3. What menuboard Best Practices should guide restaurant brands

Notation Regarding Digital Menuboards. Although digital menuboards are a popular topic in the industry, this study does not include any insights regarding the use of digital menuboards. In fact only 30% of the brands in this study used interior digital menuboards, and none of the brands used digital menuboards at the drive-thru.

METHODOLOGY

Mystery shoppers were dispatched to QSR and Fast Casual restaurant locations with a questionnaire designed to identify and assess menuboard differences with a view toward making recommendations as to how chains could improve their business results by refining their menuboards. A total of 89 mystery shoppers visited 152 different locations across six geographically dispersed states. The locations included (on average) 15 locations for each of 10 chains. Half were QSRs: Arby's, Burger King, Chick-fil-A, Dunkin' and Taco Bell; half were Fast Casual: Fazoli's, Panda Express, Panera Bread, Raising Cane's and Starbucks. QSRs chosen were recognized category leaders (e.g., sandwiches, burgers, chicken, breakfast and Mexican). Similarly, the FCs represented different categories and/or were known for market leadership. At each location, the mystery shopper made a statistical evaluation of both the drive-thru and interior menuboards and then took photos of each.

The shopper visits took place in the spring of 2019. The statistical and visual analysis was completed in July, 2019.

STATISTICAL FINDINGS

Overall Satisfaction Ratings Good, But Improvement Areas Exist
Two-thirds of the evaluators (66%) had positive opinions of ordering from the menuboards, with 41% expressing top-box ("liked it a lot") ratings. Drive-thru and interior menuboards ranked roughly the same. However, when asked to evaluate certain attributes/benefits of the menuboards, the shopper ratings varied significantly, as noted here:

Gave High+ Ratings of Menuboard:	% Drive-Thru	% Interior
Variety of choices	75	75
Helpful images for ordering	73	70
Well-organized	71	69
Easy to understand	66	64
Easy to find item, order quickly	66	63
Good beverage choices	64	61
Satisfies big appetites	61	64
Feel good about the brand	62	62
Easy to see what you get in a meal	65	59
Offers unique items/ingredients	59	61
Good lunch choices	59	59
Good value for the money	57	59
Easy to read	55	60
Good dinner choices	57	57
Suggests high quality food	55	57
Encourages bigger orders (items/sizes)	47	55
Offers healthy alternatives	47	47
Good snack choices	44	47
Good breakfast choices	32	33
ALL ITEM AVERAGE	59	59

Key Insights
Brands should improve their menuboards by making them easier to read. And, without changing the menu items or pricing, efforts should be made to improve perceptions of food quality, which, in turn, might improve perceptions of value. While the ratings for drive-thru and interior menuboards were virtually identical, they did differ in several areas. Interior menuboards had higher overall "excellent" ratings (27%) than the drive-thrus (20%), and also rated higher in "encouraging bigger orders" – 55% to 47%. Considering that upwards of 70% of a QSR's business is at the drive-thru, this suggests a new point of emphasis. At the lower end of the scale, more interior menuboards (15%) did not have "enough information," compared to drive-thru menuboards (5%).

QSRs vs. Fast Casuals

There were some interesting differences between consumer evaluations of QSR menuboards versus Fast Casual menuboards, as the table below indicates.

	% QSRs MB	% Fast Casual MB
Had positive opinion of ordering from:	64	68
Had positive overall rating of menuboard:	57	60
Gave High+ Ratings of menuboard		
Variety of choices	80	70
Helpful images for ordering	74	70
Well-organized	69	71
Easy to Understand	63	68
Easy to find item, order quickly	64	65
Good beverage choices	60	65
Satisfies bigger appetites	64	61
Feel good about the brand	58	66
Easy to see what you get in a meal	59	65
Offers unique items/ingredients	58	61
Good choices for lunch	63	56
Good value for the money	55	60
Easy to read	53	62
Good choices for dinner	60	53
Suggests high quality food	48	63
Encourages bigger orders ((items/sizes)	57	46
Offers healthy alternatives	36	58
Good snack choices	53	38
Good breakfast choices	43	22
ALL ITEM AVERAGE	59	59

Key Insights

Some clear differences emerged. QSR menuboards were clear winners in "showing variety of choices" (80% vs. 70%), "good choices for lunch" (63% vs. 56%), and "for dinner" (60% vs. 53%), and "encouraging bigger orders" (57% vs. 46%). They also won in "good choices for snacks" (53% vs. 38%) and "for breakfast" (43% vs. 22%), but that was pretty much to be expected since many Fast Casuals do not focus on those occasions. Overall, it appears that QSRs do a better job communicating dayparts. Fast Casual menuboards scored substantially higher than QSRs in "easy to understand" (68% vs. 63%), making you "feel good about the brand" (66% vs. 58%), "easy to read" 62% vs. 53%), "offering good value" (60% vs. 55%), "high quality food" (63% vs. 48%) and "healthy alternatives" (58% vs. 36%).

Menuboards by Brand

Mystery shoppers visited on average 15 locations for every brand with the exception of Raising Cane's (5 locations). The results indicate some clear preferences in their eyes.

Brand	Order Process % Like It	Quality of Menuboard % Excellent/Very Good	
Panda Express	90	82	(45 Excellent)
Fazoli's	82	63	(18 Excellent)
Taco Bell	73	67	(20 Excellent)
Raising Cane's	70	70	(50 Excellent)
Chick-fil-A	67	73	(40 Excellent)
Dunkin'	63	43	(13 Excellent)
Burger King	60	50	(20 Excellent)
Arby's	57	53	(17 Excellent)
Panera Bread	50	44	(13 Excellent)
Starbucks	47	44	(14 Excellent)

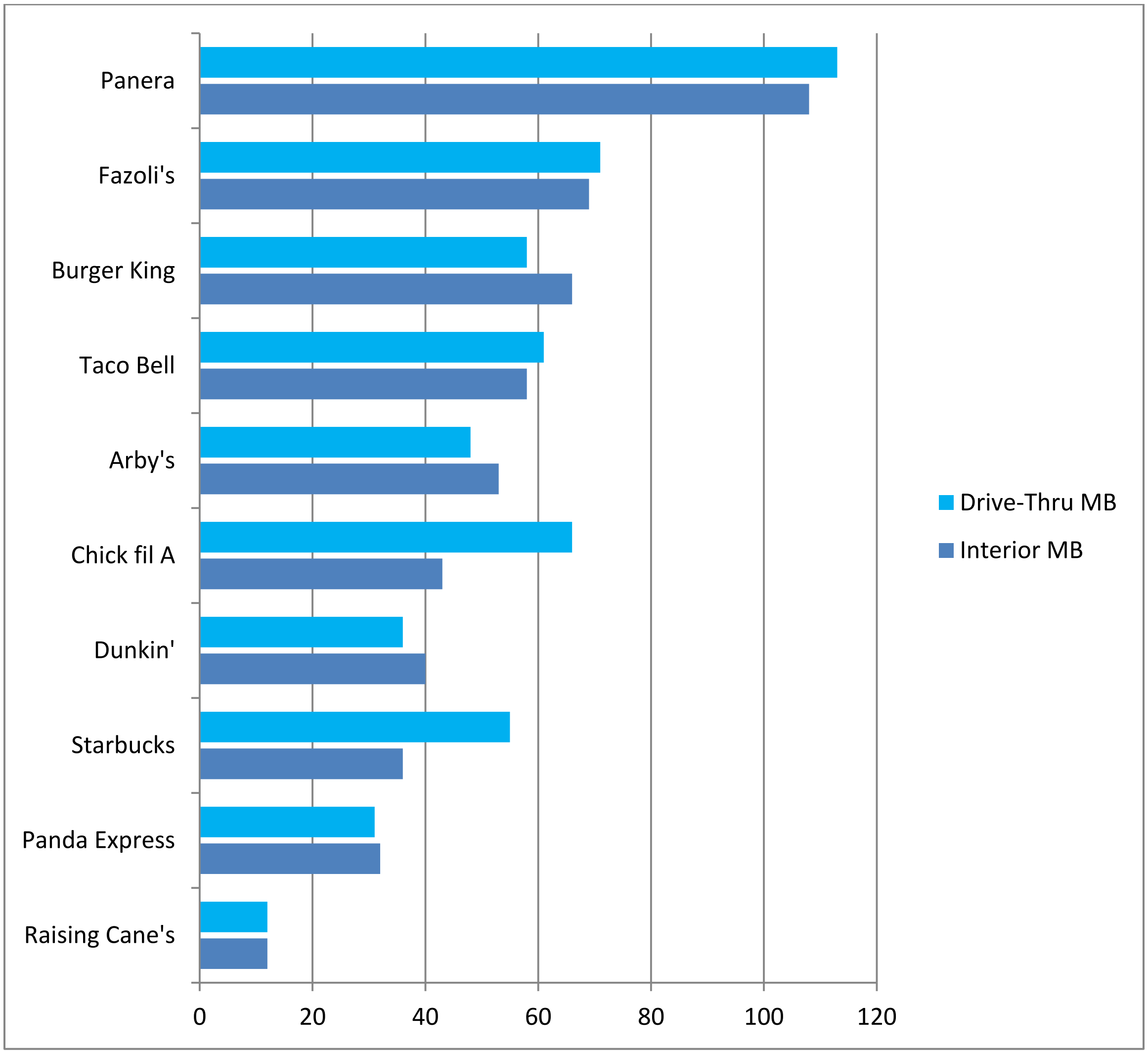
Key Insights

Panda Express won the applause of the mystery shoppers for the order process (90% liked it) and the quality of their menuboards (82% rated them excellent or very good). There were other winners as well. Fazoli's, had 82% of respondents liking their order process. Chick-fil-A's menuboards were rated excellent or very good by 73% and excellent by 40%. On the other end of the spectrum, Panera Bread (50%) and Starbucks (47%) found that only half of the respondents liked their order process. The same brands plus Dunkin' also received less than 50% scores for their menuboards being excellent or very good. Since the ordering process and effectiveness of the menuboards are an important part of the customer experience, negative ratings in these areas should be worrisome.

VISUAL ASSESSMENTS

Photographs of the interior and drive-thru menuboards taken by the mystery shoppers were analyzed. The findings are summarized herewith.

Number of Menu Items Listed
Ranked by the decending number of menu items listed on the interior menuboards



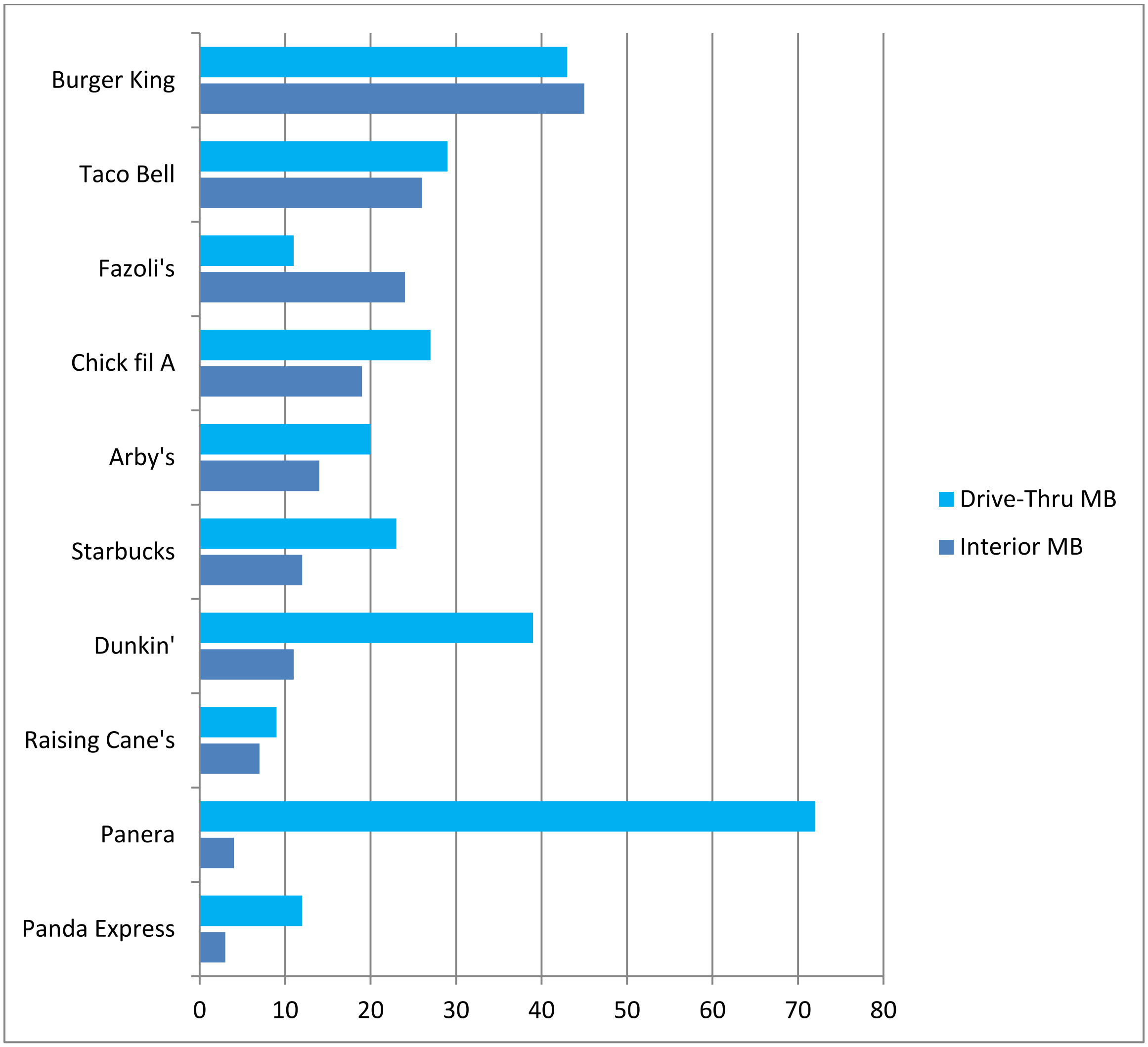
Key Insights (Number of Menu Items Listed)

Following the "more is better" philosophy, Panera Bread lists 108 items on its interior menuboards and 113 at the drive-thru. Theirs are the most populated menuboards of all brands in this survey. This profusion of information may have been one of the reasons that Panera received lower marks for its ordering process and for its menuboards.

Fazoli's, with 69 interior item listings (71 drive-thru) had the second highest number of menu listings in, followed by Burger King (66 and 58) and Taco Bell (58 and 61).

At the other end of the spectrum, Raising Cane's limited menu led to 12 menu items listed on both its interior and drive-thru menuboards, followed by Panda Express (32 and 31), Starbucks (36 and 55) and Dunkin (40 and 36).

Number of Menu Images Displayed
Ranked by the decending number of menu images displayed on the interior menuboards



Key Insights (Number of Menu Images Displayed)

Panda Express had the lowest number of menu images displayed, 3 interior and 12 drive-thru, followed closely by Raising Cane's (7 and 9), Arby's (14 and 20) and Starbucks (12 and 23).

Panera displays 4 images on the interior menuboard, compared with 72 on the drive-thru menuboard.

To put all these numbers into perspective, the trimmed mean average number of menu items listed is: 47 (interior) and 51 (Drive-Thru), while the trimmed mean average number of menu images displayed is: 12 (interior) and 24 (Drive-Thru).

Other visual assessment highlights included:

1. 70% of the menuboards had white backgrounds, resulting in a lack of brand differentiation
2. 70% of the brands offered a kids meal
3. 50% of the brands offering carbonated soft drinks did not show images of fountain beverages
4. 70% of the brands used "hot spots" to leverage core items. See Best Practices section for more on "hot spots."
5. 60% of the brands offering combos had 14 or more combos
6. While 8-10 is the optimum number of combos to offer (customers tune out after more), only Chick-fil-A fell in that range with 8 offers on both interior and drive thru menuboards. On the other hand, Arby's (17 and 17), Burger King (14 and 14) and Taco Bell (12 and 15) had more. All other brands offered less than 8-10 combos
7. 30% of the brands used interior digital menuboards. No brands used digital drive-thru menuboards. This was somewhat surprising, considering the amount of publicity this technology has received recently

TOP 10 MENUBOARD BEST PRACTICES

These Top 10 Best Practices are based on King-Casey's decades of work with leading restaurant brands as well as the results of this survey with SeeLevel HX.

1. Conduct Attitude & Usage research to determine how customers perceive and use your menu.
2. Undertake a TURF analysis to assess which combination of products, services and pricing will allow you to appeal to the greatest number of customers
3. Develop a Menu Strategy that prioritizes menu items based on their contribution to your business objectives (See Figure 1-1)
4. Give prominence to your most profitable products in the "hot spots" of the menuboard – the places where customers tend to look first (See Figure 1-2)
5. Conduct a Space to Sales Analysis to determine the amount and prominence of space given to specific menu categories and items (See Figure 1-3)
6. Rank current and new products by sales, margin and operational complexity (See Figure 1-4)
7. Clarity is king! Too much information can be a negative.
8. Limit combos offerings to no more than 8-10 (see #6 above)
9. Use quantitative research to virtually test alternative menuboard strategies to determine the best strategy. Then test the "winning" strategy in actual stores. (See Figure 1-5)
10. Use "staged messaging" to support the menuboard and influence desirable sales (See Figure 1-6)

FIGURES

The following illustrative figures support the list of *Top 10 Menuboard Best Practices*

Figure 1-1. Menu Strategy Process. These are the inputs, process objectives and outputs associated with developing a menu strategy for the food and beverages that appear on your menuboard.

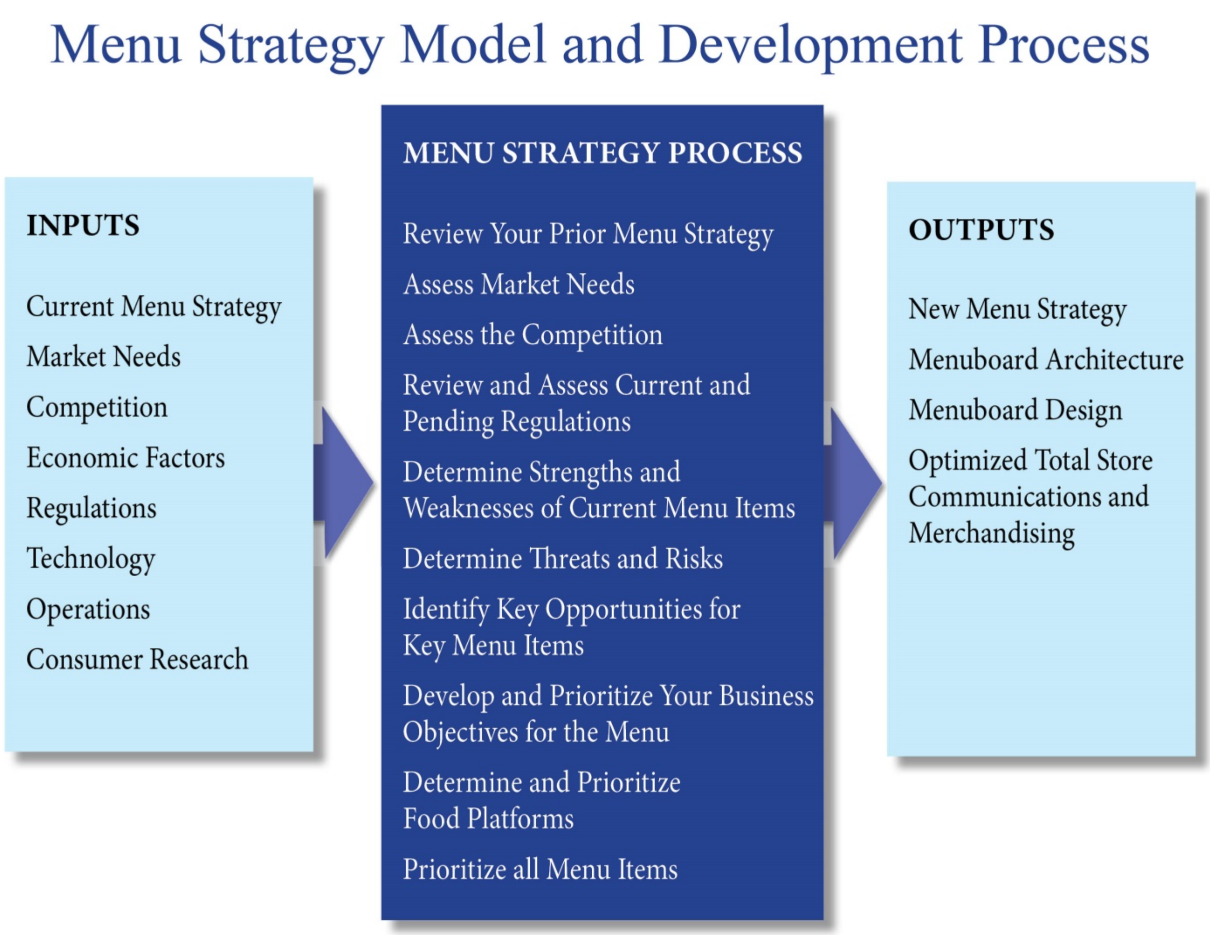


Figure 1-2. Menuboard Hot Spots. The menuboard "Hot Spots" have been determined through years of King-Casey's menuboard research. We know these hot spots are where customers tend to look first and most frequently. This is where best-selling and highest margin items should be places. We also know that hot spots are different on the interior menuboard than the drive-thru menuboard. And for the interior menuboard, the hot spots can vary depending upon where the primary order point is located (typically where the register(s) are located.

Figure 1-3. Space to Sales Analysis. Conducting a "space to sales" analysis helps determine if the ideal amount of menuboard "real estate" has been devoted to best-selling items. On the left schematic we see that combos (which accounts for 56% of sales) are relegated to only about 16% of the menuboard's real estate. And salads (which account for a mere 3% of sales) occupy the same real estate as combos. An improved use of the space is shown in the schematic on the right.

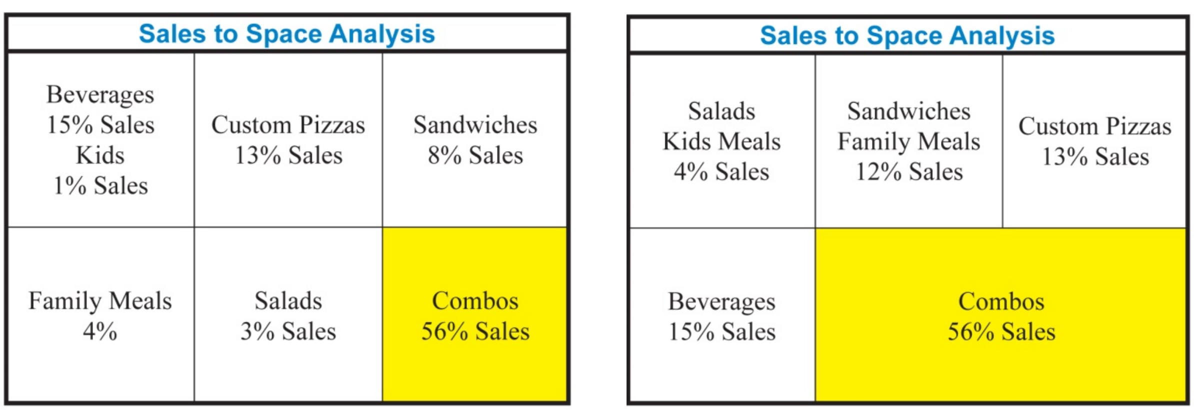


Figure 1-4. Ranking Menu Items. In this analysis of "cold sandwiches" we have listed items in this category as they appear on the menuboard. We discover that two low selling items (in red) are candidates for elimination. We also see that not all best sellers (in green) are listed first on the menu panel (listing items by sales rank can help speed the order process by making popular items easier to find.

- Sales of 1.0% and over
- Sales of 0.5% to 0.9%
- Sales under 0.5%

Cold Sandwiches	Sales %	Ranked by Sales	Margin %	Ranked By Margin
Turkey	1.3%	3	77.3%	8
Italian Combo	0.3%	5	85.4%	1
Ham	2.8%	1	83.5%	3
Ham and Cheese	2.5%	2	77.4%	7
Roast Beef	1.1%	4	80.1%	5
Roast Beef LG	0.8%	6	84.8%	2
Chicken Salad	0.3%	8	82.2%	4
Egg Salad	0.1%	7	76.0%	6

Figure 1-5. Quantitative Validation Research. This will determine if the new menuboard resonates with customers. Using color renderings, conduct quantitative research to evaluate the new strategy before placing them in stores. Compare the new strategies to current. See what works and what needs tweaking. On-line research is a fast and cost-effective method for validating new strategies with hundreds of consumers.

Figure 1-6. Staged Messaging. This strategy helps customers decide what to order and speeds the order process by reinforcing the same message over several different customer zones. For example, at the entry zone (1), introduce the idea of ordering a combo meal. Then at the pre-order zone (2), show top-selling combo offerings. Finally at the order zone (3), close the deal by listing all of the combo offerings on the menuboard itself.

About King-Casey. Founded in 1953, King-Casey is a renowned restaurant and foodservice consulting firm that provides data-driven insights and research-validated solutions for many of the world's leading QSR and Fast-Casual brands. The firm's team of industry professionals delivers a suite of menu engineering and optimization services and innovative solutions that allow clients to unlock the full business potential of their menu and menu communications. For more information, visit www.king-casey.com

About SeeLevel HX. SeeLevel HX is the Customer Experience organization combining the expertise and execution of three leading business intelligence companies – Mystery Researchers, Beyond Hello and Insula Research. The firm applies a consultative approach to the development of a variety of customer experience programs, led by category experts with a wealth of experience, both as practitioners and project managers. SeeLevel HX delivers mission-critical information to solve business problems by building customized business intelligence solutions to achieve their clients' unique business needs. For more information, visit www.seelevelHX.com