

STRATEGIC FOOD AND  
BEVERAGE MANAGEMENT OF  
RMT RESTAURANT  
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UNIVERSITY OF  
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The Career University



The Kyohji Table | Proposal 2020

## OVERVIEW



1. Performance evaluation of RMT Restaurant
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  - ii. Beverage Sales Evaluation
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## FOOD COST EVALUATION

		January	February	March	April	May	June	July	August	September	October	November	December
FOOD SALES	Breakfast	1,068,270	1,370,330	1,027,710	1,026,780	1,295,020	1,276,250	1,288,850	1,668,380	1,265,860	957,800	1,273,890	980,860
	Lunch	4,059,426	5,207,254	3,905,298	3,901,764	4,921,076	4,849,750	4,897,630	6,339,844	4,810,268	3,639,640	4,840,782	3,727,268
	Dinner	5,555,004	7,125,716	5,344,092	5,339,256	6,734,104	6,636,500	6,702,020	8,675,576	6,582,472	4,980,560	6,624,228	5,100,472

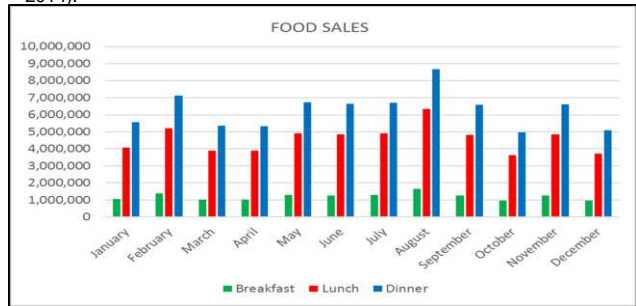
1. The standard food cost percentage of the restaurant as per Apicbase, 2021 is between 28 to 32 percent. But according to Appendice A, the food cost percent shown is 44.86 percent which is higher than this.
2. According to Restaurant India. in 2013, food revenue is affected by seasonal influences. While revenues spike during weekends, summer breaks including festive seasons like Christmas as well as Diwali, there is a drop in revenue during exam times. Climate variations in different parts of the country affect revenue as well. But as shown in the above table which is taken from Appendice B festive months such as October and December have not generated much revenue.
3. The possible reasons for RMT restaurant's high food cost could be menu pricing which means disproportionate misuse of materials is a consequence of an irresponsible setting of the menu (Hmhuh, 2021), the Cooking ability which states untrained staff, a shortage of appropriate equipment, uneven heat distribution, and irresponsible temperature management result in food processing losses. Theft is also one of the reasons which enable the food bills to increase (Apicbase, 2019).

The standard food cost percent lies between 28 to 32% which is higher than is 44.86% given in Appendice A. As it can be seen in the table given in the above slide that the sales of October and December are not up to the mark which are on season months. While revenues should spike during weekends, summer breaks including festive seasons like Christmas as well as Diwali. There are several reasons for high food costs in the restaurant like portion size, menu pricing, theft by the staff, etc. Menu pricing means pricing the food items like pricing the less popular food item too high and vice versa. Employee theft also becomes the reason as sometimes employees steal food and alcohol just for their benefit.



## FOOD COST EVALUATION

4. To boost the sales during the on-season months like October and December (see the bar graph below), the restaurant should host special events according to the festival, develop social network material that consumers want to view and interact honestly and genuinely. Also, organize a giveaway of complementary goods (Netwaiter, 2021).
5. A possible solution for reducing the food cost:-
  - 5.1 Frame menus to minimize the junk so that resources can be reprocessed.
  - 5.2 Measure the proportion of food waste produced throughout the production as well as on dishes to keep track of high-risk regions (Institute of hospitality, 2019).
  - 5.3 Individuals who are not accountable for accounting entries should conduct physical audits every year. This can help to track employee theft (Score.org, 2014).



To boost the sales there are several solutions which include the restaurant should host special events according to the festival, develop social network material that consumers want to view, and interact honestly and genuinely. Also, organize a giveaway of complementary goods. Food costs can be controlled if we frame a proper menu that minimizes junk. For stopping theft employees who don't keep a record of the entries should be enabled to do that.

# BEVERAGE COST EVALUATION

	January	February	March	April	May	June	July	August	September	October	November	December
BEVERAGE SALES	362,351	465,498	347,127	588,995	694,584	694,584	694,584	571,230	433,774	323,444	431,794	331,793
Lunch	988,230	1,269,540	946,710	1,606,350	1,894,320	1,192,950	1,201,350	1,557,900	1,183,020	882,120	1,177,620	904,890
Dinner	1,943,519	2,496,762	1,861,863	3,159,155	3,725,496	2,346,135	2,362,655	3,063,870	2,326,606	1,734,836	2,315,986	1,779,617

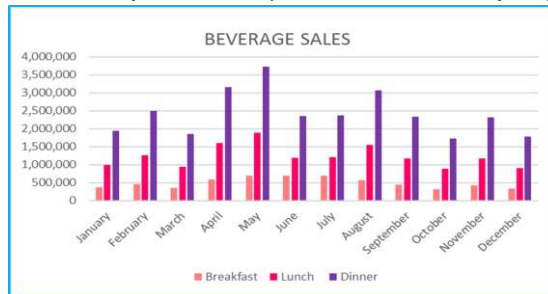
1. The standard beverage cost percentage of the restaurant is between 18 to 24 percent (Brydges J, 2020). But according to Appendice A, the beverage cost percent shown is 32.62 percent which is higher than this.
2. As per the table given above which is from Appendice B, the high revenue-generating months such as October to December have low revenue. Although they are festival season like Christmas, New Year, etc. (Restaurant India. in 2013).
3. The causes due to which restaurant beverage cost is high can be; Inventory Shrinkage which means depletion in the beverage stocks comes from increased portion sizes, cracked bottles or glasses, as well as theft is also one of the major reason. This eventually leads to a high-cost percent. The unhappy hour which means providing identical drinks for fewer money results in higher alcohol prices (Brydges J, 2020).



An ideal beverage cost is between 18-24% which is way higher than 32.62 % given in Appendice A. According to the table given above the high revenue-generating months such as October to December have low revenue. Although they are festival season like Christmas, New Year, etc. There are many reasons for high beverage costs like inventory shrinkage, unhappy hours, pour sizes, etc. Inventory shrinkage means a decrease in the stock of beverage which is caused due to increased pour size or crackled bottles or glasses, it includes theft also. Unhappy hour indicates offering identical drinks for less money

# BEVERAGE COST EVALUATION

4. There are several ways to increase or boost beverage sales which consist of preparing customized cocktails employing a bartender, having a waiting area for the guest with the bar, serving the craft beer, providing the guest with a cocktail to taste as a trial, having happy hours, etc.
5. Solutions for the above problems:-
  - 5.1 Inventory- To keep a record of stocks keeps a record with the quantities of each beverage revised on a frequent routine. Any drink orders should be dependent on the inventory sheet's quantities.
  - 5.2 Recording the wastage- Keeping control of loss can be as easy as staff keep a note each time anything goes wrong (Edwards T, making your 2016).



The ways to increase the beverage sales of the restaurant preparing customized cocktails employing a bartender, having a waiting area for the guest with the bar, serving the craft beer, providing the guest with a cocktail to taste as a trial, having happy hours, etc. This can be solved by keeping a record of quantities of each beverage frequently and tracking the wastage done.



**AVERAGE  
SPENT PER  
HEAD  
EVALUATION**

		January	February	March	April	May	June	July	August	September	October	November	December
NUMBER	Breakfast	4,273	5,481	4,111	4,107	5,180	5,105	5,155	6,674	5,063	3,831	5,096	3,923
OF	Lunch	4,510	5,786	4,339	4,335	5,468	5,389	5,442	7,044	5,345	4,044	5,379	4,141
COVER	Dinner	4,629	5,938	4,453	4,449	5,612	5,530	5,585	7,230	5,485	4,150	5,520	4,250
	Total covers	13,412	17,205	12,903	12,891	16,260	16,024	16,182	20,948	15,893	12,025	15,995	12,314
	Total sales	13,976,800	17,935,100	13,432,800	15,622,300	19,264,600	16,739,000	16,893,000	21,876,800	16,602,000	12,518,400	16,664,300	12,824,900
	Total APC	1042	1042	1041	1212	1185	1045	1044	1044	1045	1041	1042	1041

		January	February	March	April	May	June	July	August	Septem	October	Novemb	December
FOOD	Breakfast	250	250	250	250	250	250	250	250	250	250	250	250
APC	Lunch	900	900	900	900	900	900	900	900	900	900	900	900
	Dinner	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200

1. As it can be observed from the first table the Average Spend Per Head is high than the ideal APC (average per cover) in April and May (Handspan Travel Indochina2017) when there is no sales expected means those months are off-season months.
2. The second table shows that the APC which increased is due to Food APC of dinner.

Total APC is calculated by the formula Total sales/total covers. Food APC is calculated by Food sales/number of cover. Total APC is showing which months have higher APC than expected and the second table shows the reason due to which APC has increased.

## AVERAGE SPENT PER HEAD EVALUATION

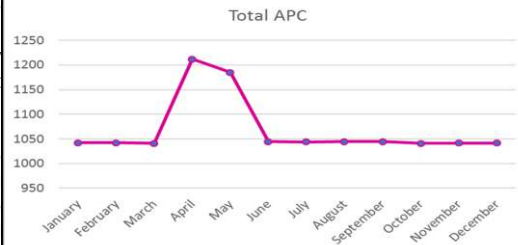
3. There are several reasons for such excellent APC which are listed below:-

3.1 Being present for the guest persistently- This is very necessary for restaurant staff to be available to its guest all the time; be it during the time of service, or on emails, so that the consumers feel valued.

3.2 Emphasizing the demands and experience of the consumers- Visitors shouldn't think like they're speaking with a drone, so offer customized advice, take accountability as well as demonstrate awareness and awareness to assure they receive high-quality, productive assistance

3.3 Teamwork and effective training-

There is a topmost influence from personal consumer service level to group client service quality when it comes to consumer training programs. This entails training in your staff members to guarantee that they are well-prepared for interpersonal engagements with clients (Webself, 2021).



As it can be observed that the ASPH is growing, it is a good gesture. There are several reasons for this profitability like being available for the consumers frequently so that they feel valued and giving them respect all the time. Emphasizing the demand of the guests and making their experience wonderful. This also indicates that the staff is well trained and professional.



# WAGES COST EVALUATION

	January	February	March	April	May	June	July	August	September	October	November	December
Wages	5,065,000	5,495,000	4,978,000	5,390,000	5,037,500	4,877,000	4,736,000	5,684,000	4,766,500	4,578,000	4,796,000	5,047,000
Total sales	13,976,800	17,935,100	13,432,800	15,622,300	19,264,600	16,739,000	16,893,000	21,876,800	16,602,000	12,518,400	16,664,300	12,824,900
Labor cost %	36%	31%	37%	35%	26%	29%	28%	26%	29%	37%	29%	39%

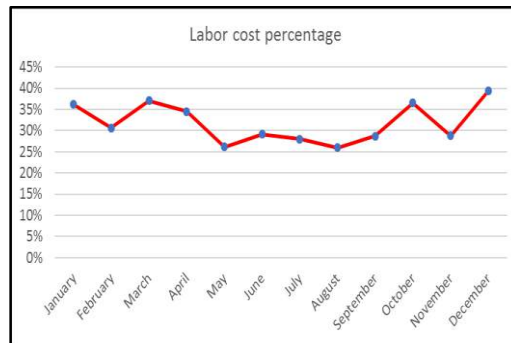
1. The ideal labor cost should be between 20-30 percent (Singh, D.,2019). But as shown in the above table, the labor cost percent is exceeding 30 percent which indicates that sales are lesser than the wages which can take the company towards the losses.



The Labor cost % is calculated by  $\text{wages}/\text{total sales} \times 100$ . The highlighted ones in the above table indicate that the labor cost % is high than the total sales which are not good because if labor cost % is high the company is going into losses.

## WAGES COST EVALUATION

2. The basis for rising workforce expenses could be of a lot of reasons. Some of them are:-
  - 2.1 Decline in Productivity- The loss in productivity is among the key factors for the rise in wage costs. This could be attributed to a rise in leisure hours as well as greater employee turnover or recruitment costs. One instance is enjoying long break times.
  - 2.2 Government Regulations- Frequently, the law creates regulations to establish a predefined wage that must be given by businesses to their personnel (MitreFinch. 2021).
3. This can be controlled by:-
  - 3.1 Shifts can be removed or modified. Expenses can be minimized by reducing and altering shifts.
  - 3.2 Keeping the rate of attrition under control. Staff happiness boosts a company's atmosphere, which results in increased production and employee engagement (Singh, S., 2019. )



So, the causes of high labor costs could be a decline in productivity which means the staff is enjoying more hours of break than they work. Long lunch breaks are one good example. The staff spends more time in the cafeteria which is not at all productive. Government regulations can also be one of the reasons. High labor cost % can be controlled if the shifts of the employees can be removed or modified which will reduce the expenses. The rate of attrition should be under control. Staff happiness boosts a company's atmosphere, which results in increased production and employee engagement.

# MARKETING COST EVALUATION

	January	February	March	April	May	June	July	August	September	October	November	December
Marketing Expense:	878,000	1,025,000	968,000	764,000	780,000	689,000	679,500	634,000	789,000	690,000	658,000	965,000
Total sales	13,976,800	17,935,100	13,432,800	15,622,300	19,264,600	16,739,000	16,893,000	21,876,800	16,602,000	12,518,400	16,664,300	12,824,900
Marketing cost %	5%	8%	6%	4%	5%	4%	3%	4%	6%	4%	5%	

1. An ideal marketing cost percent lies between 3-6 percent (Aaron Allen & Associates, Global Restaurant Consultants. 2010). But in the table given above and the line graph states the marketing cost percent is reaching 6% and above it which is 8% in February, March, and September which indicates that the sales are less than the marketing. Thus, the restaurants are moving towards losses.



The Marketing cost % is calculated by marketing cost of 1st month/total sales of another month\*100 and so on. The highlighted ones in the above table indicate that the marketing cost % is high than the total sales which are not good because if marketing cost % is high the company is going into losses. An ideal marketing cost % lies between 3-6%. But in the table given above and the line graph states the marketing cost percent is reaching 6% and above it which is 8% in February, March, and September which indicates that the sales are less than the marketing.



2. Causes of high marketing costs:-
  - 2.1 Pressure of competitors- Margins are being pushed across the board as a result of increasing competition rivalry and businesses are raising their spending to maintain market share.
  - 2.2 Digital advertising is on the increase- With 1.9 billion monthly users on YouTube, it's no surprise that digital marketing is growing increasingly prevalent (Simplymedia, 2019).
3. Solutions for the above problems are:-
  - 3.1 Offer Packages to Local Businesses- Catering is frequently required for occasions hosted by local companies. A diner has the experience to deliver superb dining for these gatherings. If you function successfully business catering can help you boost your profits. (Applnstitute. 2019).
  - 3.2 Concentrate on the ambiance.- As stated in Team, e., 2018 Call it a minor note, but the atmosphere is among the most key elements for visitors when selecting a restaurant. Consumers may think twice about visiting a restaurant if the environment isn't pleasant.

4. The bar graph clearly shows Money spend on the marketing is not reflecting on the sale.



So, the causes of high marketing cost can be pressure from the rivalries which means businesses are raising their spending to maintain market share along with profitability. Digital marketing is also good but if done in excess can increase the marketing cost % because no one likes to see the advertisement on social media if it's not catchy enough or is repetitive. Solutions for the same is making the restaurant is offering packages to the business which come to the restaurants for dining and concentrating on the ambiance to improve it.

## PROJECTION OF 15% SALES INCREASE

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Total sales	194350000
15% of total sales	29152500
New sales	223502500
Total Cost of sales	81150000
Total Operating Expenses	136420000
Total cost	217570000
Net Profit	5932500


## MENU MANAGEMENT



As it is seen in the current menu is not eye appealing, no color, and no description. It needs some renovation or creativity to be done so that it would look attractive. There are some points to be considered so that it could look alluring:-

1. Use of colors- Because humans react to colors in psychological ways, colors may be utilized to highlight a point. As a result, the color concept applies to everything. This will help to increase sales (Canva, 2021).
2. Use of photos- Whether pictures of food are a useful feature to a menu is highly determined by the sort of establishment. One illustration per section can boost revenues by up to 30% for that food product (Canva, 2021).
3. Describing the dishes- When researchers compared meals labeled with sensory descriptors like "tender," delicious-looking along with "satin," "as well as cultural/geographic words like "Cajun" plus "Italian," plus emotional words like "home style," "classical," as well as "Granny's," to identical foods without those additional adjectives, they discovered a vital finding the narrative tags enhanced revenues by 27 % (Canva, 2021).

The objective of menu engineering or menu management is to raise revenue by encouraging the visitors to buy as many as food items they can. As seen in the case study, the menu of the RMT restaurant is not eye appealing, with no color and no description. Using colors, visualizing photos, and describing the dishes will help increase sales to some extent. The use of colors is important because people react to colors in psychological ways for example; orange white and green color reflects India. Displaying photos makes the dish look more alluring and urges the guest to buy that. A good description of the dish urges the guest to take some time to read the description which will emphasize the guest to buy that dish.



## STRATEGIES TO INCREASE SALE

Some strategies for the RMT restaurant so that it can increase its sale post-COVID 19:-

1. Verbal Communication- When clients come in and depart, make sure the staff appreciates them for arriving. When welcoming guests, hand them a mask (whether it is legally authorized) as well as ask them to wear it while walking around the diner.
2. Additional approaches for establishing loyalty- If feasible, provide unobstructed viewing angles to the kitchen so that customers can see the food being produced. Customers can witness how much attention is taken by packing to-go and delivering orders in the exchange area, following food safety standards (National Restaurant Association 2020).
3. Cloud Kitchen- A cloud kitchen is a diner that specializes solely in takeout orders. The Indian market for cloud kitchens provides \$200 million. The cloud kitchen is becoming famous due to reasons like; fierce rivalry, changing interests of the consumers, etc.(Choudhary, N., 2019. )

Some strategies for the restaurant so that it can increase sales after the Covid period. Verbal communication means when welcoming guests, hand them a mask (whether it is legally authorized) as well as ask them to wear it while walking around the restaurant. Additional approaches for establishing loyalty. If possible, offer the guest to visit the kitchen so that they can see how their meal is being prepared. Cloud kitchen is a new concept that came into effect which is famous due to intense rivalry, changing interest of consumers, etc.

## FINANCIAL DATA

Type of operation	Previous Year Expenses	Ideal Expenses	Standard %	Amount which could be Saved
Food	65050000	43500000	30%	21550000
Beverage	16100000	3220000	20%	12880000
Wages	60450000	38870000	20%	21580000
Marketing	9519500	5830500	3%	3689000
Total				59699000

Thus, an amount of Rs. 59,699,000 could be saved so that the amount of ₹495,00000 can be paid off as a loan.



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