



EVALUATION OF RMT RESTAURANT

STRATEGIC FOOD & BEVERAGE
ASSESSMENT- 2

STUDENT ID - 21467085



OBJECTIVE

1. PERFORMANCE EVALUATION OF RMT RESTAURANT

- i) FOOD COST EVALUATION
- ii) AVERAGE SPEND PER HEAD EVALUATION
- iii) BEVERAGE COST EVALUATION
- iv) LABOUR COST EVALUATION
- v) MARKETING EVALUAION

2. PROJECTION OF 15% SALES INCREASE

3. MENU MANAGEMENT

4. MUSIC AND ENTERTAINMENT COST EVALUATION

5. LATEST STRATEGIES TO IMPROVE RMT SALES

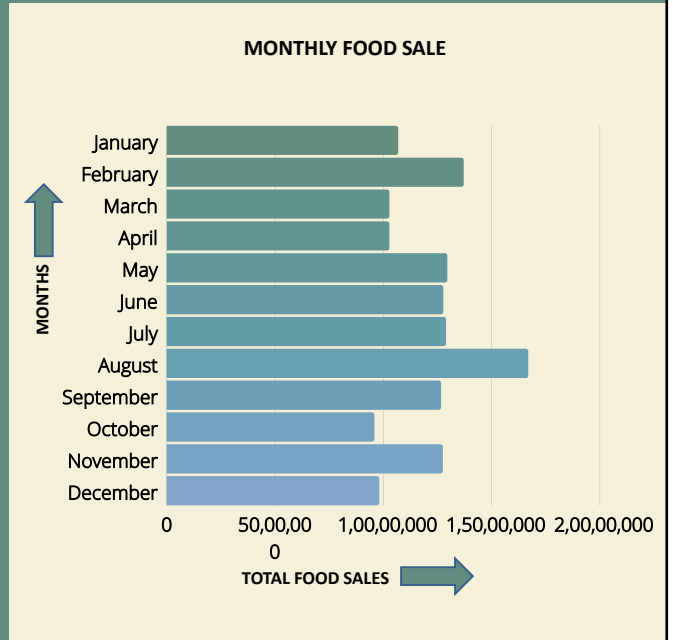
6. OPERATION COST

7. REFERENCE



FOOD COST EVALUATION

- According to the restaurant times theoretically, the cost of food ought to be roughly 30%. Whereas according (Appendix A) RMT is spending 44.86%.
- According to (Restaurantindia.in, 2014) Seasonal considerations do have an impact on sales volumes of a restaurant. Sales grow during weekends, summer holidays, and festival occasions such as Christmas, Diwali etc. although the RMT data shown in (Appendix B) states that festive months such as October and December have lower sales.
- Inadequate supply, not using appropriate portion sizes, wastage, contamination of food, having just one food supplier or employee theft might all be factors for RMT's high food costs (Singaravelavan, 2016).



Food prices include the expense of most basic components used in the production of a dish, and meal expenses are one of the most significant difficulties that restaurants confront. As a result of examining (APPENDIX-A), it is possible to conclude that RMT has a high cost of food which is up to 44.86% but theoretically, the cost of food should be 30%. There are several possible explanations for rising food prices and after analyzing (APPENDIX-B), it is clear that food sales are lower during high seasons like October and December.

FOOD COST EVALUATION

- During the peak time when sales are lower, like as October and December, RMT should offer special meal deals or combo meals as a perfect strategy to influence customers, particularly all who prefer to put it affordable on their finances (posist.com,2021).
- To lower food costs, RMT should emphasize on oversupply and inspect or utilize in the most efficient and cost-effective possible manner. Raw materials should be examined prior to sufficient preparations or training is necessary for staff so that they can manage or rotate inventories under FIFO, or they should know an appropriate serving size, and it is also important to verify the prices of various food vendors before purchasing (Choudhary, 2020).



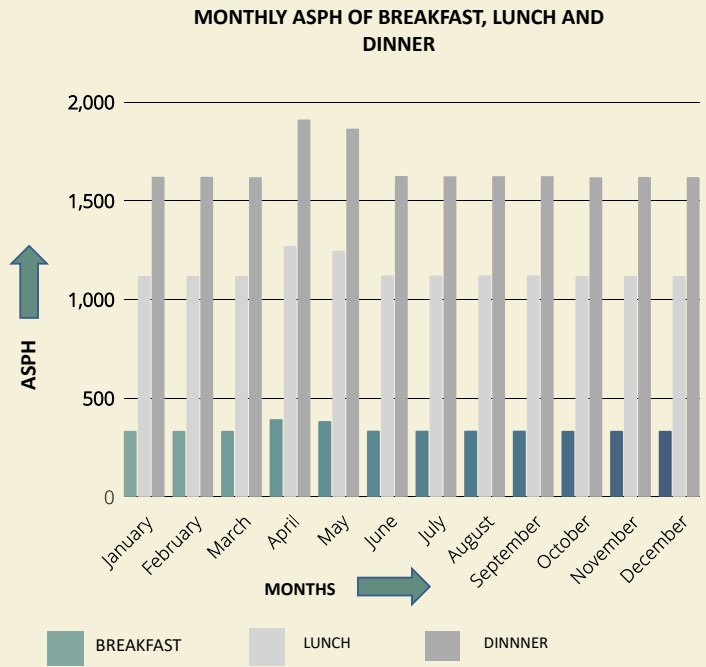
A different possible reason for higher food costs could be not practicing accurate portion sizes, which is a critical aspect in keeping the company viable. Quantities are managed using the suitable sized service cutlery, accurate food scales, or constant storing size, and food waste and spoiling should be monitored and to maintain this employee should be sent again for training sessions. As a result, to enhance sales, diners must specialize in combos or special meal offerings, as this technique influences customers to purchase and helps to increase profitability.

AVERAGE SPEND PER HEAD EVALUATION

- As per foodzania report, (2017) the average per cover must be 500 INR, while RMT restaurant's average spend per head for breakfast according to (Appendix B) is less than 500 INR.
- To boost average, spend per head, RMT restaurant must modify the breakfast time from 7 a.m. to 12 p.m. As their target customer is businesspeople, modifying the breakfast hours will benefit. Additionally, the restaurant must operate on Sunday as maximum tourist will come on Sunday, which will increase their sales.
- Upselling approach of encouraging clients to change their existing order or acquire additional goods is another potential method for RMT to raise average per cover, that will assist restaurant revenues. Employees should be well trained in order to persuade customers to purchase specific items that the restaurant wishes to sell. Restaurant cross - selling is perhaps the most popular way for restaurants to increase their profitability, as is hosting an event like Comedy evenings, music nights, and other such activities will increase table turnover and allow consumer to stay longer in the restaurant, hence increasing revenue (posist.com, 2021).

Average Per Cover is amongst the most critical indicators to consider if attempting to boost one's profitability. Essentially, APC is the profits made by each consumer that visits the diner, so after analyzing (APPENDIX-B), RMT's breakfast APC is much less than the ideal average per cover, which is 500 INR, thus, to boost RMT's sales, the diner must concentrate on the breakfast hours of a restaurant by modifying its timing from 7 a.m. to 12 p.m. because most of their target customers are businesspeople. RMT should also focus on numerous strategies to improve sales, such as upselling, giving special deals, or increasing visitor sitting time by arranging various events.

AVERAGE SPEND PER HEAD EVALUATION



BEVERAGE COST EVALUATION

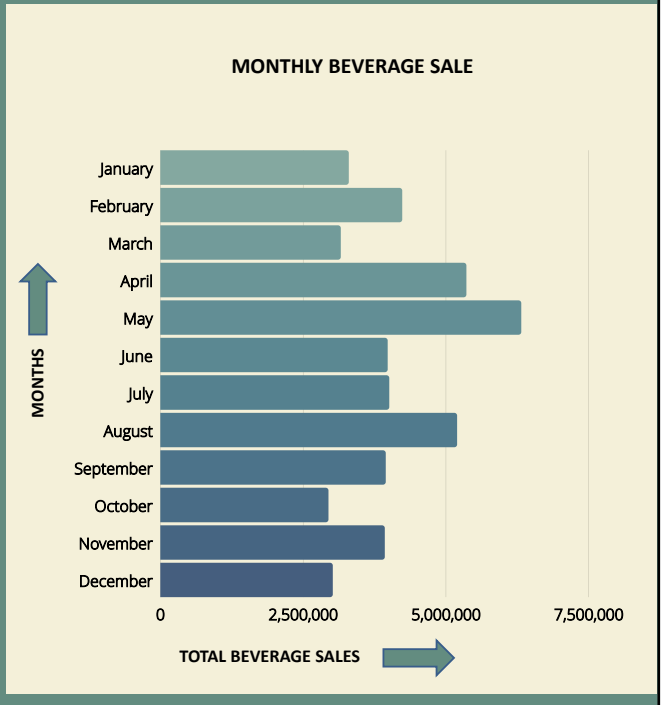
- Theoretically, the usual beverage cost should be 22 percent, however as per (Appendix A) RMT spends 32.62 percent (Sitaram, 2014).
- According to (Appendix B), peak season sales such as March, June, and July are lower compared to other months, despite the fact that sales should need to grow mostly during warmer months due to an increase in tourist activities in several cities mostly during summertime, and higher temperatures usually encourage more people to go out and purchase beverages (Higuera, 2019).
- Analyzing beverages effectively is important because there could be possible reason which could increase beverage cost such as Barmen might deliberately “underpour” alcoholic drinks in order to accumulate an extra in stock, ultimately failing to punch in a product and pocketing the cash. It will, have an impact on alcohol cost percent, or wastage, spoilage, or by not having proper pricing can increase beverage cost (Egan, 2016).



The technique of limiting beverage expenses is like that of managing food expenses. As a result of (APPENDIX-A), this can be determined that RMT's beverage expense is 32.62 percent, but the standard ought to be 20 percent, so it is apparent that diner is overpaying. Also, it can be noted in (APPENDIX-B) that beverage sales are lower in March, June, and July, which are typically high seasons for beverage sales due to vacations and increased visitor activity in these months.

BEVERAGE COST EVALUATION

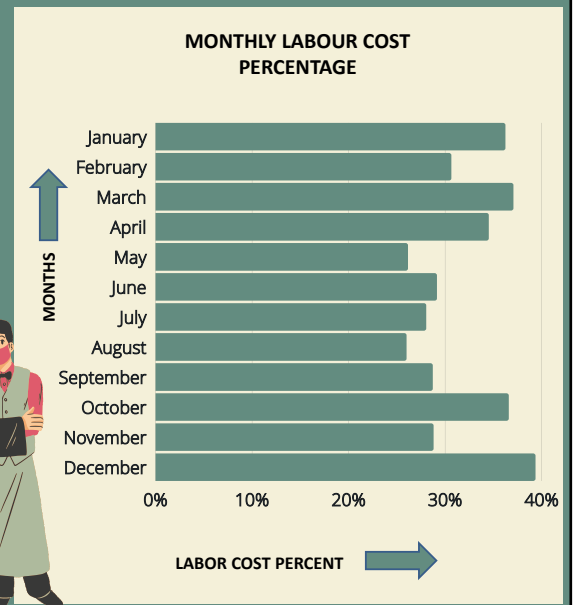
- RMT could concentrate on specific sectors to enhance beverage revenue, like promoting Happy Hours, which offer drinks at half price. The great aspect about 'Happy Hours' is that they've been scheduled during a time of the day when revenues are weak. Additional methods for increasing beverage sales include keeping alcohol costs under control or employing upselling strategies(posit.com, 2021).



Controlled beverages cost may be more vital for RMT if beverage cost is monitored too high. RMT can also concentrate on issues such as spilling, extra pouring and can maintain its beverage costs, and in order to boost beverage sales, RMT must concentrate on multiple deals such as happy hours and cross-selling because such strategies like "buy one get one free" attract customers easily to buy the product.

LABOR COST EVALUATION

- As wages make for most of expenditures within food service industry, the optimal cost of labor ought to be 20%; however, RMT spends 30.10%, and wages fluctuate every month as shown in (Appendix A & B).
- Financial rewards comprise different sorts of non-wage remuneration paid by the company in addition to regular pay, which should be managed as Financial rewards will help a lot on cost savings (Egan, 2016).
- RMT should aim to increase performance by controlling labor costs in order to sustain profitability. For instance, if there are financial rewards, they must be converted into either profit-sharing programs, or by Skill Enhancement of the Staff, which prepare the staff to manage various tasks, or through recruiting part-time employees. It is a good idea to engage part time staff as it helps in saving cost (posist.com, 2021)

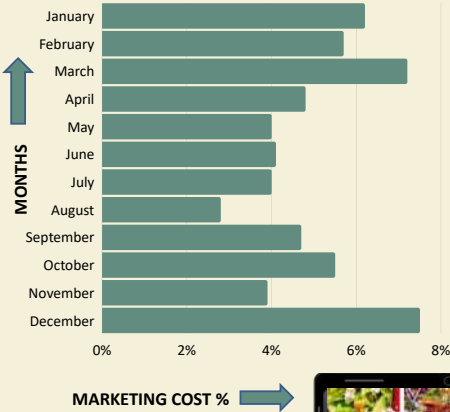


After reviewing (APPENDIX- A & B), it can be said that the monthly wage costs percentage fluctuates, while this should stay consistent each month. Additionally, the wage costs percentage must be 20% according to industry norms, yet RMT spends more than 30%. A high labor cost is caused by several variables, and it accounts for a substantial portion of the total restaurant cost. Labor expenses include salary and wages, and other employment expenditures like staff training, uniforms, or other employment benefits. As a result, to cut money on labor, RMT must recruit part-time employees. Employees should be taught in multitasking, and benefits packages must be taken from normal salary & incorporated into financial benefits.

MARKETING EVALUATION

- According to the restaurant times, restaurants should spend 1-2 percent of their income on advertising. RMT, on the other hand, spends more than standard of its budget each month.
- As per the 2019 Restaurant Success Report, 67% of restaurant spend money on different digital advertising platforms, 53% on local, events, or charitable causes sponsorship, 42% on Search engine, and 32% on news publication advertisements whereas All such promotional activities can be performed for a minimal cost or for free.
- RMT should produce the best advertising techniques to enhance sales while saving money, like SMS and online advertising, digital marketing, online listings and email marketing, or developing their own blogs. RMTs should also focus on modern marketing methods like focusing on loyalty schemes or use influencers for marketing.

MONTHLY MARKETING COST PERCENTAGE



After evaluating marketing cost percentage from (APPENDIX-A & B) it could be analyzed that RMT is spending extra amount of money than standard cost as per industry which is 1-2% also as per the study it could be seen that most of the restaurant spend a good amount of money on digital marketing or local events or search engines whereas all this amount could be saved and cut down to 1-2% if RMT will focus more on digital marketing, online listening, SMS or email marketing or by maintaining proper websites and developing blogs daily on it as these online ways require almost less or no money and these are also the modern ways to promote the brand.



RMT SALES INCREASE BY 15%

Description	Amount
TOTAL SALE	19,43,50,000
15% OF TOTAL SALE	2,91,52,500
NEW SALES	22,35,02,500
TOTAL COST OF SALE	8,11,50,000
TOTAL OPERATING EXPENSE	13,64,20,000
TOTAL COST	21,75,70,000
NET PROFIT	59,32,500

NET PROFIT
59,32,500

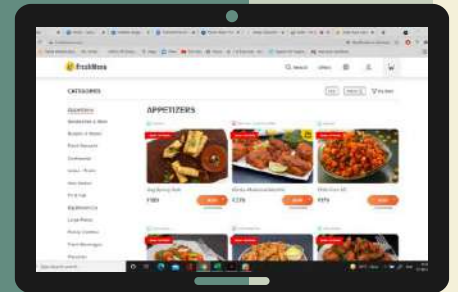
PROJECTION OF 15% SALES INCREASE

The slides project the 15% sales increase:-

- First step - the total sale which is 19,43,50,000 has been multiplied by 15% from which will get the 15% of total sales which is 2,91,52,500.
- Second step - total sales which is 19,43,50,000 will be added with 15% of total sales which is 2,91,52,500 and will get new sales 22,35,02,500
- Third step, add the total cost of sales which is 8,11,50,000 with operating expense which is 13,64,20,000 and will get total cost which is 21,75,70,000
- Fourth to get net profit will subtract new sales which are 22,35,02,500 from total cost 21,75,70,000 And will get a net profit of 59,32,500

MENU MANAGEMENT

- RMT focus on selling prices as this will help to improve dining profitability, such as the amount of Two Oceans Shiraz wine in (Appendix C) should be modified as wine by glass is cheaper than wine by bottle, but according to standard, wine sold by bottle should be cheaper than wine by glass since glass includes service tax as well (Davis et.al, 2018).
- So, the menu is the key sales tool in a dining therefore it should be well designed and presented. There are a few factors to retain in mind when developing the menu, like including pictures, which according to study can boost sales of a product mostly by 30%. also having written explanations of dishes is also essential, because it captivating sentences can gratify a customer's attention also menu should be well spaced and should be highlighted with feature foods (Rapp, 2013).
- Menu engineering should be done by RMT because it is a statistical way to analyze the profitability and success of the dishes so the diner can incorporate the correct menu options, with best price, and assist a customer's choice procedure such that consumers choose the ones most valuable menu options. according to a study menu engineering can boost restaurant revenues by 15% so, RMT should focus on it



Menu planning is significant for restaurants because the menu is the essential sales in a diner; therefore, the menu should be excellently described and visually stunning. RMT also should concentrate on menu engineering because it is a method to determine the financial performance and success of dishes, that helps in creating the menu conveniently; in fact, one study found that menu engineering can boost ongoing sales by 15% also While trying to design a menu, restaurants must keep certain points in mind. For example, an analysis revealed that photos boost profits by 30%. Dishes should be well described in the menu, and the menu must be well spaced. Finally, RMT must focus on its online menu and keep up to date, as providing online menus is a new trend during covid.

MUSIC & ENTERTAINMENT

24 HRS
OPEN



- In accordance with (APPENDIX A), RMT spends 62,33,500 INR on the live entertainment and music, which is unnecessary. As a result, RMT may save up to 57 lakh by purchasing a PPL (photographic Performance limited) license for 10,000 INR.
- There are 2 licenses: PPL (Phonographic Performance Limited) and IPRS (Indian Performing Rights Society). To stream pre-recorded songs as in forms of radios, televisions, in a diner, one should enroll with Phonographic Performance Limited India, commonly known as PPL, while a restaurant that wishes to offer live shows must obtain a license through IPRS (Indian Performing Rights Society)
- Streaming music in public areas, such as a dining, cafe, hotels, bar, or pub, necessitates a Music License. Playing music without such necessary permissions is a non-bailable violation with severe implications and can lead to high cost (pplindia.org, 2021).

Most restaurant chains do not pay much attention to entertainment and media costs, but it also plays a major role. If the expense of live entertainment and music is accurately evaluated, restaurants could save a substantial amount of money For example, RMT spends 62,33,500 INR on media and entertainment, whereas PPL License for playing music costs around 10,000 INR, and if restaurant takes proper measure on Permission, it could save a substantial amount of money

LATEST TRENDS TO INCREASE SALES

- **CLOUD KITCHEN/VIRTUAL KITCHEN**

The emergence of epidemic Covid-19 and also its consequences has given the industry a tremendous boost to digital kitchens. It is a kitchenette at restaurants which solely handles deliveries even without dining. Nevertheless, there has been a massive increase in the dining industry in the Clouds, dining playing a key role in earning the benefits of the industry. It also supports wage costs management.

- **HYGIENE IS A NEW STANDARD**

Food enterprises have successfully turned normal hygienic practices and basic sanitation into account. However, the situation has changed since Covid came. So, the restaurant now are going to stick up for their preventative steps and making efforts to give customers with a flawless service.

- **HEALTHY MENU**

This is vitally valuable for a restaurants to evaluate the need and include healthier choices into their present menu. People eat healthier then ever before focusing on endurance boosting even though eating out, as this year has shown everyone the necessity of remaining active and well due to covid-19 therefore RMT can also focus on its menu and add some protein enrich vegetarian diet to stay healthy (Sarin,2020).

Because of Covid-19, many new trends have emerged in the business, such as cloud kitchens or cleanliness, which has become an essential part of our lives. Consumers are concentrating on healthy menus, and online deliveries became more significant. If RMT focuses on such new trends, they may be able to benefit.

LATEST TRENDS TO INCREASE SALES

- **ORDERING ONLINE**

This development is promoting the expansion of the amount of supply options applications. Although if things stabilize, restaurant will priorities online meal delivery. Zomato started offering online ordering services and is currently accessible in 8 countries with 16,000 outlets, with over 1 million Indian fast-food eateries placing reservations on Zomato every month. This trend is expected to intensify in the following year (Chourishi and Waghchoure, 2019).

- **UNIQUE EXPERIENCE**

Generation Z or millennials, also the elders are always looking out something unique and new. Today one really has to develop fresh, original concepts like innovative appearances and culinary methods, like molecular gastronomy, or combining classic international styles with traditional Indian cuisine to create a modern Indian appearance. RTM should focus on such unique ideas to increase sales as such new ideas will attract new consumer base.

OPERATING COST

TYPE OF OPERATION	LAST YEAR EXPENSE	BENCHMARK	% of sales	AMOUNT COULD SAVE
Food cost	65,050,000	4,35,00,000	30%	2,15,50,000
Beverage cost	16,100,000	1,08,57,000	22%	52,43,000
wages	60,450,000	3,88.70,000	20%	2,15,80,000
Marketing	95,19,500	38,87,000	2%	56,32,500
Music and entertainment	62,33,500	5,05,310	0.26%	57,28,190
			TOTAL	59,733,690

Above table indicates the amount saved out of each operation after deducting the previous year's expenditures from this year's standard cost, and also the total amount saved by the RMT restaurant is 59,733,690 INR, with which the business owners can easily pay back the debts of 495,00000 INR.



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