Evaluation of RMT's operational and restaurant performance.

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RMT 's Overview

- RMT a full service, restaurant situated in 7 metropolitan cities of India including (Ahmedabad/ Goa/ Pune / Delhi / Hyderabad / Kolkata / Bengaluru.

- The restaurant serves modern international food with alcoholic beverages during Lunch and Dinner operations.

- It is an all day dining restaurant which operates Breakfast (12:00 pm) Lunch (from 12: 00 to 4: 00 pm) & lastly, Dinner which starts from (6:00 to 10:00 pm) during all 7 days .

- The restaurants includes 150 seats out of which 51 tables are off 2 seats and 12 tables are of 4 seats .

- RMT's operates in busy central location of city with minimum 15 staff including both Frontline as well as Kitchen staff.

- The Outlet has 180 sq. meters on rent including basement, staffroom , offices and storage.

RMT is a full service restaurant which is expanded in 7 big cities of India. The restaurant is an all day dining which serves modern international food with alcoholic beverages. The operation timings for breakfast will be till 12 :00 pm after that lunch from 12:00 to 4:00 pm and at last dinner timings are 6:00 to 10:00 pm in all 7 days. The restaurant is situated in the heart of the city which can be operated by 15 staff including both front line staff as well as kitchen staff. The restaurants is in 180 sq. meters which is on rent includes basement, staffroom , offices & storage

Food Sales Analysis

• The annual food sales of year 2019 of RMT is 145,000,000 which is 74.61% . Out of which food cost goes upto 65,050,000 which is 44.86%. It shows the restaurant is operating in loss.

• Romeo (2016) believes , lack of expanding table turnover , poor customer relationship management & not upselling the menu items, could be the reasons for lower food sales of RMT.

• As food cost of RMT is 44.86% which is very high as in the view of Buckley (2019), food cost should not be more than the range 35 % for the casual dining restaurants.

• According to The Restaurant Times (2019), improper food waste management , wrong purchasing & inappropriate menu management in the restaurant could be few causes for making higher food cost in RMT.

• Food cost for the restaurant should be under 35 % because healthy food cost helps in pricing the menu item properly which directly helps in increasing revenue of the outlet (Romeo, 2016).
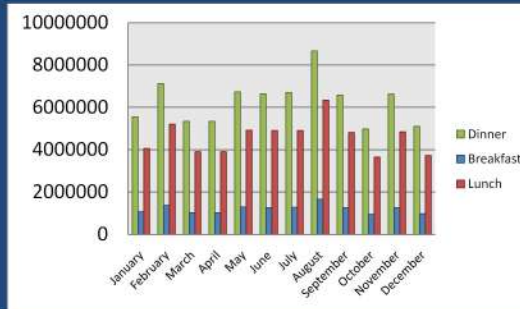
The food sales is a important source of revenue in the restaurant. Through presented graph food sales of RMT can be analyze easily. The food sales of year 2019 is 74.61% out of which 44.86% is the food cost which depicts the loss in operations (Romeo, 2016). The reason of loss in the food sales could be not expanding table turnover and poor upselling. Food cost for the restaurant is 44.86% which could be because of not paying attention to waste management and wrong purchasing. Food cost is required to be under 35 % which helps in better pricing of the menu (Buckley, 2019).
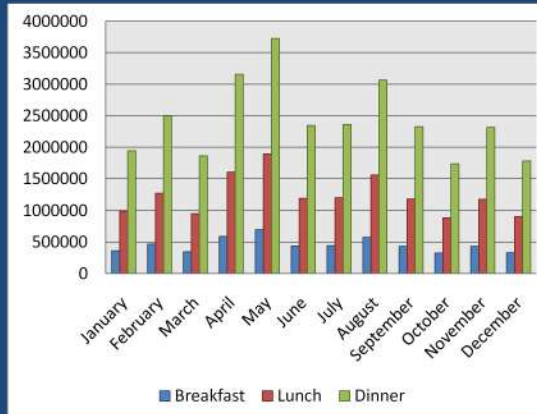
Beverage Sales Analysis

• Beverage sales of RMT for year 2019 is 49350000 out of which 32.62% is only beverage cost which is not appreciatable for smooth business as it shows RMT is operating at loss.

• Reason for low beverage sale in RMT could be Lack of suggestive selling in the restaurant or poor promotional or operational strategy

• 32.62% beverage cost is high as in the view of Romeo (2016), beverage cost in restaurant should not be more than 23% .

• Reason For high beverage cost in RMT could be poor inventory shrinkage & inadequate portioning of beverage (Buckley, 2019).

Beverage sales is also a great source of revenue in the restaurant industry. With the help of presented graph , the beverage sales could be analyzed as 49350000 out of which the beverage cost goes is 32.62%. Beverage sales of RMT is low in few months due to lack of promotional activities and due to lack of suggestive selling in the restaurant.   According to Romeo (2016), beverage cost should be under 23% percent. The reason for less beverage cost are poor inventory & inadequate portioning of beverage.
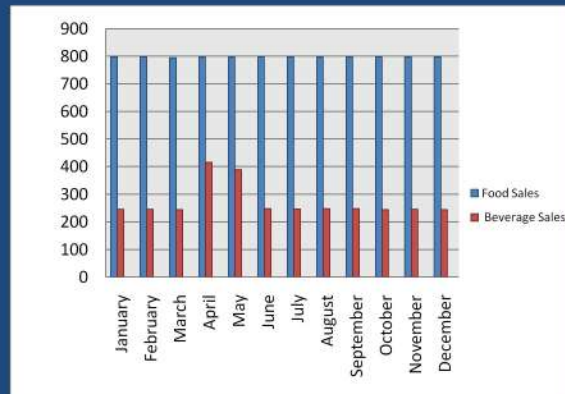
Average Spend per Head of RMT

• Average spend per head for food sales of RMT in 2019 year was highest marked at 797 rupees. It is relatively very low as standard food APC of casual dining should be at least 1392 rupees (Davis et.al, 2008)

• Average spend per head for beverage sales of RMT is 415.31 rupees which is also comparatively better as beverage APC should be 528 rupees (Davis et.al, 2008).

• The reason behind low APC of food sales are lack of upselling , inappropriate pricing of star menu items (Vishal and Sachitanand, 2016)
.
• Low APC of beverage in RMT could be because of less variation in menu, lack of suggestive selling, uncreative beverage menu. It could be improved by monitoring service standards and offering variations in beverages.

Average spend per head is basically a tactic through which one can find out how much each guest is spending in the restaurant in food as well as beverage. Average spend per cover of RMT is comparatively less with the standard APC of food sale as well as beverage APC. The APC of food in the restaurant is 797 rupees however the standard average per spend for food should be 1392 rupees. Similarly APC for beverage is low which is 415.3 of restaurant however it should be at least 528 rupees of full service restaurant (Davis et.al, 2008). There could be various reasons behind low APC of restaurant which includes lack of upselling.

Analysis on distribution of Wages

- Total wages for 2019 year of RMT is 60,050,000 which is 31.10% of total income which is quite favorable payroll . As according to Sherman (2019) payroll expense of restaurant industry should be limited to about 30% .

- Employee benefit is another necessary expense in RMT which includes extra 7,506 rupees i.e. 3.86% invested for employees rather than wages.
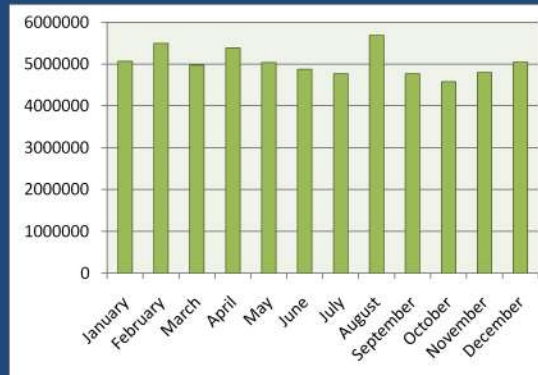
- Amount invested i.e. 3.86% for employee benefit could be increased more. As in the view of Fox (2019) providing better employees benefit helps in maintaining employee turnover rate.

- Benefits like Paid time off (PTO) could be added as an part of employee benefit scheme of RMT which will be of less expense (Minnesota state, 2020).

Wages distribution percentage of RMT is quite appreciatable as according to the author Sherman (2019), payroll of a restaurant should be not exceed more than 30% and the overall cost comes under 31.10% which is approximately similar to the required percentage. Employee benefit is the another necessary expense which helps to motivate employee and helps in more revenue generation (Fox,2019). The amount invested for employee benefit was around 3.86% however this percentage need to be increase for better employee productivity.

Marketing Analysis of RMT

- Total marketing costs for 2019 year including advertising, promotion & selling is 9,519,500 which is approx 4% of total operating costs. This represent the ineffective marketing of the restaurant

- The marketing expense which is 4 % of RMT is quite low as according to Nuphoriq (2019) the amount that should be at least spend for effective marketing is 7% .

- Reasons for not effective marketing was only involving internet as a source of marketing.

- Promotional strategies for the needed special attention as it creates awareness about the schemes going in thee restaurant for customers (Davis et. al, 2008) .
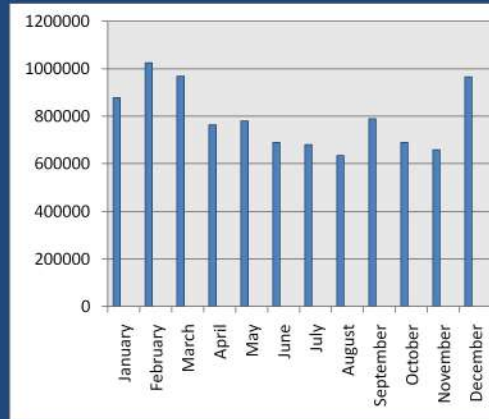
Marketing is the main source of making customer aware about our products any restaurant is offering. This is the reason why it is important to have a effective marketing strategy for the restaurant. Marketing strategy of RMT is ineffective as the spend made by the restaurant is 4 % of total cost however in the view of Nuphoriq (2019), 4% marketing cost is very low, the spent should be at least 7 % which should not only consist of internet marketing . Adding different   method of marketing will give more customer to the restaurant which will boost the sales directly.

Recommendations for RMT

Marketing -
- Approaching nearby offices -
❖ It is strategy to attract local office workers and business people also to the restaurant (Bennett , 2017).

- By reaching to food bloggers and Influencers (Kara, 2002).

- by creating restaurant loyalty Programs in which special points can be given for social sharing of brand name (Weinreich, 2016).
- Personalized and automated E- mail marketing could be better option.

Menu management
- Usage of menu engineering –
❖ For encouraging customers to buy more profitable items & to analyze the demand of dishes (Seyitoglu, 2016).

- Usage of cloud based menu management system –
❖This will be helpful for restaurant to improve overall operation also.

- Creative menu writing with labeling of calories can be amended in menu .
❖As the trend is of healthy food, this strategy help to attract more loyal customer .

- Triple pricing strategy could be practiced for better pricing of given menu (Caliskan, 2015).

After analyzing RMT from all the perspective, There are few recommendations for he restaurant to improve its overall sales and improve operational as well as restaurant performance. For marketing, only targeting customers through internet will not be sufficient , approaching to the nearby offices for business, reaching to food bloggers , creating special loyalty program which should include special points for social sharing and direct marketing will be beneficial for restaurant. For making menu of restaurant more effective through menu engineering process as well as using cloud based system.

Recommendations for RMT

Operating costs

- Operating cost for food sales should be decreased by -
  ❖ By using technique of First in, First out (FIFO) which will be helpful for RMT.

- For Beverage sale , operating cost should be decrease by -
  ❖ monitoring portioning of beverage & Inventory shrinkage (Mun, 2017).

- Sourcing the local ingredients and right purchasing will absolutely help in reducing operating cost.

- Reducing employee turnover of the restaurant.

Financial data

- Proper budgeting of expenses need to be done which will be helpful in keeping the record of all expenses (Ivkov , 2016).

- Maintaining proper cash flow statement of RMT will be helpful.

- Controlling food & Beverage cost for desired sales of RMT (Kanyan, 2016).

- Checking the reports regularly for tracking the performance of the restaurant.

Operating costs is the aspect which is needed to be monitor by RMT to make better profit. Operating cost of the restaurant could be improved by using few strategies including FIFO which is first in and first out (Mun,2017). Other strategies includes monitoring portioning of beverage and inventory shrinkage to improve operation cost of beverage. Reducing employee turnover would be one strategy to reduce the operating costs of RMT. Improving Financial Data is another concern which could be improve by maintaining cash flow statement and controlling food and beverage cost (Ivkov, 2016).

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