*Menu Pricing Notetaker*: Part 2 Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Culinary Arts 1

**MENU PRICES**

Menu Pricing Techniques

* Managers must determine what customers are willing to pay and examine:
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Contribution Margins:** The portion of dollars that a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ contributes to overall \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Three Methods to Determine Menu Price:

* + **Food Cost % (FCP) Method**
  + **Contribution Markup Method**
  + **Straight Markup Method**

**Food Cost Percentage (FCP) method**

(Numerator): **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = Menu Price**

(Denominator):

FCP dependent on type of foodservice operation; ProStart- 33% mark-up

|  |  |
| --- | --- |
| Asparagus Total Recipe Cost |  |
| Portion Cost (for 2 servings) |  |
| **Calculation for 33% FCP** |  |
| **Menu Price using 33% FCP** |  |

Recipe Costs to Menu Pricing

* \_\_\_\_\_\_\_\_\_\_\_\_ the menu price to a more \_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Rather than $3.21; options could be...
* \_\_\_\_\_\_\_\_\_\_\_\_ menu pricing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the item or you’ll \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Contribution Margin Method**

* Knowing the portion costs for each item sold foodservice operators can determine the average contribution margin needed to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_ a desired \_\_\_\_\_\_\_\_\_\_\_\_\_
  + Calculate the average contribution \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ toward \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + \_\_\_\_\_\_\_ that number to the food cost.

|  |  |
| --- | --- |
| Asparagus Total Recipe Cost |  |
| Portion Cost (for 2 servings) |  |
| **Average contribution (amount will be provided)** |  |
| **Menu Price w/ Contribution Margin Method** |  |

**Straight Mark-Up Pricing Method**

* Managers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ raw food costs by a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |
| --- | --- |
| Asparagus Total Recipe Cost |  |
| Portion Cost (for 2 servings) |  |
| **Calculation for ⅔ Markup** |  |
| **Menu Price using ⅔ Straight Markup Method** |  |

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Pricing Main Entree with Multiple Recipes

|  |  |
| --- | --- |
| Recipe #1 (Starch) Portion Cost | $0.78 |
| Recipe #2 (Vegetable) Portion Cost | $1.23 |
| Recipe #3 (Protein) Portion Cost | $3.01 |
| **Total of All Recipes** |  |
| **Food Cost % Method (33%)** |  |
| **Contribution Method ($4)** |  |
| **Straight Markup Method (⅔)** |  |

**How often should prices be adjusted?**

* Many operations price out all recipes and then check them every **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** to see if they are still accurate
* Others compare standard recipe costs to the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Additional Notes:*