

# PRICING YOUR MENU FOR MAXIMUM PROFITS

Thinking about adjusting your menu prices may cause a number of emotions. You may feel fear and anxiety worrying about losing valuable customers. Or you could experience guilt during these times when you know everyone is watching their spending. Rest assured, your competitors are facing this same dilemma.

According to the USDA, food prices were 6.1% higher in November 2021 compared to a year ago. You have likely noticed these increases across all ingredients including flour, meat and cheese. If you haven't increased menu prices, those costs will continue to eat into your profits.

Your customers are loyal to your restaurant because they appreciate the high quality food you serve. In fact, over half of consumers said they are willing to pay slightly more at their favorite restaurant, both now and in the future.<sup>1</sup> Your customers were there to support you during the pandemic with take-out and delivery orders and many provided larger tips to support you and your staff. They did all of that because they want to see you succeed. Raising your price won't change that; your loyal customers will continue to come back for your delicious food.

It's important to evaluate your menu prices against your costs at least twice a year to ensure that you are priced right for profits. The example below shows different scenarios for maintaining your profits when food costs increase and how increasing your menu price affects those profits. When your food costs go up and your price stays the same, your total profit will decline. By increasing prices, even if you sell a few less pies, you can still maintain or improve your profitability.



## 72%

of operators said raising their menu prices had no impact on traffic compared to two years ago.<sup>2</sup>

**Contact your Grande Sales Associate for help pricing your menu for maximum profits.**

| EXAMPLE FOOD COST ANALYSIS<br>OBJECTIVE: MAINTAIN PROFITS |                 |                |                      |               |                      |                     |                 |              |
|---|-----------------|----------------|----------------------|---------------|----------------------|---------------------|-----------------|--------------|
| Cost/Price Scenario                                       | 16" Pizza Price | # of Pies Sold | +/- pie sales needed | Total Revenue | Food Cost \$ per pie | Food Cost % per pie | Total Food Cost | Total Profit |
| Base Food Cost  | \$14.00         | 100            | ---                  | \$1,400       | \$4.20               | 30%                 | \$420           | \$980        |
| \$1.00 Menu Price Increase                                | \$15.00         | 91             | <b>9 fewer pies</b>  | \$1,361       | \$4.20               | 28%                 | \$381           | \$980        |
| \$0.50 Menu Price Increase                                | \$14.50         | 95             | <b>5 fewer pies</b>  | \$1,378       | \$4.20               | 29%                 | \$399           | \$979        |
| Food Cost Increase: \$0.50 per pie                        | \$14.00         | 100            | ---                  | \$1,400       | \$4.70               | 34%                 | \$470           | \$930        |
| No Menu Price Increase                                    | \$14.00         | 105            | <b>5 more pies</b>   | \$1,470       | \$4.70               | 34%                 | \$494           | \$977        |
| \$1.00 Menu Price Increase                                | \$15.00         | 95             | <b>5 fewer pies</b>  | \$1,425       | \$4.70               | 31%                 | \$447           | \$979        |
| \$0.50 Menu Price Increase                                | \$14.50         | 100            | ---                  | \$1,450       | \$4.70               | 32%                 | \$470           | \$980        |

<sup>1</sup> Datassential, Custom Research, May 2020

<sup>2</sup> Technomic, Value & Pricing Consumer Trend Report, 2019