

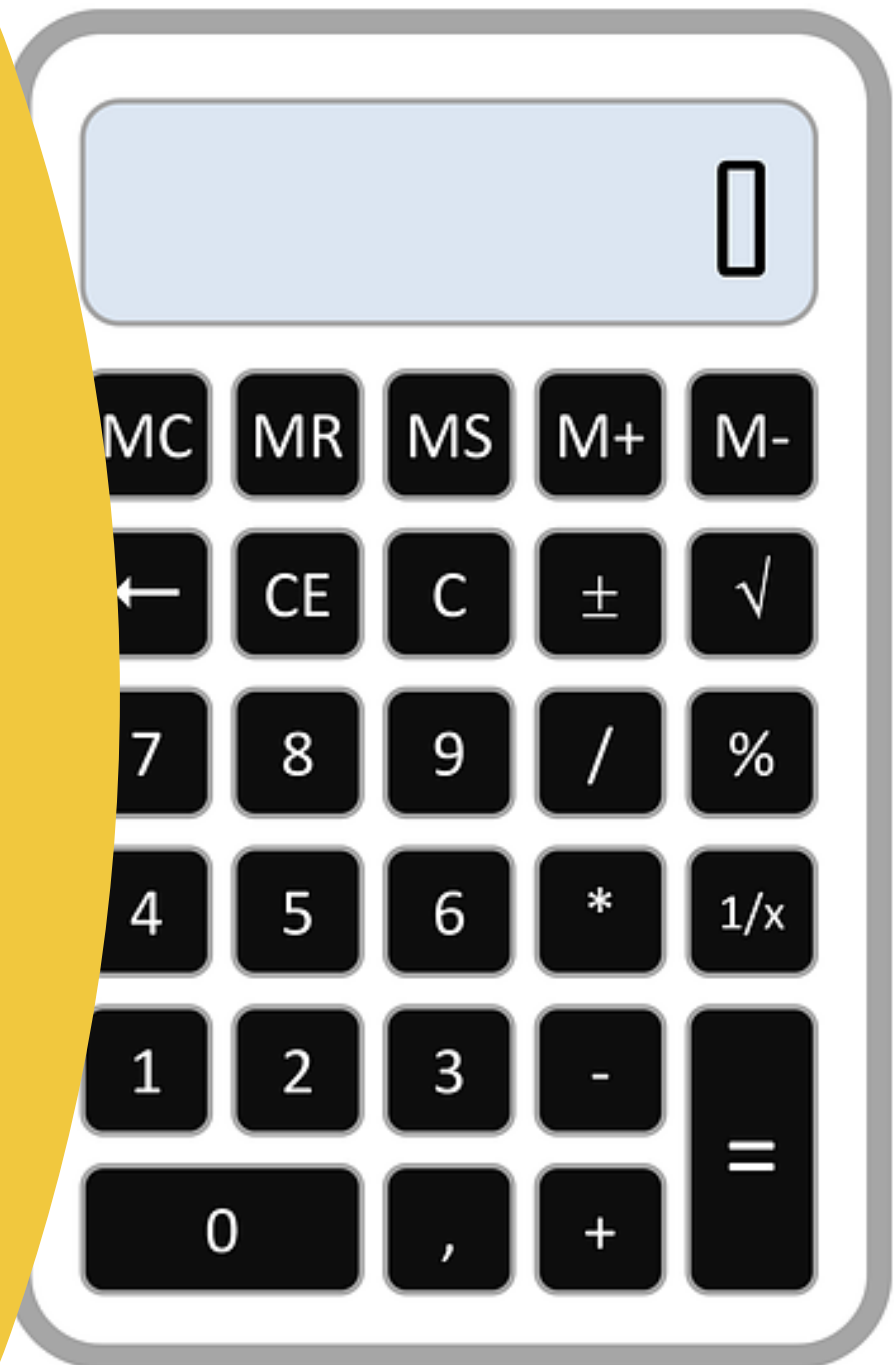


Hospitality and Catering

Costings

Lesson 4

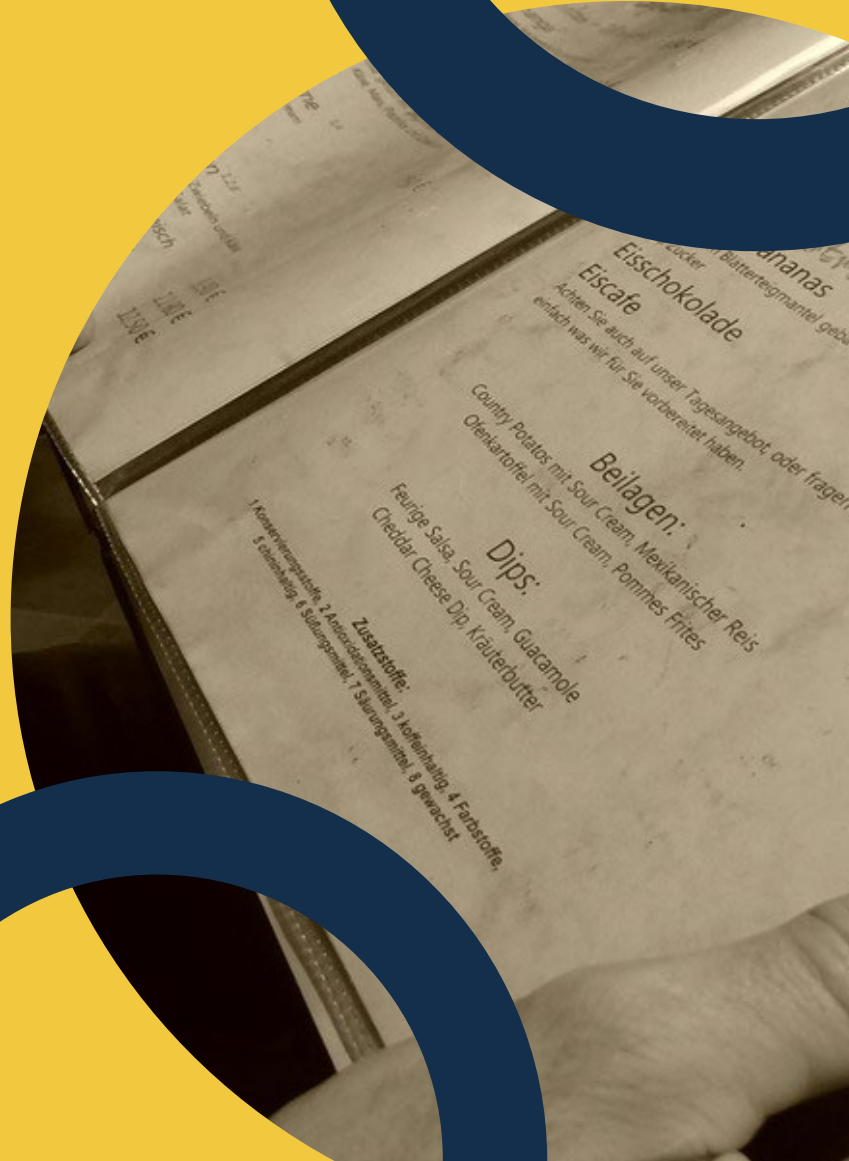
Become an expert at costings helping to run a successful business.





Selling price point

You cannot just keep rising the price of products to make more profits. Customers will stop buying the item.





Selling price point

The price just before customers stop buying the item is called 'the price point'.

Value for money is key.



Different price points

You can make more profit on simple soups and starters so prices can be higher.





Different price points

This can be balanced with more expensive items like fillet steak.

You might never be able to sell with a 65% mark up, because it is too expensive for the customer.





Net Profit

Difference between the selling price of the product and the total cost of the product with all other costs taken into account such as labour costs and overheads e.g. power and rent.



Net Profit

This is the money left after every thing is paid for.

This is the money that will pay for future investment in equipment or bonuses for staff.





Revision Activity 4

What is the net profit?