



Simple Food Pricing Guide

Pricing with clarity, not guesswork.

Why Pricing Matters

Pricing food is not simply about multiplying ingredient cost by three.

Good pricing balances food cost, labour, overheads, GST, customer expectations, and the long-term sustainability of the business.

This guide provides a simple starting framework to help hospitality businesses price with greater confidence and consistency.

Step 1: Calculate Ingredient Cost

Example: Chicken Burger

- Bun = \$0.75
- Chicken = \$2.40
- Slaw = \$0.85
- Sauce = \$0.40
- Fries portion = \$1.20

Total ingredient cost = \$5.60

Include garnish, sauces, disposables, and realistic portion sizes wherever possible.

Step 2: Apply Your Target Food Cost %

| Target Food Cost | Pricing Formula |
|------------------|-----------------|
| 25% | Cost ÷ 0.25 |
| 30% | Cost ÷ 0.30 |
| 35% | Cost ÷ 0.35 |

Example:

\$5.60 cost at 30% food cost:

$$\$5.60 \div 0.30 = \$18.67$$

Suggested selling price = \$18.67

Step 3: Remember GST (NZ)

In New Zealand, menu prices usually include GST.

If your calculation produces a GST-exclusive figure, GST must be added before final pricing.

Example:

$$\$18.67 \times 1.15 = \$21.47$$

How does this work?

GST in New Zealand is 15%. Multiplying by 1.15 simply means adding the original 100% plus the extra 15% GST.

$$100\% + 15\% = 115\%$$

115% written as a multiplier = 1.15

This is why GST-inclusive pricing uses $\times 1.15$.

Likewise, removing GST works in reverse using $\div 1.15$.

Rounded: \$21.50

Step 4: Use Rounded Pricing

Customers rarely compare dishes to the nearest cent.

Rounded pricing improves menu clarity and can better support margin protection.

- \$21.47 \rightarrow \$21.50
- \$17.82 \rightarrow \$18.00
- \$14.16 \rightarrow \$14.50

A Final Thought

Pricing is not about charging as little as possible.

Healthy hospitality businesses need sustainable margins to support wages, consistency, equipment, and calmer operations.

The Hospitality Cure