ZAZEN TAX

Menu Pricing for Profit

The arithmetic that sets a price, the VAT that hides inside it, and the matrix that decides which dishes deserve their place.

Eight chapters, one menu, and the pricing error that costs six points of GP.

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Contents

The worked menu is The Lantern House's eight dishes, the same ones in the Menu Engineering Workbook on zazentax.com, where its bestseller turns out to be a plough horse and a 30p decision fixes it.

1 The only two numbers on a menu

Every dish carries two numbers: the GP percentage, which steers, and the cash margin, which pays. Confusing their jobs is how menus go wrong politely.

A 65 per cent dish earning £9 of cash beats an 80 per cent dish earning £4, because rent is paid in pounds. The percentage exists to compare dishes and catch drift; the pounds exist to pay the nut, £11,150 a week on the demo venue, cover by cover. Every chapter after this one uses both, on purpose.

2 VAT first, always

Menu prices include VAT. GP is measured without it. The whole discipline of menu pricing is keeping those two sentences apart.

The £3.20 plate at a 70 per cent target	Amount
Ex-VAT price: cost over one minus GP	£10.67
Menu price: add the VAT back	**£12.80**
Priced at £10.67 by mistake, the GP earned	64 per cent

The forgotten step costs six points, silently, on every dish priced that way. Zero-rated cold takeaway keeps its whole price, which is why the same kitchen can earn different margins on the same food through two doors. The Menu Price and GP Calculator does the chain both directions.

3 Costing the plate honestly

A price is only as good as the plate cost under it, and plate costs drift three ways: yield, portions and the garnish nobody counts.

— Yield: buy weight is not plate weight. A £6.80 kilo of cod at 82 per cent usable is £8.29 a usable kilo, and costing at the invoice price flatters every dish that uses it.

— Portions: cost the batch, count the portions AT SERVICE. The demo dish is £24.60 across eight plates plus 35p of garnish, £3.43 on the plate, earning 68.3 per cent at £12.95.

— Recounts: quarterly, because portion drift is the quietest way a menu loses two points.

4 Targets that fit the category

One GP target for the whole menu is a blunt instrument. Categories carry different work, different waste and different expectations.

UK full-service venues commonly target food in the mid-60s to low 70s and drink around 70 to 75, with desserts running high and proteins running low. The demo venue holds food at 68 and drink at 72, blending to 69. Set the target per category, let dishes argue against their own category's line, and let the blended figure fall out rather than be aimed at.

5 The matrix: stars, plough horses, puzzles, dogs

Plot every dish by popularity and cash margin and four quadrants appear, each with its own move.

The demo menu makes the point better than a theory could: the bestselling fish pie turns out to be a plough horse, popular and below-average margin, because its £7.37 of cash sits under the menu's £7.47 average. Thirty pence on the price, or a penny off the plate, moves it to a star; nobody cancels a booking over 30p. The burger is the quiet star, the catch of the day a puzzle worth better placement, and the cheese board a dog that either re-prices or retires.

> THE 70 PER CENT RULE
>
> A dish is popular if it sells at least 70 per cent of an equal share: on an eight-dish menu, 8.75 per cent of plates. It is the standard threshold, and it stops a long menu grading everything unpopular.

6 Psychology that is not snake oil

Menu psychology is mostly small, honest advantages. Use the ones with evidence and skip the tricks that insult your guests.

- Anchoring works: one genuinely premium dish makes the middle of the menu feel reasonable, and some people order it.
- Endings: .95 reads softer than .99 in full service; whole pounds read confident in fine dining. Pick one voice and keep it.
- Placement: eyes land first and last. The puzzles belong there, not the plough horses.
- Description sells the star: forty words on the fish pie outsell a font trick every week.

7 When suppliers move

Margin erosion arrives on invoices, not announcements. The quarter's price files are the menu's early warning.

The demo tracker's twelve watched items rose £2,458 a year in one quarter, consuming a quarter of a GP point across the venue. The response is chosen dish by dish, not menu-wide: re-price where the market will wear it, re-portion where it will not, re-spec where the ingredient can change without the dish changing. The Supplier Price Tracker weights each rise by usage so the biggest number gets the first decision.

8 The quarterly reprice

Pricing is a ritual, not an emergency. Once a quarter, the same hour, the same five steps.

- Refresh plate costs from the yield sheet and the supplier tracker.
- Rerun the matrix; read the quadrant moves since last quarter.
- Reprice the plough horses first: small moves on popular dishes fund everything else.
- Check every new price against its category target and the VAT chain.
- Tell the team why: a crew that knows the fish pie story sells the menu, not just the food.

Guests notice service, not 30p. The venues that never reprice are the ones that eventually must, all at once, visibly.

Where to go next

Download the Menu Engineering Workbook and run your own menu through the matrix, with the Menu Price and GP Calculator and the Plate Costing Calculator doing the arithmetic.

Every calculator and workbook mentioned in this book is free on zazentax.com, with no email form. They use the same figures, the same conventions and the same worked venue as the chapters here.

General information, not advice for your circumstances. Rates and thresholds are 2026/27 for the UK and change from time to time.