

A Note to Teachers

Now that students have analyzed the data from their survey to determine their pizza recipes, it is time to set a price. Students will determine what it costs to make each pizza.

This lesson includes many Financial Literacy topics and the opportunity to extend math problem-solving through unit rate, tax, and other budget and ingredient shopping calculations. A “*Would You Rather*” relating to grams of mozzarella cheese is provided for discussion about the best buy. [Slide 11](#) considers coupons, charities and loyalty programs. This may be of interest to your students’ business, if not, consider skipping it to save time.

Time: Approximately **60 minutes + time to calculate price** of product and cost of recipe. Consider using 2 periods to break up the learning and the task.



Consider using online shopping platforms for students to search for the cost of their ingredients. [Flipp](#) allows searching multiple flyers on one app. They could also search various grocery store sites, e.g. [Real Canadian Superstore](#), [Costco](#), [Metro](#). Print ads or flyers would also be a source for costing ingredients.



***This lesson
requires more
than one period***

Expectations



Mathematics - Strand F Financial Literacy

F1.2 estimate and calculate transaction costs

F1.3 design sample basic budgets to manage finances

F1.4 explain the concepts of credit and debit, how they impact financial decisions

F1.5 calculate unit rates for goods and services

Transferable Skills:

- Estimating
- Wise consumerism
- Entrepreneurship

Agriculture/Agri-Food Themes:

- Understanding the costs and considerations of doing business, including operating a farm or ag business



Stage 5 Lesson 1: Pricing Strategies



Learning Goals



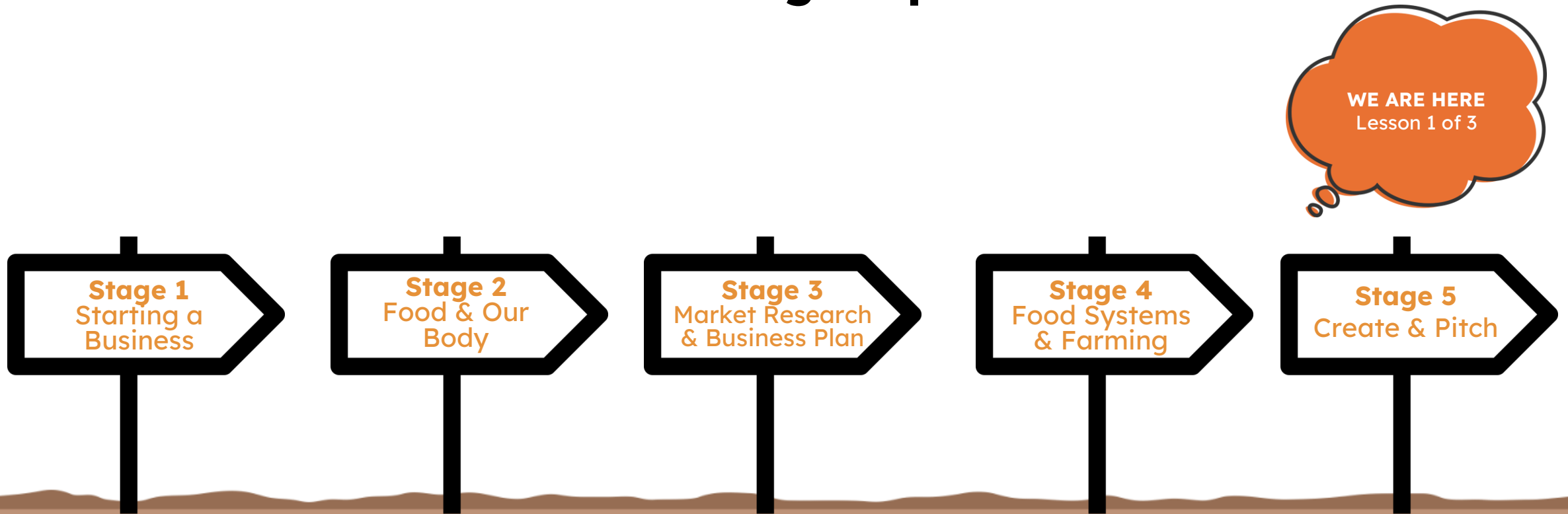
We can:

- Analyze pricing strategies
- Consider a budget, debt and loans
- Calculate the cost of making our pizza
- Decide on a selling price for our pizza



Business Connection

How will this learning help our business?



Minds ON!

What factors must we consider when deciding on a price for our pizza?



Would You Rather?



1 kg



320 g

Which is
the better
buy?

How will you pay for your ingredients?

Your business may need a loan to pay for your start-up costs.

A **loan** is money borrowed with the expectation it will be paid back, usually with interest.



Budgets, Credit and Debt

- To **budget** means to keep track of exactly how much money is coming in (earnings) and exactly how much money is going out (expenses).
- **Revenue** is the money your business makes from selling your goods or product.
- **Credit** is the limit on a credit card. It is money you must pay back plus interest.
- **Debt** is money borrowed from a bank, friend, or family member.
- **Expenses** are the things you must pay for to run your business.



Breakeven

If you sell all of your products for the cost per unit (how much it cost to make them) then you will have made enough money to cover your costs; this is called your **break even point**. Selling your products at this price means you will neither gain nor lose money.

However, for your farm shop business to be successful, you need to make a profit.



Profit

Your profit is **how much money you have made from selling your products** after you have taken away the total cost of buying ingredients and your other business expenses.

Profit = selling price – ingredients and materials cost



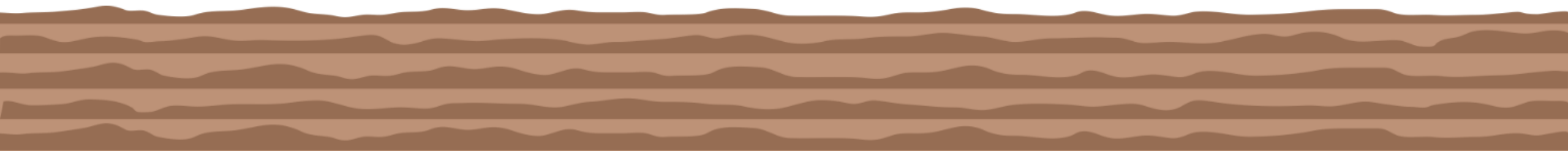
What
are our
material
costs?

Cost of Business Materials

Your business costs are not just the pizza ingredients.
What other items are a business expense?

-
-

The cost of our business materials are:



Let's Consider Other Costs

Coupons



PERSONAL PIZZA

With ONE Item

\$7

Extra Item Only \$1

VIZZYS PIZZA

734-722-3333

With Coupon Only - Limited Time Only

Charity



SLICES FOR SMILES

RAISING SOME DOUGH FOR CHILDREN'S MIRACLE NETWORK®

A portion of proceeds from each heart pizza will be donated to your local children's hospital

[DONATE NOW](#)

Customer Loyalty Programs



DOMINO'S REWARDS

NOW, EARN **FREE** DOMINO'S EVERY 2 ORDERS

1 ORDER OF \$5 OR MORE = 10 POINTS

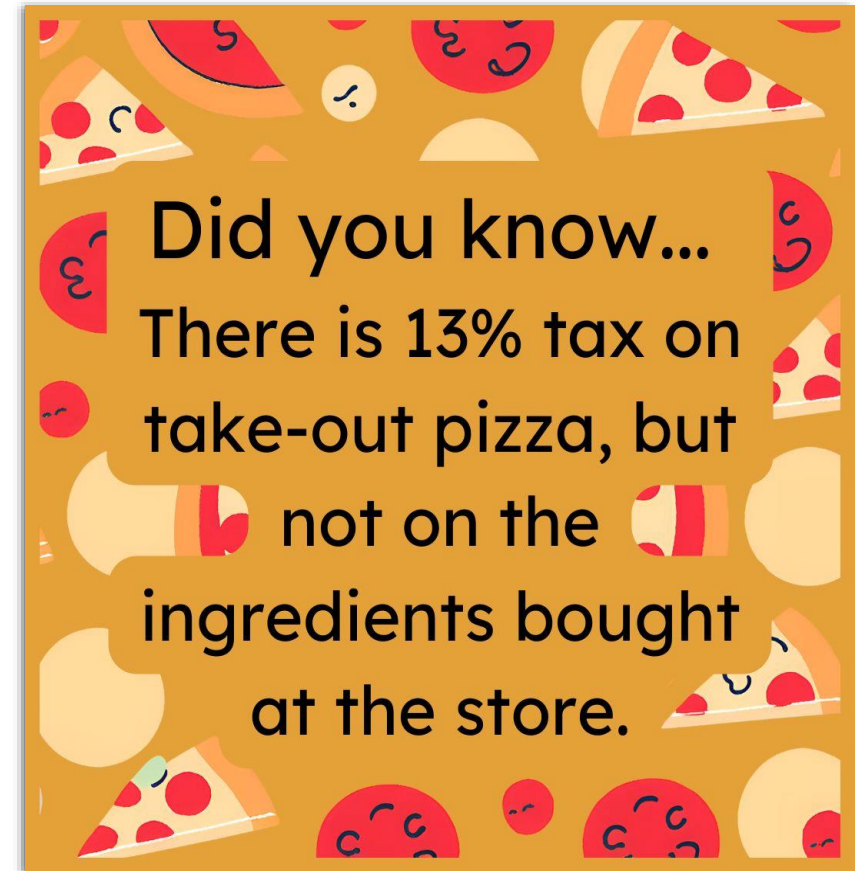
MORE CHOICES

20 POINTS	40 POINTS	60 POINTS
 CHOOSE FROM: Free Dip Cup, 16-Piece Parmesan Bread Bites, or 20oz Drink	 CHOOSE FROM: Free Bread Twists or Stuffed Cheesy Bread	 CHOOSE FROM: Free Medium 2-Topping Pizza, Pasta, Oven-Baked Sandwich, or 3-Piece Chocolate Lava Crunch Cakes

Calculating Costs

- Use grocery store websites to **research** the price of your ingredients to determine the cost of your pizza. You need to compare items to find the best value and get the “better buy” for your business.
- **Decide on a price** for your product. The price needs to pay for the cost of the pizza, stay on budget, and cover your expenses.

**Your pizza should not cost so much that
your customers will take their business
elsewhere.**



Calculating Costs

One dough recipe costs: **\$ 1.31**

Use the [Shopping List](#) from Stage 4 Lesson 2, calculate the cost of your pizza using the [Selling Price](#) doc.

Stage 4 Lesson 1 Selling Price



Business Name: _____

Copy the ingredients and quantities from your shopping list onto this table. The [Homemade dough recipe](#) has been calculated for you. **One dough recipe costs \$1.31.** Your team might be using store-bought dough and will need to include that cost.

	Ingredient	Quantity (g/ml)	Price
dough	whole wheat flour	2 ½ cups <i>1 cup of flour = 120 g 120 g x 2.5 c = 300 g</i>	<i>\$0.16/100g \$0.16 x 3 =</i> \$0.48
	active dry yeast	2 ¼ tsp <i>1 tsp = 5g 5 g x 2.25 tsp = 11.25 g</i>	<i>\$4.86/100g 4.86/100 = \$0.0486/g 0.0486 x 11.5 =</i> \$0.56
	salt	¼ tsp <i>0.75 x 5g = 3.75g</i>	<i>\$0.15/100g 0.15/100 = \$0.0015/g 0.0015 x 3.75 =</i> \$0.01
	olive oil	1 tbsp <i>1 tbsp = 15ml</i>	<i>\$1.50/100ml 1.50/100 = \$0.015/ml 0.015 x 15 =</i> \$0.23
	sugar	1 tbsp <i>1 tbsp = 15g</i>	<i>\$0.17/100g 0.17/100 = \$0.0017/g 0.0017 x 15 =</i> \$0.03
basics	cheese		
	sauce		
your toppings			



 **Prepared in Canada**

\$8.00

No Name
Whole Wheat Flour
5 kg, \$0.16/100g

Wrap Up

- What was the best buy you found?
- Which item was the least expensive?
- Which item was the most expensive?
- Has understanding which items are the least and most expensive changed your ideas about your pizza recipe?



Check In – What's Next?





Career Connections



Financial Accountability

Need help with money?

An accountant helps businesses and people manage their money. They keep track of money coming in and going out, and can help make sure the business is doing well financially.

