

# Price the product

[Business](#), [Marketing](#)



One of the most important business variables of any product is its price. The price of a product is determined by a variety of factors. Companies have to take into consideration the variable and fixed costs as well as the overhead of the organization. The price chosen must cover all the expenses and achieve a positive net income. A tool that can be used to determine how many units must be sold at a particular price to cover all the expenses of the company is the breakeven analysis (Garrison, Noreen, 2003). Another factor that companies must consider when setting a price is the market value. The market value refers to prices of the competition for a similar product or service.

The product that I selected to sell is Neapolitan pizza. Neapolitan pizza is an Italian pizza recipe that uses brick ovens or high temperature ovens to cook pizza at a temperature of 800 degrees Fahrenheit (Punchpizza, 2012).

Neapolitan pizza is considered a gourmet meal. The quality of a product is a factor that can increase the price of an item. The pricing method that will be used to determine the price of the Neapolitan pizza is markup. The mark-up pricing formula for the neapolitan pizza is 2.5 times. This means that the price of the pizza will be 2.5 times higher than the cost of cooking the pizza. The reason that this method was chosen is due to its simplicity. If the company does not turn a profit based on this pricing formula the price of the pizza will be raised to three times the cost.

#### References

Garrison, R., Noreen, E. (2003). *Managerial Accounting* (10th ed.). Boston: McGraw-Hill Irwin.

Punchpizza. com (2012). About. Retrieved August 7, 2012 from <http://www.punchpizza.com/about/>