

HOW TO START A FOOD BUSINESS IN 2026

7-Part YouTube Series — Part 3

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PART 3: MENU DESIGN AND PRICING

VIDEO 3 OF 7

HOW TO START A FOOD BUSINESS IN 2026

Part 3: Menu Development & Pricing Strategy

🎧 Topic: Building a Profitable Menu From Day One

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This right here — your menu — is where you either make money or lose money. Most food businesses get their menu completely wrong. Too many items, wrong prices, no strategy. Today I'm going to show you exactly how to build a menu that is profitable from day one. And I'm going to show you the simple formula that every successful food business uses — whether they know it or not.

🔗 SECTION 1: How Many Items Should You Have?

Let me ask you something. When you walk into a takeaway and the menu has 200 items — do you feel excited or overwhelmed? Overwhelmed. And overwhelmed customers either pick randomly or leave. Neither of those is good for you.

THE GOLDEN RULE: 15–40 CORE ITEMS

For a new food business, you want between 15 and 40 core items. Not 200. Not 300. 15 to 40. Here's why this matters.

- Fewer items = less food waste
- Fewer items = faster service
- Fewer items = easier training for staff
- Fewer items = easier quality control

The biggest chains in the world — McDonald's, Five Guys, Greggs — all run relatively tight menus. They've got their core items nailed, and everything is consistent. Consistency beats variety every single time in a food business.

Here's how to structure it: have your core menu, then add 3 to 5 seasonal specials that rotate monthly. This keeps things fresh without blowing up your kitchen operations.

🔑 SECTION 2: The Golden Ratio — Food Cost %

Right. Here's the formula that will save your business. It's called the food cost ratio. And it's simple.

FOOD COST RATIO = Ingredient Cost ÷ Selling Price × 100

TARGET: 28% to 35%

EXAMPLE: Pizza

Ingredient cost: £2.50

Selling price: £8.50

Food cost ratio: 29% ✓

Your profit: £6.00 per pizza (71% margin)

So on a pizza that costs you £2.50 in ingredients, you sell it for £8.50. You keep £6. That's a 71% gross margin. Now take off 25% Deliveroo commission — that's £2.13. You still keep £3.87. That's still a profitable order. But if you'd priced that pizza at £5 instead of £8.50 — you'd be losing money on every delivery order. This is why you have to price correctly from day one.

THE DRINKS RULE

Drinks are where the real money is. A can of Coke costs you 30p. Sell it for £1.50. That's a 500% markup — nearly 100% margin. A bottle of water costs 20p. Sell it for £1.20. Always push drinks. Always bundle them. 'Add a drink for £1' — customers love a deal and you just added pure profit to the order.

🔑 SECTION 3: Multi-Use Ingredients — The Smart Kitchen Strategy

Here's one of the best ways to control food costs and reduce waste at the same time. Build your menu around multi-use ingredients. That means one ingredient appears in multiple dishes.

EXAMPLE — Chicken-Based Menu:

- Grilled chicken burger
- Chicken wrap
- Chicken salad
- Chicken pizza topping

- Chicken box / combo

One supplier. One ingredient. Five products. Your purchasing is simpler, your waste is lower, and your kitchen is faster because staff are working with familiar ingredients. This is how professional kitchens think. Don't have items on your menu that require a unique ingredient that nothing else uses — that's a waste machine.

SECTION 4: Menu Design Psychology

Now let's talk about how your menu actually looks — because this directly affects what people order. Menu psychology is a real thing. Big chains spend millions on this. You can use the same principles for free.

RULE 1: PUT YOUR HIGHEST MARGIN ITEMS IN THE TOP RIGHT

Studies show that when people look at a menu — whether physical or digital — their eye goes to the top right first. Put your best-margin items there. Not your most popular item. Your most profitable item.

RULE 2: DON'T USE CURRENCY SYMBOLS

When you put a £ sign next to a price, it reminds people they're spending money. Just write '8.50' instead of '£8.50'. Sounds tiny. But it genuinely works.

RULE 3: ANCHOR HIGH, LEAD MID

Put one premium item on your menu at a higher price. Say £18. Then your £12 item feels like great value by comparison. Even if no one orders the £18 item, it makes everything else look affordable.

RULE 4: NAME YOUR DISHES

The Crewe Classic Burger. The Friday Night Special. Names create identity and make items memorable. They also photograph better on Instagram. A dish with a name gets shared. 'Chicken burger' doesn't. 'The Midnight Stack' does.

SECTION 5: Remove the Losers

Once you've been open for 60 days, use your POS data to find out which items are barely selling. These are your menu losers. They're taking up space, confusing your customers, and costing you food waste. Remove them. Every 3 months, do a menu review. Keep your bestsellers. Keep your high-margin items. Kill everything else. A shorter, better menu is always more profitable than a long, messy one.

Summary

To recap: 15–40 core items, 28–35% food cost ratio, multi-use ingredients, smart pricing psychology, and review your menu every quarter. Your menu is not set in stone — it's a living thing. Optimise it constantly.