

BREAKFAST CEREAL COST LIST

BASIC COSTS		
*Cost of Cereal	.70	Basic Cost – 15 oz. of cereal with basic nutritional value
*Cost of Box	.32	Four-color with wax paper inner wrapper

ADD-ON COSTS		
Cereal		
Sugar Coating	.27	
Coloring (raspberry red, lemon, yellow, etc.)	.16	
Unique or unusual shapes	.14	
Marshmallows	.23	
Fruit (each)	.26	
Nuts (each)	.24	
Reduced fat & calories	.27	
Enhanced nutritional value	.32	
Box		
Box larger than 15 oz. or oddly shaped	.16	
Foil inner wrapper	.13	
Other		
Premium (prize)	.42	
Celebrity endorsement	.50	
Fictional character on package	.25	
*Cost of Market Research	.20	
*Cost of Advertising	.35	
*Cost of Distribution	.15	

Determine your Total Production Costs	\$2.84	Total of all costs listed above that apply to your cereal. Those marked * are required.
Profit to Manufacturer	\$.37	Total production costs x 13%
Cost to Retailers	\$3.21	Total production costs + profit to manufacturer
Profit to Retailers	\$1.08	Decide the Markup on the Cost to Retailers
Cost to Consumers	\$4.29	Cost to Retailers + Profit to Retailers = Retail Price