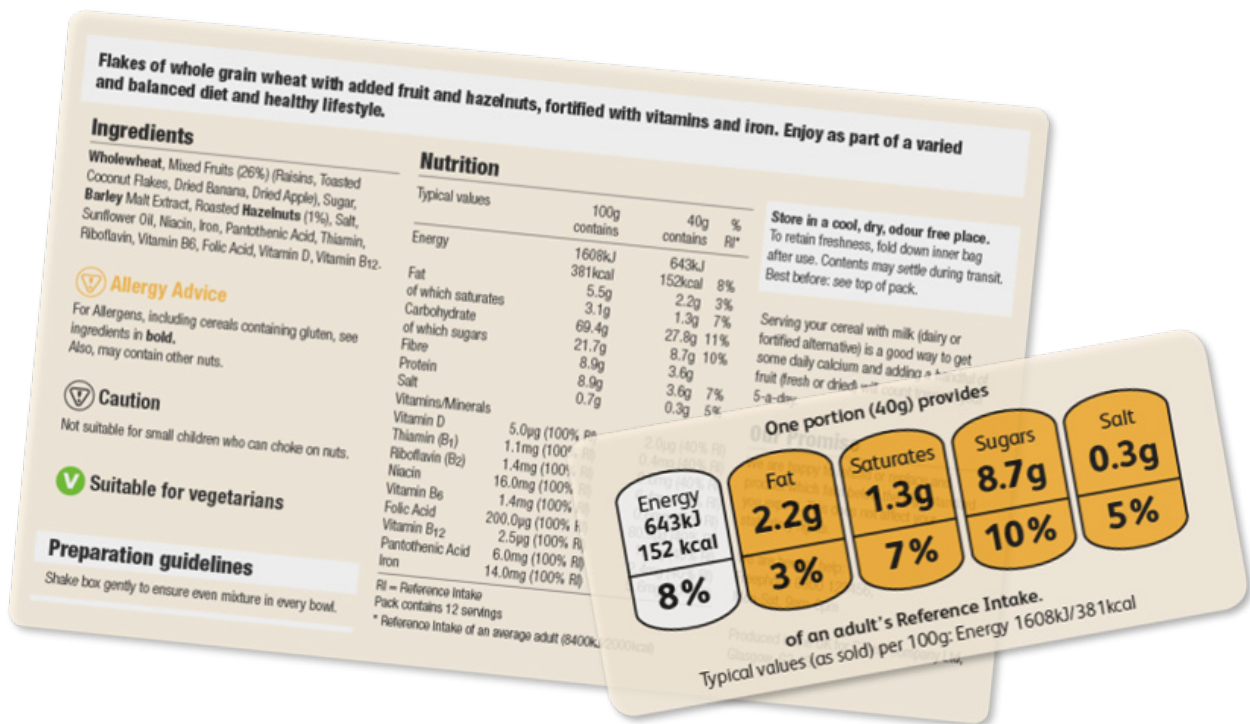


## Lesson 5: Labelling & Costing

### Labelling

## What information is on a food label?



Food labelling is very important as it provides consumers with essential information. This includes information about the product ingredients, composition, how long it will remain safe to eat, storage and preparation instructions, any safety related information and the label also identifies the manufacturer.

Detailed rules are laid down in law on what food information must be declared on product labels and how it must be given. There are also general rules on providing voluntary information like marketing claims. This means demand on label space is high, therefore information given should be kept to essential aspects. Additional information relevant to different consumer groups can be provided voluntarily, either on the label or more increasingly via other digital channels. Many companies provide lots of information on their websites.

- View the FDF Scotland Labelling presentation at [https://www.fdfscotland.org.uk/globalassets/resources/publications/careers-resources---fdf-scotland/fdf-scotland\\_understanding-and-using-food-labels\\_website2.pdf](https://www.fdfscotland.org.uk/globalassets/resources/publications/careers-resources---fdf-scotland/fdf-scotland_understanding-and-using-food-labels_website2.pdf)
- Watch the Farming Foodsteps 'Make it Informed' video at <https://youtu.be/v7xvdByKwHY>
- Investigate food companies' websites and see what information you can find. Some examples can be found on the FDF Scotland Wakelet at <https://wakelet.com/wake/bryn8BqBlv9BIB-nidYoA>

By law, a food label must have the following information contained on it:

- Name of food
- Weight
- Ingredients
- Allergy information
- Use by and storage instructions
- Preparation/cooking instructions
- Name and address of manufacturer
- Place of origin

### **Nutrition Information**

Since 2016 it's been mandatory for the majority of pre-packed foods to display a nutrition declaration for the product. This is usually described as back of pack nutrition information. The information required to be displayed is as follows and each is displayed in grams per 100g or 100ml of the product:

- Energy Kcals and KJ
- Fat
- Saturated Fat
- Carbohydrate
- Sugars
- Protein
- Salt



### **Natasha's Law**

Natasha's Law came into effect in October 2021 across the whole of the UK.

Watch this video from Food Standards Scotland to find out what it requires:

<https://youtu.be/R8ZqSwO2qXs>

### **Task**

Using the information above, create a label for your burger taking into consideration Natasha's Law too.

Think about what's important to your customer e.g., where their meat is from, health, flavour and ensure your label meets the necessary requirements.

You can get help in creating a nutritional label for your product using tools such as:

- Food a Fact of Life: Explore Food - <https://explorefood.foodafactoflife.org.uk>
- A la Calc Website - <https://www.alacalc.co.uk>

You can also incorporate a product name and brand colours/logo - be as creative as you like!

## Costing

One of the most important things to get right when operating a food and drink company is to get the costs right.

You need to make sure that you are selling your product for enough money to cover the costs of running the factory (the cost of the building, electricity, lighting and water for a start), the ingredients you need to make the product, packaging, transporting the product to the shops, as well as paying the wages of your whole team.

### Task

1. The first part of working out the cost of the product is to calculate how much the ingredients for one pack or portion will cost you. Use the table below to work out your costs - you may want to use a calculator.

Ingredient	Cost	Quantity	Calculation	Cost £	p
e.g. Beef mince	10p x 500g	200g	$10 \div 2 = 5$		04
<b>Total cost of ingredients</b>					

### Calculating the final selling price

Ingredients are not the only cost involved in making your product.

The stages in between weighing out the raw materials and transporting your final product to the shop or restaurant, is called **production**. These also have a cost and need to be added to the cost of ingredients to work out the price you can sell your product for.

Some of the costs of setting up a business and running it are **fixed** - i.e., they stay the same over a period of time e.g., electricity, rent, maintaining machinery and equipment.

Other costs are **variable** e.g., ingredients, packaging - they will change with the amount produced.

Here are just some of the costs of making and distributing a food product:

- Premises - you will need somewhere to produce your product
- Storage space - for storing the raw materials and the finished product
- Packaging - wrappers and packaging will need to be kept somewhere too
- Machinery - special machines are usually needed to produce food or drink items
- Transport - to get the product to market
- Wages - your staff will want to be paid for their work
- Marketing - what it costs to tell customers about your product

**Can you think of any other costs?**

## 2. Work out the cost of making and packaging one pack of your product.

As you have learned, there are a lot of extra costs involved and this makes it hard to know exactly what it costs to produce your product.

A less exact but simpler way of doing this is to add a percentage to the cost of production so far.

**Use the chart below to work out your final cost of manufacture:**

Ingredient	Cost £	p
Cost of product		
+		
Cost of production (40% of the ingredient costs)		
+		
<b>Total cost</b>		

## 3. Next, you need to work out how much your product would sell for in a shop or restaurant.

You might want to look at the average price of your competitors' products and decide what price your product should be from that. Remember, if your product is a lot more expensive than other similar products, people probably won't buy it! The price you decide is your Recommended Retail Price or RRP.

4. Once you have decided what your RRP will be, complete the table below to work out how much profit you will make per pack.

	Cost £	p
Your RRP per pack		
-		
Retailer's margin (40% of selling price)		
-		
Total cost of production		
=		
<b>Your profit per pack</b>		

**Does the amount of profit you will make per pack surprise you?**

Can you work out what percentage of the RRP your profit is?

Did you expect it to be more or less?

Is there anything you can do to increase your profit?

**As you can see, getting the price right is tricky and involves a lot of work!**

### Careers

More information and case studies can be found at FDF Scotland's Food & Drink Careers Wakelet:  
<https://wke.lt/w/s/tEcyMw>

### Go Further

In order to ensure your burger will sell, you need to ensure your prices are competitive. Why not do some market research and find out how much other popular burger products are selling for?

Or, speak with your school's catering team to find out how they budget for school meals and how to ensure they are sourcing foods at the best price, but also ensuring meals are within the School Food and Drink regulations, which are set by the Government. You can view the regulations at <https://www.gov.scot/publications/healthy-eating-schools-guidance-2020/documents>.

Name:

Class:

Date: