

How Do I Price

Every time I teach a class I get the same question – How much should I charge for my cakes? I wish I had a simple formula that I could give you but there are so many factors to consider and every one of us is in a different situation.

The first thing you need to consider is your location. If you are in an area where your clients are from an upscale area and everyone seems to be working in higher paying jobs, you can charge more than if you are in a smaller area or one where the only plant in town just closed. This is not to say you should lower your prices, you have to earn a living. You should remember that you probably do not have the same overhead as someone in a larger metropolitan area.

The repeat customers are the ones that keep you decorating.

You next need to assess your competitors. I am sure that other artists have the same problem that we do with pricing. How does a painter price his artwork? How does a sculptor price her sculptures? We are creative people and we should be paid for our creativity. But one of the worst things that could happen would be for us to price ourselves right out of business. This is why you need to check the prices in your area. This does not necessarily mean that you need to be lower, just competitive. No decorator wants to be the place to buy “cheap” cakes, at least I don’t. As I always say, “Good cake is not cheap and cheap cake is not good.”

As much as I hate to remind you about this next tidbit, you have to look at the cost of your products. Too many of us just pull a number out of the air and if everyone seems happy then we think we are okay. I know when I first started decorating, everyone said I should double or triple the cost of the ingredients. I quickly realized that there is statistical evidence to support this method. There are so many factors to consider, including the cost of the ingredients, the overhead of your business

(which includes things like electricity, water, rent, labor and fees you pay to be in business, such as business licenses) and YOUR TIME.

For me personally, charging by the serving is the best method for wedding cakes. I used a combination of Wilton and Earlene Moore’s chart and made up my own. I was surprised when I checked with other decorators about how many a 10” round will serve. There were so many variations. The main thing to remember is to make your determination of the number of servings per cake size and stay with it. This will make all your wedding cake pricing consistent. In my shop, we have one price for buttercream, another price for buttercream with fondant accents and yet another price for fondant. We charge extra for toppers, sugar flowers and cake stand rental. This is specific to each individual bride.

Tiered Party Cakes

– that is really a wild conversation to have with other decorators. It seems that decorators have strong, varying opinions about this. Some believe that if it is tiered it should be priced the same as a wedding cake, and others feel it should have its own pricing. My opinion



is with the latter but with good reason. I do not spend the same amount of time on a tiered party cake as I do a wedding cake. The repeat business on tiered party cakes is more likely to happen than repeat wedding cake business. These tiered party cakes are unique and have the potential to bring you a lot of attention. They are quite often posted on Facebook, which provides lots of free advertising. Our formula for pricing the tiered party cakes is that we have a flat price for every size and shape cake for each tier. We take the prices

My Cakes?

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of the tiers and add them together. We then charge an additional \$20 per additional tier, so a three tier cake would include an additional charge of \$40. We usually charge \$20 for the topper. This could be more or less, depending on the decoration. We charge an additional \$20 per tier if it is fondant and \$10 for fondant additions or if the base is a dark color. Lastly, we offer an option to add anywhere from \$10 to \$30 for other special techniques.

Using this formula, a 6-9-12 cake, with a buttercream base, with 80 party servings, decorated with fondant stripes on the bottom tier, zebra stripes on the middle tier and dots on the top tier, with a fondant bow on the top would be \$220 (\$20+\$45+\$65+\$40 (tiers) + \$20 (bow) + \$30 (fondant additions). This same cake as a wedding cake would serve 116 and would be \$406. Yes, I know this is almost half the price of the wedding cake, but most of us do not have customers that would pay \$400 for a party cake several times a year. However, we probably do have customers that would pay \$200 for a party cake several times a year. The repeat customers are the ones that keep you decorating.

Sheet Cake or One-Tier Cakes – again you have to look at what other decorators in your area are charging. Your competitors are other cake shops in the area, not the grocery stores or the big box stores. There is no way you can compete with the grocery stores on pricing. Most of them only have decorating expenses, because the cake is baked somewhere else, frozen and shipped in. They do not put in the time or have the skill that you have as a custom decorator. Again, we have a base price for our sheet cakes then we use the add-on method for edible images, figure piping, small RTK sculptures and plastic decorations. (I know many of you cringe here about using plastic on your cakes but there are some excellent cake kits that are sold by decorating companies. These keep the price of the cake affordable and desirable for your customers, and they're easy money for you). Just be aware of the copyright laws. You cannot buy

copyrighted pieces and put them on a cake unless they were made for that purpose and the manufacturer has paid for the permission.

Sculptured Cakes – pricing for these is wide open. There are so many things to consider. Can you do it? Do you want to do it? Our price for sculpting cakes starts at \$6 per serving, with a minimum of 50 servings. Then the price increases, depending on the type of structure. We charge less for a dog that's laying down



than we do for one that is sitting up. You also have to take into consideration the waste of the cake that is cut off and not used. Remember to always have another option available when you realize the customer has just had sticker shock when discussing a sculptured cake – such as a smaller sculpture on a sheet cake.

We do not publish our pricing structure for our customers. They do not understand the add-ons. But, this is where you earn your profit and keep your pricing consistent. One important thing to remember is that it is okay to make a profit. It is even okay to make a great profit. It is also okay to realize that you just worked four hours on a cake and did not make a dime. You will learn from this experience, and it will be better the next time around. You are not alone. It has happened to all of us.

I hope you will be inspired to come up with your own pricing structure. You will find that by taking the time to set it up on the front end, pricing will be a breeze. The best thing is that it's your pricing structure – you can update it when you need to, and increase it or decrease it depending on the cake order. You will spend a lot less time second guessing yourself. 🍷

