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Analysis of Cost of Goods Manufactured Calculation in Menu Pricing at SatSet Coffee in Makassar

Asrar Abukair[1*], Wa Ode Rayyani[2]

Faculty of Economics and Business, Muhammadiyah University of Makassar[1,2]

***Corresponding author:** asrarabukair@gmail.com | waode.rayyani@unismuh.ac.id

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Abstract

Purpose: This study aims to analyze the calculation of Cost of Goods Manufactured (COGM) using the Full Costing method and evaluate its application as a basis for menu pricing at SatSet Coffee, an independent MSME-scale coffee shop in Makassar.

Methodology: This study employed a descriptive quantitative case study approach. Data were collected through interviews, observation, and documentation of internal cost records, then analyzed using the Miles, Huberman, and Saldaña model with triangulation for validation.

Results: SatSet Coffee calculates costs before setting menu prices but has not fully applied the Full Costing method. Raw materials remain the dominant cost component, while labor and overhead costs have not been allocated to each product. Pricing combines cost-based and market approaches, resulting in selling prices of IDR 15,000–17,000 per cup and approximately 30% net profit.

Conclusions: The cost of goods manufactured calculation at SatSet Coffee has not fully implemented the Full Costing method, causing pricing decisions to rely more on market conditions than comprehensive cost information.

Limitations: This study is limited to a single case without complete quantitative recalculation, and the research period is relatively short.

Contribution: This study bridges cost accounting and market-based pricing practices by providing practical recommendations for integrating Full Costing into MSME accounting systems.

Keywords: *Coffee Shop, Cost of Goods Manufactured (COGM), Full Costing Method, Menu Pricing, MSMEs*

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1. Introduction

The coffee industry is one of the plantation subsectors that contributes significantly to Indonesia economy. Data from the Central Statistics Agency indicate that national coffee production reached approximately 760.20 thousand tons in 2023. Although production declined compared with the previous year, smallholder plantations continue to dominate the national production structure, contributing 99.56% of Indonesia total coffee production. This condition demonstrates the strong relationship between coffee commodities and the development of Micro, Small, And Medium Enterprises (MSMEs), particularly in the food and beverage sector that utilizes coffee as the primary raw material. The growth of coffee-based downstream industries has further encouraged the expansion of coffee shop businesses across various regions in response to changing consumer lifestyles and increasing demand for processed coffee products (Nadia, Fredriksz, & Louth, 2022).

The development of coffee shop businesses in Indonesia is influenced by lifestyle changes, where coffee shops are no longer merely places for consuming beverages but have become spaces for social interaction, working, studying, and business activities. This phenomenon has encouraged the growth of coffee shop entrepreneurs, resulting in competition that extends beyond product quality and service to include operational efficiency, product innovation, and pricing strategies. Such conditions require business owners to implement cost management systems capable of generating accurate cost information as a basis for managerial decision-making (Setyo, 2016). A similar phenomenon occurs in Makassar City, one of the economic growth centers in Eastern Indonesia. Data from the Makassar Regional Revenue Agency show that the number of registered coffee shops and cafés increased from 628 units in 2022 to 807 units in 2023. Based on recent estimates, the number of coffee shops in Makassar has reached approximately 3,800–4,000 units, including MSME-scale businesses, coffee container outlets, and international franchises.

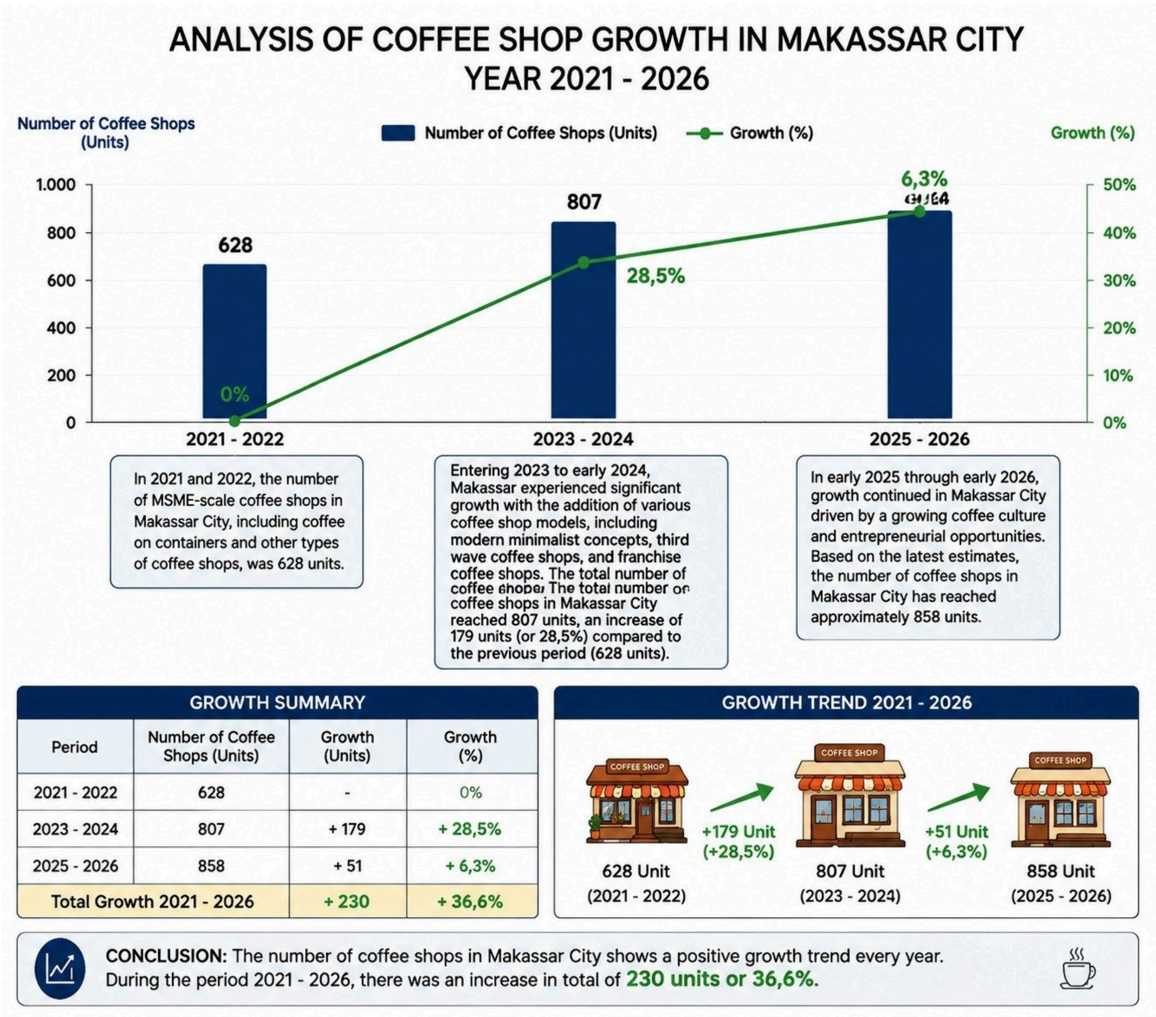

Figure 1. Coffee shop growth statistics in Makassar City

Figure 1 shows significant growth compared with previous years strengthens Makassar position as one of the coffee culture hubs in Eastern Indonesia, with restaurant tax revenue from this sector reaching IDR 55.63 billion. The increasing number of business actors indicates that the coffee shop industry has promising prospects; however, it also intensifies competition among businesses. This competition encourages entrepreneurs to implement effective cost management and pricing strategies that maintain competitiveness while sustaining business profitability.

Menu pricing is one of the most strategic decisions in coffee shop management because it directly affects revenue generation and business sustainability. From a cost accounting perspective, selling prices should be determined based on complete cost information to ensure that all production costs are recovered and the desired profit level is achieved. Inaccurate Cost of Goods Manufactured (COGM) calculations may result in prices that are too low, reducing profitability, or too high, decreasing market competitiveness. Accurate cost information is increasingly important in the coffee shop industry because the cost structure consists not only of raw materials but also direct labor, utility expenses, equipment depreciation, and other overhead costs.

Previous studies on cost of goods manufactured in the food and beverage industry indicate that the Full Costing method provides more comprehensive cost information compared with conventional methods. Nasution and Sahlina (2023) found that the application of the Full Costing method generates higher production costs because all overhead costs are allocated into production costs. Akhirudin and Purnomo (2023) revealed that raw material standardization, recipe utilization, and asset depreciation allocation influence the calculation of cost of goods manufactured in coffee shops. (Hernowo, 2014) reported that most MSME-scale coffee shops have not calculated production costs comprehensively because they have not incorporated all overhead cost components into their cost calculations.

Previous research shows that studies on cost of goods manufactured are still dominated by comparisons of cost calculation methods, while pricing studies tend to position price as part of marketing strategy and consumer behavior. Empirical evidence regarding the utilization of cost of goods manufactured information as a basis for menu pricing decisions in independent coffee shops remains limited, particularly among MSME-scale businesses in Makassar that face intense market competition. This gap highlights the need for research that integrates cost of goods manufactured analysis with menu pricing policies within the operational context of coffee shops. This study aims to analyze the calculation of cost of goods manufactured as a basis for menu pricing at SatSet Coffee Makassar. The findings are expected to contribute empirical insights to the development of cost accounting studies in the MSME sector while providing practical recommendations for coffee shop entrepreneurs in developing more accurate, competitive, and sustainable pricing strategies.

2. Literature Review and Hypothesis/es Development

2.1 Full Costing Method in Cost Accounting

Cost accounting is a component of the accounting system that functions to provide cost information as a basis for planning, controlling, and managerial decision-making. Cost information is utilized to calculate the cost of production, evaluate resource utilization efficiency, and support the determination of selling prices that are capable of covering all production costs and generating profits according to targeted objectives. According to Puspitasari, Sutiadiningsih, Sulandari, and Dewi (2024), the cost of production consists of direct raw material costs, direct labor costs, and factory overhead costs, all of which must be systematically incorporated into the production process. The Full Costing method is one of the approaches used to calculate the cost of production by assigning all elements of production costs, both fixed and variable costs, to the product cost.

This approach provides more comprehensive cost information because all economic sacrifices incurred during the production process are recognized as part of product costs (Dahmash, Alshurafat, Hendawi, Alzoubi, & Al, 2023). This concept is also supported by the research of Saputra, Syam, and Harisa (2025), which demonstrates that the application of the Full Costing method produces higher production cost calculations compared to the methods used by companies because all direct labor costs and overhead costs are included in the calculation of production costs. Similar findings were reported by Syahfitri, Furkan, and Mulyono (2023) in their study of Kopi Kenangan

Ringroad Citywalk Medan. Their research indicates that the Full Costing method generates more accurate

production cost calculations compared to the Variable Costing method because all overhead costs are allocated into production costs. These differences influence selling price determination, indicating that complete cost information is an essential factor in managerial decision-making.

2.2 Menu Pricing Determination

Pricing is a strategic decision that influences revenue, profitability, and business sustainability. Price determination should not only consider market conditions and competitive intensity but also be based on accurate cost information to ensure that all production costs can be recovered. One commonly applied approach in management accounting is Cost-Plus Pricing, which determines the selling price by adding a certain profit margin above the cost of production (Firmansyah, Mulyadi, & Susetyo, 2023). The relationship between production costs and selling prices has been demonstrated in various studies. Anjuani and Astari (2023) found that the implementation of the Full Costing method combined with the Cost-Plus Pricing approach produces more rational selling prices compared to the methods applied by companies because all production costs are incorporated into the price formation process. The study further emphasizes that excluding overhead costs may result in selling prices that are lower than the actual economic costs. Pratista and Santoso (2024) also revealed that the Cost-Plus Pricing method provides a more systematic foundation for determining selling prices because it considers all production costs and the expected profit targets of the company. This approach assists businesses in avoiding excessively low pricing strategies, thereby maintaining business profitability.

2.3 Previous Studies and Research Gap

Studies regarding the implementation of the Full Costing method have demonstrated relatively consistent findings. Listi, Khalikussabir, and Wahyuningtyas (2024) found that companies had not incorporated all direct labor costs and overhead costs into production cost calculations, resulting in lower costs compared to calculations using the Full Costing method. (Syahfitri, Furkan, & Mulyono, 2023) showed that allocating all overhead costs generates more accurate production costs as a basis for determining selling prices. Chandradiningrum and Aminah (2025) further concluded that the Full Costing method provides more comprehensive calculation results compared to methods applied by business owners because it incorporates all production cost components.

Other studies indicate that errors in calculating production costs generally occur due to the exclusion of fixed overhead costs, depreciation expenses, and other operational costs. Research on various micro, small, and medium enterprises (MSMEs) demonstrates that the application of the Full Costing method produces higher production costs than the simplified calculations conducted by businesses, thereby providing a more accurate basis for selling price determination. The synthesis of previous studies shows that most research has focused on comparing production cost calculation methods or determining selling prices using the Cost-Plus Pricing approach. Empirical evidence regarding how production cost information is utilized as a basis for menu pricing decisions in independent MSME-scale coffee shops, particularly in Makassar City, remains relatively limited. This study addresses this research gap by analyzing production cost calculations using the Full Costing method and evaluating their utilization in menu pricing determination at SatSet Coffee Makassar.

2.4 Previous Research

Previous studies on the coffee shop industry have generally been concentrated in two major clusters that are complementary yet rarely integrated explicitly. The first cluster focuses on internal business management, particularly operational financial control, including the accuracy of Cost of Goods Sold (COGS) calculations using the Full Costing approach Anjuani and Astari (2023), Fahreza and Sokarina (2025), Syahfitri, Furkan, and Mulyono (2023), and Safrina, Farida, and Ngatno (2023), efficiency in inventory management and raw material supply chain practices Suryani, Tambunan, Santosa, and Haryanto (2024), and efforts to improve profitability through menu engineering and break-even point analysis (Tonapa, 2023; Setyo, 2016).

The second cluster takes a different perspective by examining market dynamics from the consumer viewpoint, focusing on factors influencing purchasing decisions and customer loyalty, such as coffee shop atmosphere, price perception, and service quality Dahmash, Alshurafat, Hendawi, Alzoubi, and Al (2023) and Nugroho and Suyanto (2025), urban lifestyles that encourage increasing demand for coffee shops as social spaces Rahma and Abdussalaam (2023), customer loyalty as an outcome of customer satisfaction Listi, Khalikussabir, and Wahyuningtyas (2024), and the effectiveness of tactical discount strategies in increasing sales volume (Berlilana, Wahid, Fortuna, Saputra, & Bagaskoro, 2024). These studies tend to develop independently within their respective perspectives. Limited research has attempted to bridge both dimensions, particularly by positioning internal cost control systems as strategic instruments that enable coffee shop businesses to respond to increasingly intense competitive pressures and various macroeconomic challenges currently faced by industry players (Firmansyah, Mulyadi, & Susetyo, 2023 ; Putri, & Fajarudin, 2023).

3. Research Methodology

This study employed a quantitative approach with a descriptive research design. The descriptive quantitative approach was selected because the study aimed to describe and analyze in depth the process of calculating production costs and its application in menu pricing determination at SatSet Coffee. This approach enabled the researcher to obtain a comprehensive understanding of cost accounting practices based on actual conditions in the field. The research was conducted at SatSet Coffee. The research site was selected purposively by considering that SatSet Coffee is a food and beverage business that produces various beverage and food products, thereby involving production cost calculation activities and pricing practices relevant to the objectives of this study.

The data used in this study consisted of primary and secondary data. Primary data were obtained through semi-structured interviews with Mr. Rian as the business owner and the person responsible for operational and financial management. Secondary data were obtained from internal business documents, including raw material purchase records, raw material usage data, labor costs, operational expenses, asset lists, utility costs, and menu price lists. Supporting data were also obtained from books, scientific articles, and official publications relevant to the research topic. Data collection was conducted through observation, interviews, and documentation. Observations were carried out to examine the production process and operational activities of the coffee shop. Interviews were conducted to obtain information regarding the mechanisms of production cost calculation and menu pricing determination. Documentation was used to collect evidence in the form of financial records, raw material lists, purchase receipts, and other documents related to production cost calculations.

Data analysis followed the interactive model developed by Miles, Huberman, and Saldana (2014), which consists of data condensation, data display, and conclusion drawing and verification. The data condensation stage involved selecting and categorizing information related to production cost components. The data display stage was conducted by presenting tables and descriptive explanations regarding direct material costs, direct labor costs, and overhead costs. The final stage involved drawing conclusions based on the results of production cost calculations using the Full Costing method and comparing them with the pricing method applied by SatSet Coffee. Data validity was assessed through source triangulation and technique triangulation. Source triangulation was conducted by comparing information obtained from the business owner, employees, and business documents. Technique triangulation was performed by comparing the results of observations, interviews, and documentation to ensure that the collected data achieved an adequate level of credibility.

4. Results and Discussions

4.1 Analysis of Production Cost Calculation at SatSet Coffee

The calculation of production costs is an important stage in business management because it provides information regarding the amount of costs incurred to produce a product. This information serves as a basis for determining selling prices that are able to cover all production costs while generating the expected profit. The findings of this study indicate that SatSet Coffee has conducted cost calculations before determining menu prices; however, the calculation mechanism applied remains relatively simple and has not allocated all production cost components as required by the Full Costing concept. Based on the interview results, the cost calculation process begins by identifying the raw material requirements for each menu item produced. The raw materials used are adjusted to predetermined recipes, resulting in relatively consistent quantities of material usage for each product. The business owner explained that the primary cost component considered in determining menu prices is raw material cost because this component experiences more frequent price fluctuations compared to other costs. This condition causes cost evaluations to focus more on changes in raw material prices rather than the overall production costs.

The main raw materials used in the production process consist of coffee beans, milk, palm sugar, coffee powder, matcha powder, syrups, tea, and various supporting materials such as cups, cup lids, and straws. Most raw materials are obtained from regular suppliers to maintain product quality, while perishable materials, such as bananas, are purchased according to daily production needs. This strategy is implemented to maintain raw material freshness while reducing the risk of inventory damage that may increase operational costs. The results show that the raw material costs for each menu item range from IDR 5,000 to IDR 8,000 per glass. The amount of cost is influenced by the type of menu, raw material composition, and price fluctuations occurring at the supplier level. The owner, Mr. Rian, stated that several raw materials had experienced price increases in recent periods. The price of coffee powder increased from approximately IDR 60,000 to IDR 80,000 per package, while the price of cups increased from approximately IDR 500 to IDR 900 per unit. These increases directly affected production costs because both components are used in almost all menu items sold.

These findings indicate that raw material costs are the most dominant cost component in the production cost calculation at SatSet Coffee. This condition is consistent with the characteristics of coffee shop businesses, which generally have a relatively higher proportion of raw material costs compared to other production costs. However, the Full Costing concept proposed by Hanafiah, Rosalina, Kusuma, and Dewi (2024) explains that production costs do not only consist of raw material costs but also include direct labor costs and factory overhead costs. Ignoring one of these cost components may result in production cost calculations that are lower than the actual economic costs incurred.

The interview results also revealed that SatSet Coffee regularly incurs labor costs as part of its operational activities. The business employs four employees responsible for production and service activities. Each employee works approximately eight hours per working day, with task allocation adjusted according to operational requirements. The monthly salary provided to full-time employees is approximately IDR 1,500,000, while employees responsible for take-away services receive around IDR 1,200,000 per month. These labor costs have been recorded as business expenses; however, they have not yet been specifically allocated into the production cost of each menu item.

This condition indicates that labor costs are still treated as general operational expenses rather than as part of production costs allocated to each product. In fact, according to the Full Costing concept, direct labor costs represent one of the primary elements in determining production costs because labor contributes directly to the product manufacturing process. The absence of labor cost allocation into each menu item may cause the calculated production costs to be lower, resulting in cost information that does not accurately reflect the actual costs incurred.

Another cost component identified in this study is overhead costs, consisting of electricity, water, internet, gas, and maintenance costs for facilities and equipment. Based on the interview results, electricity expenses at SatSet Coffee range from IDR 500,000 to IDR 600,000 per month, water costs are approximately IDR 200,000 per month, while internet expenses are around IDR 400,000 per month. The business owner also explained that regular equipment maintenance costs are required to ensure consistent service quality. All of these costs are inseparable from the production process because they support coffee brewing activities, raw material storage, customer service, and cashier operations. Although overhead costs have been recorded in business accounting records, the results show that these costs have not been allocated into the production cost of each menu item. Cost recording is still focused on monthly expenditure control, while product-level cost calculation has not been conducted systematically. This condition causes the production costs used as the basis for pricing decisions to not fully reflect all economic sacrifices incurred during the production process.

The financial management system at SatSet Coffee utilizes a Point of Sales (POS) application to record sales transactions, while expense records are maintained using Microsoft Excel. This system assists the business owner in monitoring cash flows, preparing daily sales reports, and evaluating business development through regular team meetings. The findings indicate that transaction recording has been implemented effectively; however, the cost information generated remains oriented toward financial administration needs and has not yet been directed toward producing production cost information for each menu item. The findings suggest that SatSet Coffee has established a relatively adequate financial management foundation, but the implementation of cost accounting still requires improvement.

According to Afrilia (2018), the implementation of the Full Costing method requires all production costs, including direct raw material costs, direct labor costs, and overhead costs, to be allocated into production costs in order to generate more accurate cost information. Based on the research findings, the production cost calculation at SatSet Coffee is still dominated by raw material costs, while labor costs and overhead costs have not been proportionally allocated to each menu item. This condition indicates that the production cost calculation system implemented by SatSet Coffee does not fully comply with the Full Costing concept, which may affect the accuracy of cost information used as a basis for menu pricing decisions.

Table 1. Identification of production cost components at SatSet Coffee Makassar

Cost Component	Findings
Raw material costs	Calculated for each menu item with a range of IDR 5,000–IDR 8,000 per glass.
Direct labor costs	Paid for four employees but have not been allocated to each menu item.
Overhead costs	Include electricity, water, internet, gas, and equipment maintenance costs, but have not been calculated as part of the production cost of each menu item.
Recording system	Uses a POS application for transactions and Microsoft Excel for operational expenses.
Basis of price calculation	Dominated by raw material costs and considers market conditions.

Table 1 shows the identification of production cost components at SatSet Coffee Makassar. The findings indicate that the business has considered raw material costs as the primary component in determining menu prices. However, direct labor costs and overhead costs have not yet been systematically allocated into the production cost calculation of each menu item. The current pricing approach remains largely based on raw material costs and market considerations, indicating that the implementation of the Full Costing method requires further improvement to obtain more accurate production cost information.

4.2 Analysis of Production Cost Components Based on the Full Costing Method

The Full Costing method requires all costs associated with the production process to be included in the calculation of production costs. According to Kampker, Heimes, Kehrer, Hagedorn, Reims, and

Kaul (2023), the cost components that must be considered include direct raw material costs, direct labor costs, and factory overhead costs. These three components contribute to the production process; therefore, excluding any cost element may result in inaccurate production cost calculations. The findings of this study indicate that SatSet Coffee has considered raw material costs as the primary component in determining menu prices. Each product requires different raw materials according to the recipes applied. The most frequently used raw material components include coffee beans, milk, palm sugar, coffee powder, matcha powder, tea, syrup, and packaging materials such as cups and cup lids. The business owner explained that raw material costs per menu item range from IDR 5,000 to IDR 8,000 per glass. This calculation serves as the main basis for determining the selling prices of products offered to consumers.

The calculation of raw material costs conducted by SatSet Coffee is consistent with the Full Costing concept because these costs can be directly identified with each product. Raw material costs have a direct relationship with the production process and therefore must be included in the production cost calculation. This finding indicates that the business owner understands the importance of controlling raw material costs as the largest component in production cost formation. Differences begin to emerge in the treatment of direct labor costs. The interview results show that SatSet Coffee employs four employees involved in operational and production activities. Full-time employees receive salaries of approximately IDR 1,500,000 per month, while employees responsible for take-away services receive around IDR 1,200,000 per month. These expenses have been recorded as business costs but have not yet been allocated into the production cost of each menu item.

This condition indicates that labor costs are still treated as general operational expenses. According to Satriani and Kusuma (2020), direct labor costs represent one of the elements forming production costs because labor contributes directly to the product manufacturing process. Allocating labor costs into production costs enables companies to identify the actual costs incurred to produce each product. The exclusion of labor costs from production cost calculations causes the calculated production costs to be lower than the actual costs incurred. Another cost component that has not been fully considered is overhead costs. The findings show that SatSet Coffee incurs electricity costs of approximately IDR 500,000–IDR 600,000 per month, water costs of around IDR 200,000 per month, and internet costs of approximately IDR 400,000 per month. Gas expenses and facility maintenance costs are also incurred regularly to support smooth business operations. These costs cannot be directly associated with a specific product but are essential in supporting the production process and service activities.

According to the Full Costing concept, overhead costs must be allocated into production costs because they represent part of the economic sacrifices required to produce goods or services. The findings indicate that overhead costs at SatSet Coffee are still recorded as monthly operational expenses and have not been proportionally allocated to each menu item. This condition causes the production cost information used for pricing decisions to not fully represent all costs incurred by the business. The analysis also reveals that SatSet Coffee has not yet calculated depreciation expenses for assets used in operational activities. Equipment such as coffee machines, blenders, refrigerators, tables, chairs, and other supporting facilities are continuously utilized in the production process and customer service activities. According to cost accounting theory, the utilization of assets in production activities generates depreciation costs that should be recognized as part of overhead costs. The exclusion of depreciation expenses causes the calculated production costs to be lower than the actual costs incurred. The analysis results indicate that the cost calculation system implemented by SatSet Coffee remains focused primarily on raw material costs as the basis for menu pricing. This approach is relatively simple and easy to apply for micro-scale businesses. However, it does not yet provide comprehensive cost information because it has not incorporated all production cost components required under the Full Costing method.

Table 2. Analysis of cost component alignment with the full costing method

Cost Component	SatSet Coffee Practice	Full Costing Concept	Remarks
Raw material costs	Calculated	Included in production costs	Consistent
Direct labor costs	Recorded as operational expenses	Allocated to production costs	Not yet consistent
Electricity costs	Recorded as monthly expenses	Allocated to production costs	Not yet consistent
Water costs	Recorded as monthly expenses	Allocated to production costs	Not yet consistent
Internet costs	Recorded as monthly expenses	Allocated to production costs	Not yet consistent
Gas costs	Recorded as monthly expenses	Allocated to production costs	Not yet consistent
Asset depreciation	Not yet calculated	Allocated to production costs	Not yet consistent

Table 2 shows the comparison between SatSet Coffee current cost accounting practices and the requirements of the Full Costing method. The findings indicate that SatSet Coffee has properly calculated raw material costs as part of production costs. However, direct labor costs, overhead costs such as electricity, water, internet, and gas, as well as asset depreciation, have not yet been allocated into production costs. This indicates that the current cost calculation system does not fully comply with the Full Costing approach, resulting in production cost information that may not completely represent the actual costs incurred in producing each menu item.

4.3 Analysis of Menu Pricing Determination at SatSet Coffee

Pricing determination is one of the strategic decisions that determines business sustainability because it affects competitiveness, sales volume, and the profits obtained by the company. According to Hidayat, Uda, Putri, and Alexandro (2022), pricing decisions are not only influenced by production costs but also consider market conditions, consumer characteristics, competitive intensity, and the objectives to be achieved by the company. The findings of this study indicate that SatSet Coffee applies an approach that combines cost considerations and market conditions in determining the selling prices of each menu item.

Based on the interview results, the pricing process at SatSet Coffee begins by calculating the raw material costs used for each menu item. These costs are then used as an initial reference before considering prevailing market prices and consumer purchasing power. This strategy was selected because the majority of SatSet Coffee customers are students and Islamic boarding school students who have relatively high price sensitivity. Therefore, the business owner attempts to maintain affordable selling prices without reducing the quality of products offered. The results show that most SatSet Coffee menu items are marketed at prices ranging from IDR 15,000 to IDR 17,000 per glass. This price range is considered competitive compared to other coffee shops targeting similar market segments in Makassar City. The business owner explained that selling prices are not determined based on a fixed profit margin percentage but are adjusted according to market conditions, increases in raw material prices, and consumers' purchasing ability. This condition indicates that pricing decisions are more flexible rather than being based on a predetermined profit margin calculation.

Changes in raw material prices represent one of the factors influencing pricing policies. The interview results indicate that several raw materials have experienced price increases, such as coffee powder, which increased from approximately IDR 60,000 to IDR 80,000 per package, and cups, which

increased from approximately IDR 600 to IDR 900 per unit. These increases have raised production costs; however, they are not always followed by increases in menu prices. The business owner prefers to conduct periodic evaluations of the cost structure and market conditions before deciding whether price adjustments are necessary. This policy is implemented to maintain customer loyalty while preserving business competitiveness amid increasing competition in the coffee shop industry.

The research data show that SatSet Coffee sells an average of 30–40 beverage cups per day, generating gross revenue ranging from IDR 15,000,000 to IDR 23,000,000 per month. Based on information obtained from the business owner, the estimated net profit reaches approximately 30% of total revenue after deducting operational expenses. This achievement indicates that the pricing strategy implemented is still able to generate profits and support business sustainability. However, the profit calculation has not yet been determined based on production costs that incorporate all cost components as required by the Full Costing method. The findings indicate that menu pricing at SatSet Coffee is influenced more by raw material costs than by total production costs. Direct labor costs and overhead costs, such as electricity, water, internet, gas, and equipment depreciation, have not been allocated into the production cost of each menu item. This condition causes the selling prices determined by the business to not fully reflect the actual production costs. According to Rahayu, Setiawan, Marina, Agusinta, and Rahmawati (2024), incomplete production cost information may affect pricing accuracy because companies have the potential to set prices below the actual costs incurred.

The results also indicate that SatSet Coffee has implemented relatively adequate financial recording practices through the use of a Point of Sales (POS) application and Microsoft Excel. This system assists the business owner in monitoring daily sales, recording expenses, and evaluating business development through regular team meetings. Nevertheless, the information generated from the recording system remains focused on cash flow control and has not been optimally utilized to prepare production cost calculations for each menu item.

The findings indicate that the pricing strategy implemented by SatSet Coffee represents a combination of cost-based pricing and market-based pricing approaches. The cost-based pricing approach is reflected in the use of raw material costs as the initial basis for determining prices, while the market-based pricing approach is reflected in price adjustments based on consumer characteristics and competitive conditions. This strategy is effective in maintaining short-term business competitiveness; however, further improvement is required through the implementation of the Full Costing method to ensure that selling prices are determined based on more comprehensive cost information.

Table 3. Factors considered in menu pricing determination at SatSet Coffee

Pricing Factors	Research Findings	Implications for Menu Prices
Raw material costs	Serve as the primary basis for price calculation	Prices follow changes in raw material costs
Target market	Students and Islamic boarding school students	Prices are maintained at an affordable range of IDR 15,000–IDR 17,000
Competitor prices	Considered as a pricing reference	Maintains competitiveness with other coffee shops
Raw material price increases	Evaluated periodically	Not always followed by increases in selling prices
Labor and overhead costs	Not yet allocated to each menu item	Selling prices do not yet reflect all production costs

Table 3 shows the factors considered by SatSet Coffee in determining menu prices. The findings show that raw material costs serve as the primary consideration in pricing decisions, while target market characteristics and competitor prices are also taken into account to maintain affordability and competitiveness. However, increases in raw material prices are not always followed by adjustments in selling prices, and labor and overhead costs have not yet been allocated to each menu item. This condition indicates that the current pricing strategy remains partially dependent on market considerations and does not yet fully reflect the total production costs required under the Full Costing method.

4.4 Implications of Full Costing Method Implementation for Menu Pricing Determination at SatSet Coffee

The findings of this study indicate that the production cost calculation system implemented by SatSet Coffee has not fully incorporated all production cost components as required by the Full Costing concept. Cost calculations are still dominated by raw material costs as the primary basis for determining selling prices, while direct labor costs and overhead costs have not been proportionally allocated to each menu item. This condition causes the cost information used in the pricing process to not fully represent the actual production costs incurred. These findings indicate that the approach applied by SatSet Coffee remains relatively simple and is more oriented toward short-term cost control. This approach is useful for maintaining competitive prices in the market; however, it has limitations in producing comprehensive cost information. According to Syahrial and Sudono (2021), all production costs consisting of direct raw material costs, direct labor costs, and overhead costs must be allocated into production costs so that companies can obtain accurate cost information as a basis for decision-making. Incomplete cost information may result in selling prices that do not fully reflect the actual economic sacrifices incurred.

The characteristics of SatSet Coffee consumers, which are dominated by students and Islamic boarding school students/alumni, also influence the pricing policy. The interview results show that the business owner prioritizes price affordability rather than achieving a specific profit margin. This strategy is reflected in the decision to maintain menu prices within the range of IDR 15,000 to IDR 17,000, despite increases in the prices of several raw materials, such as coffee powder and packaging materials. This policy indicates that pricing decisions are not solely influenced by production costs but also consider consumer purchasing power and market competition. This finding supports the view of Saputro and Soleha (2021), who stated that pricing decisions are the result of considerations between internal company factors and external market factors.

This approach provides advantages in maintaining customer loyalty and improving business competitiveness. The research data show that SatSet Coffee is able to maintain average sales of approximately 30–40 cups per day, with gross revenue ranging from IDR 15,000,000 to IDR 23,000,000 per month. This condition indicates that the pricing strategy implemented has successfully attracted consumers and supported business sustainability. However, the profit information obtained still requires further evaluation because it has not been based on production cost calculations that allocate all production costs into each menu item.

The findings of this study are consistent with the research of Syahfitri, Furkan, and Mulyono (2023), which found that businesses tend to use raw material costs as the primary basis for determining selling prices, while labor costs and overhead costs are not fully considered. This condition results in lower production cost calculations compared to the Full Costing method. The study by Setyo (2016) also demonstrated that the implementation of the Full Costing method generates more complete cost information, thereby providing a more appropriate basis for determining product selling prices. The similarities between these findings indicate that production cost allocation remains a challenge for many micro and small businesses, particularly in the food and beverage sector.

The difference between this study and previous studies lies in the research object and analytical focus. This study not only identifies production cost components but also analyzes how market characteristics influence pricing decisions in coffee shop businesses. The findings reveal that pricing decisions at SatSet Coffee represent a combination of cost-based pricing and market-based pricing approaches. This condition demonstrates that business owners consider not only production costs but

also consumer purchasing power, competitor strategies, and long-term business sustainability. The practical implications of this study indicate that the implementation of the Full Costing method can improve the quality of cost information available to SatSet Coffee. Allocating direct labor costs, electricity costs, water costs, internet costs, gas costs, and asset depreciation into production costs will generate more accurate cost information for each menu item. This information can be utilized as a basis for evaluating the profitability of each product, determining more rational selling prices, and developing cost efficiency strategies without reducing product quality or business competitiveness.

The findings also provide implications for MSME actors in the coffee shop sector. The use of a financial recording system based on a Point of Sales (POS) application, as implemented by SatSet Coffee, represents a positive initial step in business financial management. However, this system needs to be integrated with production cost calculations using the Full Costing method so that the information generated is not only used as transaction records but also serves as a foundation for managerial decision-making. Such integration is expected to improve cost management quality, strengthen financial control, and support business sustainability amid increasingly competitive conditions in the coffee shop industry.

Based on the overall research findings, it can be concluded that production costs play a crucial role as the foundation for menu pricing decisions. Cost calculations that do not incorporate all production cost components result in production cost information that is not yet fully accurate. The implementation of the Full Costing method provides an alternative approach for SatSet Coffee to generate more comprehensive cost information, ensuring that pricing decisions consider not only market conditions but also the actual production costs incurred. These findings further confirm that the research objectives have been achieved, namely analyzing production costs as a basis for menu pricing determination at SatSet Coffee Makassar and identifying the need to improve the cost calculation system through the implementation of the Full Costing method.

4.5 Analysis of Full Costing Method Implementation as the Basis for Menu Pricing Determination

The implementation of the Full Costing method aims to generate more comprehensive production cost information because all costs associated with the production process are allocated to the products. According to Dahmash, Alshurafat, Hendawi, Alzoubi, and Al (2023), the cost components that must be considered include direct raw material costs, direct labor costs, and factory overhead costs. This information serves as a basis for companies in determining selling prices that are able to cover all production costs while generating the expected profit. The findings of this study indicate that SatSet Coffee has established a relatively adequate cost recording system through the use of a Point of Sales (POS) application for sales transactions and Microsoft Excel for recording operational expenses. This system assists the business owner in controlling cash flows and evaluating business development periodically. However, the existing recording system has not yet been utilized to calculate the production cost of each menu item using the Full Costing method.

Analysis of the interview data shows that the cost calculation approach applied by SatSet Coffee remains focused primarily on raw material costs. This approach causes direct labor costs, electricity costs, water costs, internet costs, gas costs, equipment maintenance costs, and asset depreciation expenses to not be allocated into the production cost of each menu item. In fact, all of these cost components represent production costs that contribute to the process of preparing and serving products to consumers. Based on the research findings, the production cost structure of SatSet Coffee can be identified as presented in Table 4.

Table 4. Identification of production cost components based on the full costing method

Cost Component	SatSet Coffee Condition	Treatment According to Full Costing
Raw material costs	Already calculated	Allocated to each menu item
Direct labor costs	Recorded as operational expenses	Allocated to each menu item
Electricity costs	Recorded as monthly expenses	Allocated as overhead costs
Water costs	Recorded as monthly expenses	Allocated as overhead costs
Internet costs	Recorded as monthly expenses	Allocated as overhead costs

Cost Component	SatSet Coffee Condition	Treatment According to Full Costing
Gas costs	Recorded as monthly expenses	Allocated as overhead costs
Equipment depreciation costs	Not yet calculated	Allocated as overhead costs

Table 4 shows the identification of production cost components at SatSet Coffee based on the Full Costing method. The findings indicate that raw material costs have been properly considered and allocated in the menu pricing process. However, direct labor costs, operational costs such as electricity, water, internet, and gas, as well as equipment depreciation costs, have not yet been incorporated into the production cost calculation. According to the Full Costing approach, these components should be allocated as part of production costs to provide more accurate and comprehensive cost information for menu pricing decisions.

5. Conclusions

The findings of this study indicate that the production cost calculation at SatSet Coffee Makassar has not fully implemented the Full Costing method. The cost calculation used as the basis for menu pricing decisions remains focused primarily on direct raw material costs, while direct labor costs and overhead costs, such as electricity, water, internet, gas, and equipment depreciation, have not been allocated into the production cost of each menu item. This condition causes the production cost information used in pricing decisions to not fully reflect all costs incurred throughout the production process. Menu pricing at SatSet Coffee is determined by considering raw material costs, market conditions, competitive intensity, and consumer characteristics, with the majority of customers consisting of students and Islamic boarding school students. This strategy has enabled the business to generate relatively stable revenue and maintain coffee shop competitiveness.

However, pricing decisions remain more strongly influenced by market conditions than by comprehensive production cost information. The implementation of the Full Costing method has the potential to generate more accurate cost information, allowing menu pricing decisions to be made more rationally, reflect all production costs, and support improved efficiency and business sustainability. This study provides practical implications for MSME actors, particularly coffee shop businesses, by demonstrating that the Full Costing method functions not only as a cost control tool but also as a foundation for establishing more appropriate selling prices. Accurate production cost information is expected to assist business owners in evaluating the profitability of each product, developing competitive pricing strategies, and improving the quality of managerial decision-making in business management.

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Author Contributions

AA contributed to the conceptualization, research design, data collection, data analysis, interpretation of findings, manuscript preparation, and writing of the original draft. WOR contributed to methodological supervision, validation, critical review, refinement of the manuscript, and final approval of the version to be published. All authors have read and approved the final version of the manuscript and agreed to be accountable for all aspects of the work.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this article. The research was conducted independently, and no financial, institutional, or personal relationships influenced the research design, data analysis, interpretation of results, or writing of the manuscript.

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