

PRICEFF OY PRESS RELEASE

A DYNAMIC PRICE BEATS A FIXED PRICE IN FOOD SALES TOO - SPOILAGE WAS REDUCED AND TURNOVER INCREASED

According to studies, a third of the food produced in the world is thrown away. Through innovative pricing models the amount of food discarded, as well as other spoilable products, can be reduced significantly. The Finnish food surplus service ResQ Club tried out dynamic pricing and the amount of wasted food per portion fell by 14.4 percent compared to fixed-price ones. In addition to the fact that wastage fell as more portions were sold, turnover for products sold rose by 11.7 percent.

A comparable experiment has never been carried out in Finland before. The Nordic countries and the rest of Europe are lagging behind particularly the U.S. or countries in Asia in terms of dynamic pricing. In the UK, certain food stores in the Spar chain have met with success in trying out dynamic pricing, for example with in the pricing of bread and other quickly-spoiling food products. The project of ResQ Club was carried out by the Finnish technology company Priceff Oy, specialised in dynamic pricing.

"In the experiments done before, the results are similar to that done in Finland now. Across the world, the most innovative restaurants have also started seeking bigger profits and reducing wastage through dynamic pricing, including the London-based Bob Bob Ricard. The experiments across the world and in Finland show that there is demand for new kinds of pricing for food and through them the carbon footprint can also be reduced", says CEO Riku Aakala from Priceff, which provides a dynamic pricing service.

"This was a very interesting experiment because everyone benefited from it. Shops and restaurants sold more, consumers got meals cheaper and the amount of wastage was reduced", adds the Managing Director of ResQ Club, Sauli Böhm.

The experiment was done so that the partners of the food salvaging service ResQ Club autodynamically priced more than 10,000 portions of food. The prices of the meals changed according to demand when the algorithm continually worked out the optimal price. However, prices couldn't rise, which increased the appeal of the results. After the try-out, ResQ Club adopted the new pricing model as a part of its service concept.

What does dynamic pricing mean?

In autodynamic pricing, an algorithm automatically calculates the price of a product or service (within parameters set by the vendor). Genuine autodynamic pricing based on demand does not discriminate against who buys it, because the price is the same for everyone. Only the time of the purchase and the amount of demand at that time set the price.

"At its best, dynamic pricing works like stock market prices so that consumers buy when the product or service suits them best in terms of price. Dynamic pricing is most suited to products or services where there is a lot to be priced, a 'best before' date and large variations in supply and demand," concludes Aakala at Priceff.

For further information:

Priceff Oy: CEO, Riku Aakala, tel. + 358 41 5474 353

ResQ Club: COO Aku-Jaakko Saukkonen tel. +358 45 888 0013