ABSTRACT

Dynamic pricing is a pricing tool used to adjust price as a response to market fluctuation and demand uncertainty. Inside restaurant industry, common dynamic pricing strategy adopted is pricing cut policy. The purpose of this study is to propose a pricing cut policy obtained from dynamic pricing model optimization in order to maximize profit on restaurant through partnership with online food delivery service. At the first phase, the author determined menu items that the pricing cut will be applied to using menu engineering, one of the methods used in restaurant industry to evaluate menu items performance. At the next phase, the author forcasted demand for the next period by modelling the effect of price on sales history. At the third phase, the demand model is substituted into the dynamic pricing, which then optimized by using non linear programming method. The optimization result shows that the proposed model can increase restaurant revenue up to 28% compared to historical revenue. This study can be used as a tool to make decision related to pricing on online food delivery service.

Keywords— [dynamic pricing, price cut policy,restaurant revenue management]