MODEL DEVELOPMENT OF DYNAMIC PRICING ON
PERISHABLE-AGRO PRODUCT BASED ON QUALITY
DEGRADATION, DEMAND RATE, AND CUSTOMER
PREFERENCY

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ABSTRACT

Pricing strategy is deals with adjusting product price with its quality. The strategy of one type product is different with that of others. Pricing strategy will be manifested into company’s pricing policy. In this research, pricing policy was conducted using real problem on perishable product. Price determination method for perishable product will be dealing with several challenges because of perishable product’s unique characteristic. Aside from price factor, demand rate is also affected with product quality. The challenges that retailer face is how to determine optimum price that comparable with product quality, so that it can create customer willingness to buy. In the end, this condition will affect to company’s profit.

In this research, dynamic pricing model was developed. This model was applied to regular pricing policy, tinggi-rendah pricing policy, setiap hari pricing policy, particular pricing policy, and hybrid pricing policy. Performance of each kind of pricing policy was assessed based on consumer category. There are two category of consumer, they are consumer that sensitive of price and consumer that sensitive of quality. Mathematical calculations were conducted to discover optimal pricing policy for both of consumer category. Sensitivity test for price and quality was conducted to discover policy’s performance and also phenomenon as the result of implementation of certain pricing policy.

Key words: Dynamic Pricing, Perishable Product, Pricing Policy.