

Dynamic Pricing in Food & Beverage: Opportunity or Risk?

Exploring the potential and pitfalls of dynamic pricing models in restaurant and bar operations.

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30%	+18%	\$20M	15–25%
No-show reduction Tock prepaid model	Revenue per capita event-based pricing	Wendy's digital menu board investment	Revenue increase per service (Tock)

From Airlines to Restaurants

Dynamic pricing has been standard practice in airlines, hotels, and ride-sharing for decades. The application to food and beverage is more recent and more contested. The principle is straightforward: prices adjust in response to demand, time, or inventory signals to maximise revenue per available selling opportunity. The execution in a restaurant or bar environment is considerably more complex than in a hotel room rate context.

Wendy's 2024 announcement that it would invest \$20 million in digital menu boards capable of surge pricing generated immediate public backlash. The company quickly clarified it would use the boards for discounting rather than premium pricing, illustrating the fundamental tension in F&B; dynamic pricing: guests accept discounts enthusiastically but resist premiums with equal force. The asymmetry requires careful management.

Where Dynamic Pricing Works in F&B;

The most successful applications of dynamic pricing in hospitality share a common characteristic: they are invisible or perceived as fair. Happy hour pricing has existed for a century and is universally accepted. Early-bird dinner discounts are standard practice. Airline-style booking windows for premium tasting menus are increasingly common at destination restaurants.

Tock, the reservation and events platform used by over 7,000 restaurants globally, has built its model around pre-paid reservations with demand-based pricing. Restaurants using the Tock prepaid model report an average 30 percent reduction in no-shows and revenue increases of 15 to 25 percent per service, driven by yield management discipline rather than traditional dynamic pricing. The key is guest buy-in through the reservation process.

“Guests accept discounts enthusiastically but resist premiums with equal force — the fundamental asymmetry in F&B; dynamic pricing.”

Stadium and Event Venues

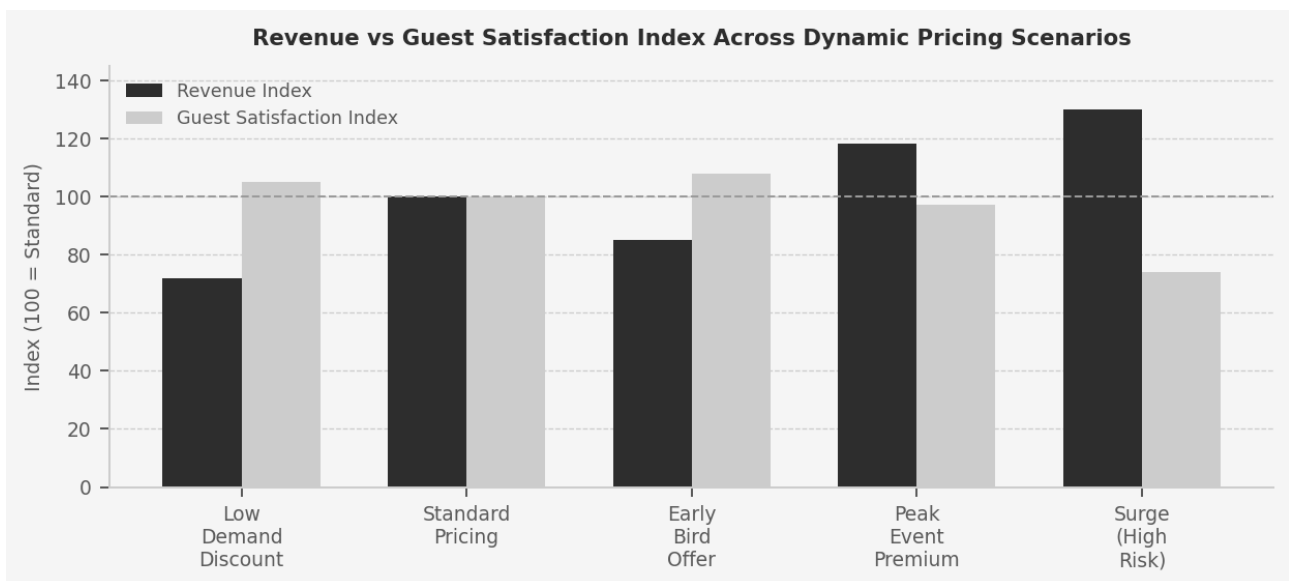
Large event venues operate in a context where dynamic pricing is more naturally accepted. A beer purchased at a sold-out final commands a different price than the same beer at a mid-season fixture with 60 percent capacity. Aramark, the stadium catering operator, published research in 2023 showing that event-based pricing at major venues increased F&B; revenue per capita by 18 percent compared to fixed-price models, while guest satisfaction scores were maintained or improved because pricing was clearly communicated in advance.

Optus Stadium in Perth applies differentiated pricing across its food and beverage outlets based on event type and expected attendance density. Premium events command a 10 to 15 percent price premium on key beverage categories. The model has been accepted by patrons because the premium aligns with a premium event experience rather than appearing as opportunistic price-taking.

The Risk Side of the Equation

Brand perception is the primary risk in F&B; dynamic pricing. Research published in the Journal of Consumer Psychology found that consumers penalise restaurants perceived as price-gouging more severely and for longer than they reward those offering discounts. A single negative pricing incident can generate social media amplification that far exceeds the revenue gained. The risk-reward calculation must be assessed at the brand level, not just the transaction level.

Operators considering dynamic pricing in F&B; should start with downward flexibility rather than upward. Using technology to drive traffic during low-demand periods through targeted discounts delivers revenue upside with minimal brand risk. Moving to premium pricing on high-demand occasions should be incremental, clearly communicated, and positioned as value alignment rather than exploitation.



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