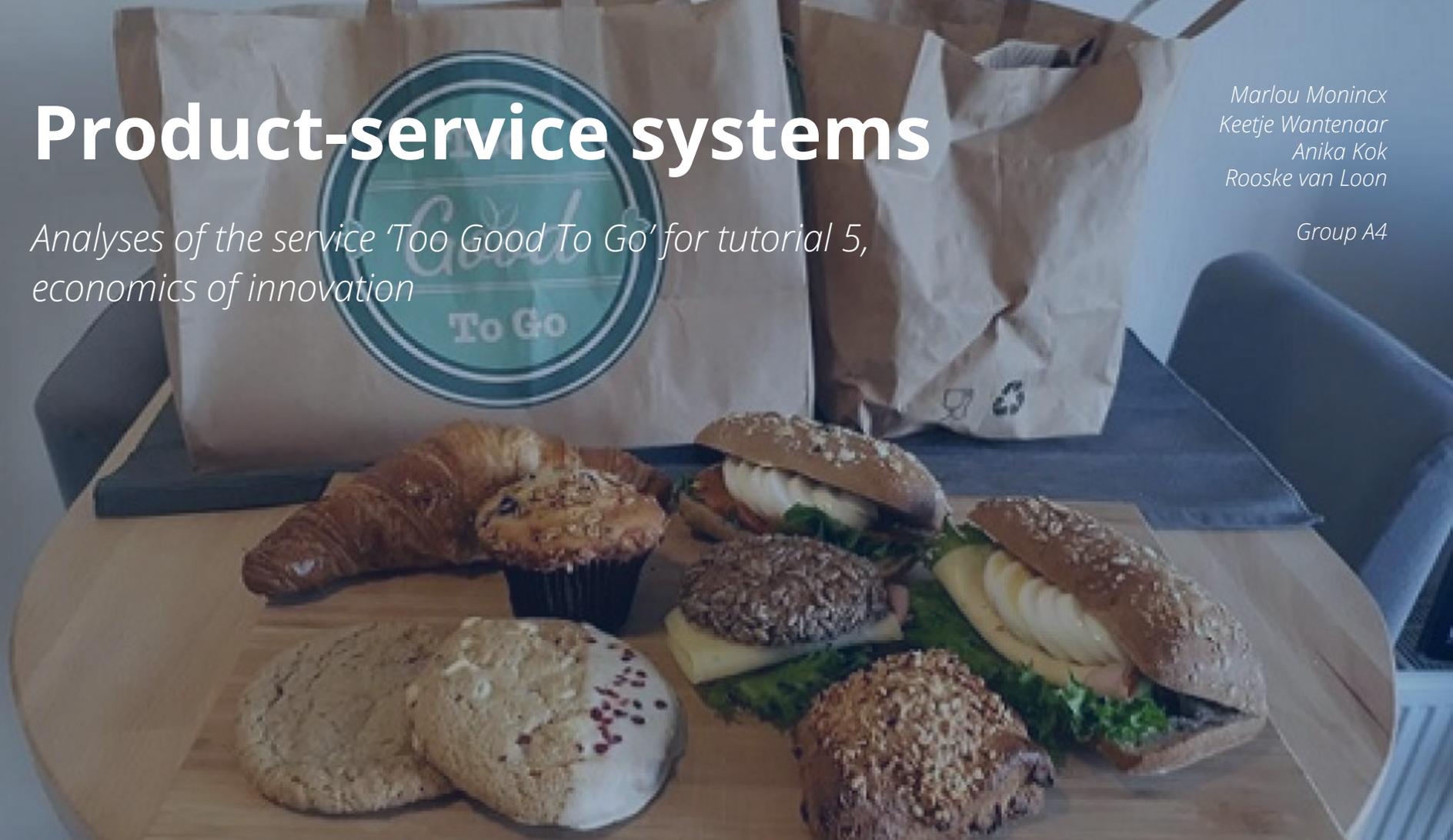


Product-service systems

*Analyses of the service 'Too Good To Go' for tutorial 5,
economics of innovation*

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Too Good To Go

Too Good To Go is a service to reduce food waste and will be analysed in this assignment.

Supermarkets, restaurants, bakeries and other stores that sell food put an offer online of their food that is almost out of date. The food is promoted in the Too Good To Go app for a reduced price.

Consumers use the Too Good To Go app to choose an offer. Then the consumers picks up the food at the store or restaurant.



Shifting from products to services

According to Roy, 2000; shifting from products to services is more sustainable because product-service systems are designed and marketed to provide customers with a particular result or function, without them necessarily having to own or buy physical products.

Too Good To Go is a service that brings food stores and customers together by offering cheaper and almost out of date food products. By this, Too Good To Go contributes to the fight against food waste.

Service category

Too Good To Go fits the category of Roy (2000): **product-life extension service**. The service increases the useful life of food products through promoting almost out of date products, thus reducing the amount of food waste.



The economic benefits

Producers (supermarkets, restaurants, hotels, bakeries):

More profit (cut back on food waste costs)

Less waste and contribution against food waste

Attracts new customers.

Users (consumers):

Contribution to the fight against food waste

Mostly cheaper than normal groceries

Surprise-effect: consumer does not know exactly what

is in the Too Go To Go box he

orders.



The economic impact in terms of employment

Too Good To Go is part of a **process innovation**. The revenue of the firms increases because of higher productivity of selling almost out of date products. But, **the amount of employment does not change drastically**. Employees in the supermarkets, restaurants and such, only change their tasks. For example, tasks such as stickering products will be replaced by tasks such as creating offers for customers of Too Good To Go. Employees do not need extra skills for these tasks.

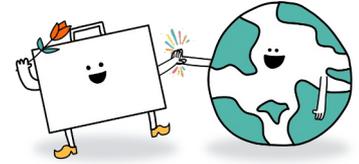
Wages of employees will increase because of the higher productivity, thus revenue of the stores. Besides this, rent sharing is important because it keeps the employees of the stores satisfied.

Possible barriers to entry by incumbents in the market or limitations on economics of scale/scope

All shops and restaurants have a limited amount of the products they sell for less. Only the products that can not be sold for the original selling price, thus have to be thrown away, are profitable to sell via Too Good To Go. This makes that there is a **limitation on economics of scale** because shops will not sell more products via Too Good To Go.

Other companies which are providing apps to reduce food waste (Rabobank, 2017) are: NoFoodWasted, OLIO, ImpactVision, Winnow and FreshSurety. There is no monopoly, thus the barriers to entry are low.

The sustainability dimension of the new service solution



Too Good To Go has a positive impact to a greener earth:

1. Products that are almost out of date get promoted in the app. The life of these products extends
2. The app reaches a larger target group, instead of only reaching the current customers in the stores. Therefore the service Too Good To Go has a positive contribution to sustainability.
3. Customers bring their own packaging and contribute to CO2 reduction.
4. The Too Good To Go service has multiple sustainable initiatives:
 - Collaborate with governments to change the policy that causes food waste
 - Develop educational tools and resources on the theme of food waste

Conclusion

Too Good To Go is a product-life extension service with a win-win-situation, for both customers, stores, employees and the environment.

This services make extra profit for the shops, gives an easy and cheap meal for the customer, creates possible higher wages for employees and contributes in the fight against food waste.

Too Good To Go is therefore a perfect example why shifting to product-service systems is a sustainable option and economically profitable.