

# YESHWANTRAO CHAPHEKAR COLLEGE, PALGHAR

PRESENTATION ON  
**CLASS: T.Y.BMS**

**SUBJECT: SERVICES MARKETING**

**CHAPTER- 8.DEMAND & CAPACITY  
ALIGNMENT**

PRESENTED BY:  
**PROF. RAMESH P.GUPTA**



# DEMAND SITUATIONS :

## 1. Negative Demand :

- People are aware of the features of the service and the benefits offered, but the evaluation of the offer might lead them to take a decision that is not in favour of a service offer.
- Therefore the market response to this offer of a service can be termed as negative.
- In such situation, the marketing unit of a service firm has to understand the evaluation process of the potential buyers and find out the prime reason for rejection.

## CONTINUED...

- Appropriate strategy to defuse the misunderstanding of the potential buyer needs to be designed in transforming the negative demand into a positive demand.
- Eg- Dental treatments.

RAMESH GUPTA

# CONTINUED...

## 2. No Demand :

- This situation exists either due to unawareness, insufficient information about the service , etc.
- Marketers should focus on promotional campaign and communicating the right reason for preferring service offered by the firm.
- One of the popular strategies used to face the no demand situation in the market is **service differentiation**.

# CONTINUED...

## 3. Latent Demand :

- It is not possible to have a set of products that are capable of offering total satisfaction to all the needs and wants of the society.
- There exists a gap between the desirables and the available.
- The market always looks for better and new offers in order to fulfill the gap between desirability and availability.

## CONTINUED...

- Thus latent demand is nothing but the gap between desirability and availability.
- Latent demand is a business opportunity and the service firms should prepare themselves to identify such opportunities and exploit them at the right time.
- Eg- Smartphones.

# CONTINUED...

## 4. Seasonal Demands :

- Some services only have demand during a particular season.
- Seasonal demand creates many problems to service organisations.
- These include idling the capacity, fixed cost and excess expenditure on promotion.

## CONTINUED...

- Nurture the service consumption habit.
- Another strategy is to identify markets elsewhere in the world during the off-season period.
- Season in various parts of the market are diverse.
- Hence, there will be opportunities to find the market with the appropriate season in different parts of the world.
- Eg- Air Conditioners (AC).



# STRATEGIES FOR MANAGING CAPACITY TO MATCH DEMAND :

## 1. Customer's Involvement :

- By converting certain operations to self-service like buffets at restaurant and fast food joints the firm can divert its own personnel to other functions.
- Self-service firm lose a certain measure of control over service quality when the customers are asked to perform key functions.

# CONTINUED...

## 2. Using Part-time Employees :

- Part-time help can supplement regular employees when the peaks of activity are persistent and predictable.
- A ready part-time labour pool is available from college students and others who are interested in supplementing their primary source of income.
- Another source is off duty personnel placed on stand-by.
- Eg- Hospitals and Airlines.

**CONTINUED...**

### **3. Cross Training Employees :**

- Some services consist of various operations.
- At times when one operation is busy the other operation may be idle.
- Cross training employees to do the tasks in various operations creates flexible capacity to meet demand.

## CONTINUED...

- Eg- We see at supermarkets when the queues develop at the cash registers, the managers call on stockers to operate registers until the queues reduce. In the same way during slack periods some of the cashiers are busy stocking shelves.

RAMESH GUPTA

## CONTINUED...

### 4. Modify or move facilities and equipments :

- Sometimes it may be possible to modify the existing capacity to meet the demand fluctuations.
- Eg- the new Boeing 777 aircraft is so flexible that it can be reconfigured within hours to accommodate extra number of seats allocated to one, two or three classes.
- Thus, the plane can be quickly modified to match demand arising from different market segments.

# CONTINUED...

## 5. Sharing Capacity :

- A large investment in equipment and facilities exist in a service delivery system.
- At the time of underutilisation, it may be possible to find other use for the capacity.
- Eg- Airlines to lease their aircraft to other airlines.

# CONTINUED...

## 6. Stretch Existing Capacity :

- In order to match the demand, the existing capacity of services resources can be expanded.
- Under such circumstances no new resources are added but people, facilities and equipments are asked to work harder so that demand can be met.
- Eg- A health clinic might stay open longer during flu season.

# CONTINUED...

## 7. Schedule 'Down Time' during low demand:

- If during the peak period, people, equipment and facilities are being used at maximum capacity then it is necessary to schedule repairs, maintenance and renovations during off periods.
- Eg- employees, vacations and trainings can also be arranged during this period.



# STRATEGIES FOR MANAGING DEMAND TO MATCH CAPACITY :

## 1. Partitioning the Demand :

- The demand for services are often grouped into random arrivals and planned arrivals.
- Eg- Doctor's clinic the walk-in patients (Random) arriving are more than those with appointments.
- Appointment can be controlled, but walk-in demand is uncontrollable. (Planned)

## CONTINUED...

- We often find that the inflow of patients is higher on weekdays than weekend.
- Therefore, in order to level demand a partition can be created as, keep appointments in the latter part of the week **.i.e. weekends and only walk-in patients on weekdays.**

# CONTINUED...

## 2. Vary the service offering :

- Depending on the seasons of the year, day of the week, or time of the day, we can change the nature of the service offering.
- Eg- Accounting firms focus on tax preparations and general activities late in the year and until April when the taxes are due. During the other times of the year they can focus on auditing and other general consulting activities.

# CONTINUED...

## 3. Developing Complementary Services :

- Complementary services are basically offered in order to occupy waiting customers.
- The Indian Restaurants have discovered the benefits of complementary services by adding a bar to the Restaurant.
- The customers can enjoy food and drinks separately as well as together.

# CONTINUED...

## 4. Promoting off-peak Demand :

- During off-seasons holiday resorts use their premises as retreat location for business or professional groups.
- In the same way in order to encourage long distance dealing the Telephone companies offer lower rates at night.

# CONTINUED...

## 5. Pricing Incentives :

- In order to smoothen the demand on the service process, prices can be raised during peak times and lower, at non-peak times.
- Eg- Movies.

RAMESH GUPTA

# CONTINUED...

## 6. Communicate with the customers :

- Another way for shifting demand is to communicate with the customers and let them know the peak demand period so that they can choose to use the services at alternative times and avoid crowding.

RAMESH GUPTA

# CONTINUED...

## 7. Communicate with the customers :

- Advertising and sales promotion can be used to emphasize different service benefits during different period i.e. peak and slow period.
- Advertising messages can also be used to remind customers about the peak demand times and promotional offers during the off-season.



# STRATEGIES WHEN DEMAND AND CAPACITY CANNOT BE MATCHED:

## 1. Reservations and Appointments :

- Eg- Airlines, Railway, Hospitals , etc.

RAMESH GUPTA

# CONTINUED...

## 2. Triage :

- Eg- Emergency rooms are given on the basis of critical need and not in order of arrival.

RAMESH GUPTA

**CONTINUED...**

### **3. Delaying Service Delivery :**

- Eg- Next day or next week or until capacity becomes available.

RAMESH GUPTA

The image features a large, irregular splash of teal watercolor paint centered on a white background. The splash has a soft, textured appearance with varying shades of blue and green. In the center of this splash, the words "Thank You" are written in a dark teal, cursive script font. The text is slightly shadowed, giving it a three-dimensional effect as if it's floating within or attached to the paint. At the bottom left corner of the image, there is a decorative graphic element consisting of overlapping geometric shapes in shades of teal and black, creating a modern, angular look.

*Thank You*