

# Demand Fluctuation in Restaurant Industry; Patterns, Impacts and Strategies: A Case Study in Fine Dining Restaurants in Phuket

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# บทคัดย่อ

เป็นที่ขอมรับกันโดยทั่วไปว่าความผันผวนของลูกค้ามีผลกระทบอย่างยิ่งต่อการ บริหารจัดการธุรกิจประเภทร้านอาหารและอุตสาหกรรมการบริการในจังหวัดภูเก็ตทั้งนี้ลักษณะ ความผันผวนของลูกค้าตามเทศกาลถูกกำหนดประเภทของลูกค้าที่แตกต่างกันสิ่งเหล่านี้ส่งผลต่อ ความคาดหวังและความต้องการที่แตกต่างกัน ดังนั้นจึงนำไปสู่ความผันผวนของการมาใช้บริการ จากการศึกษาพบว่าเทศกาลขอดนิยมซึ่งเป็นช่วงเวลาที่ดึงคูดนักท่องเที่ยวจำนวนมากเดินทางมายัง จังหวัดภูเก็ตเริ่มต้นตั้งแต่เดือนธันวาคมเป็นต้นไปผู้ประกอบการธุรกิจการบริการจำเป็นต้องเตรียม ความพร้อมรับมือกับความต้องการสินค้าและบริการที่มากขึ้นรวมทั้งการให้บริการที่มีคุณภาพดี ยิ่งขึ้น

ผลมาจากความผันผวนของปริมาณลูกค้าและความต้องการบริโภค ภาคธุรกิจ ร้านอาหารนำไปสู่ความต้องการที่แตกต่างกันในแต่ละช่วงเวลา ผุ้ประกอบการต้องเผชิญกับการ สูญเสียขอดขาย และคุณภาพการบริการของพนักงานที่ไม่คงที่ ซึ่งสิ่งเหล่านี้ส่งผลต่อชื่อเสียงความ เสียหายต่อธุรกิจ การดำเนินกิจการที่คาดการณ์ผลกระทบไม่ได้ และประสบปัญหาด้านรายได้ ประเด็นเหล่านี้มีความสำคัญยิ่งขึ้นต่ออุตสาหกรรมการบริการดังนั้นความผู้ประกอบการจำเป็น อย่างยิ่งในการทำความเข้าใจรูปแบบความผันผวนของลุกค้าและเรียนรู้ผลกระทบ เพื่อสามารถ บริหารกิจการร้านอาหารได้อย่างมีประสิทธิภาพ

ในการศึกษาครั้งนี้นักวิจัยได้ทำการสำรวจรูปแบบผลกระทบและกลยุทธ์การ จัดการความผันผวนของความต้องการของลูกค้าต่อร้านอาหารประเภทหรูหราในจังหวัดภูเก็ต รูปแบบการวิจัยใช้วิธีการเก็บข้อมูลเชิงคุณภาพซึ่งมีการสัมภาษณ์เชิงลึกกับผู้ประการร้านอาหาร และ ผู้จัดการร้านอาหารจำนวนทั้งสิ้น19 คน

ผลการศึกษาพบว่ารูปแบบของความผันผวนและความต้องการของลูกค้าระหว่าง ร้านอาหารที่ตั้งอยู่ในตัวเมืองภูเก็ตและร้านอาหารบริเวณชายหาดแตกต่างกันไม่มาก แต่ผล การศึกษาสะท้อนถึงประเภทลูกค้าที่แตกต่างกันในแต่ละสถานที่ได้แก่ลูกค้าที่เป็นคนพื้นที่จังหวัด ภูเก็ตและลูกค้าที่นักท่องเที่ยวชาวต่างชาติ นอกจากนี้ความผันผวนของปริมาณลูกค้ายังส่งผล กระทบต่อธุรกิจร้านอาหารในเรื่องของต้นทุนการคำเนินธุรกิจงาน นับเป็นประเด็นสำคัญเมื่อ รายได้ลดลง รวมถึงความตระหนักในการใช้วัตถุดิบและความไม่สม่ำเสมอของการให้บริการของ พนักงาน ดังนั้นจึงจำเป็นอย่างยิ่งที่ผู้ประกอบการณ์ต้องเตรียมกลยุทธ์การจัดการรับมือความผัน ผวนของความต้องการของลูกค้า เพื่อรักษารายได้ระยะยาวและความพึงพอใจของลูกค้า อย่างไรก็ ตามร้านอาหารหรูหราในจังหวัดภูเก็ตทั้งสองสถานที่ให้ความเห็นที่ตรงกันว่า พวกเขาใช้กลยุทธ์ เปิดทำการและให้บริการตลอดปี แม้ในช่วงเทศกาลที่มีลูกค้าน้อย รวมทั้งคำเนินกิจการด้วยการปรับ กลยุทธ์ต่าง ๆ ที่มีประสิทธิภาพและเหมาะสม เพื่อแก้ปัญหาความผันผวนของลูกค้าในแต่ละ ช่วงเวลารวมทั้งเพิ่มยอดขายเช่นกัน

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Management Strategies: A Case Study in Fine Dining Restaurants in Phuket

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#### **Abstract**

It is widely accepted that demand fluctuation has strong impacts on the management of restaurant operations. Hospitality industry in Phuket must be characterized by seasonality, which is a major role in establish customer character. Seasonality can have divided to low season, green season, and high or peak season. Those cycles time will be effect to different expectation and demands. Thus, it leads to the variation in customer arrival. The peak seasonality (normally start from December) attracts numerous of tourist to the destination. Then the service providers have to prepare high tourist demand and also good qualified service. As a result of demand variation, restaurant sector also faced with loss of sales, service quality deterioration leading to damaged reputation, unpredictable business performance and consequently cash flow problems. These issues have become increasingly significant and thus understanding the nature and impacts of demand fluctuation is essential to the management of restaurant business operations.

In this study, the researchers empirically investigated patterns, impacts, and management strategies of demand fluctuation specifically on standalone fine dining restaurants in Phuket, Thailand. The study employed a qualitative method involving 19 in-depth interviews.

The key results showed that patterns of demand fluctuation were slightly different between the restaurants located in Phuket Town and those located in beach front areas, but this reflects the different types of clients namely the locals and tourists. Furthermore, demand fluctuation lead to different impacts on business. The operation cost became a major issue when the revenue dropped; follow by the awareness of raw material usage and the inconsistency in service delivery patterns. Therefore, it needed for demand fluctuation management strategies to recover the instability of income.

However, restaurants in both locations commonly remained open for business during periods of low customers and attempt to smooth the operation with intelligent enhancement strategies

**Key words**: Demand fluctuation, Peak demand, Off-peak demand, Demand Pattern, Demand Impact, Management Strategies, Fine dining restaurant

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# Chapter 1

### Introduction

This chapter provides the background of research. The main contents include restaurant industry overview background, research statement, research objectives, and scope of the study.

# 1.1 Restaurant Industry Background

The National Restaurant Association (2017) forecasts that restaurant industry worldwide grew up to \$798.7 billion in 2017 which increased to four percent from previous year (\$766 billion in 2016). Furthermore, the inflation of world economic in 2017 revealed that restaurant-industry sales touched 1.7 percent which gained over 0.2 percent in 2017. It was up slightly from the 1.5 percentas a result of a driven of strong economic and more demand of customer (restaurant industry forecast, 2017) (see figure 1.1)

**RESTAURANT INDUSTRY SALES (\$B)** 2017 Industry Sales Projection \$798.7 Commercial Restaurant Services \$736.3 Eating Places \$551.7 \$586.7 Bars and Taverns Managed Services \$379.0 Lodging Places \$36.1 \$239.3 Retail, Vending, Recreation, Mobile \$75.2 Noncommercial Restaurant Services \$59.7 **Military Restaurant Services** \$2.7

Figure 1.1 Restaurant Industry Sale

Source: Restaurant industry forecast,(2017)

The restaurants sectors in Thailand grew continuously as a result of Thai increasing spending toward dining out. According to The Office of National Economic and Social Development Board, the statistic showed that Thailand' hotels and restaurants sectors expanded increasingly by 15.1 percent in the third quarter of 2013, 14.2% greater than the previous quarter. As November 30, 2013, there are 8,450 restaurants have registered with the Ministry of Commerce. It can generate sales reach to total US \$4.7 billion in 2013 which is up to 23% higher

than previous year (USDA Foreign Agricultural service, 2013; The Office of National Economic and Social Development Board, 2013).

#### 1.2 The growth and trend of fine dining restaurant industry in Thailand

The statistic of Euro monitor and USDA Foreign Agricultural service in 2012 reveals that high- end restaurant or fine dining restaurant grown highest compare with other restaurant sector. The grand total market value is more than \$500 million (see figure 1.2). Thus, fine dining restaurant sector is gaining approximately 10 percent of the restaurant segment. The popular international fine dining restaurants base on customer preference in Thailand is Japanese follow by Italian, Chinese, American, and Vietnamese. Consequently, Euromonitor international (2014) reveal that market value and growth of food industry from 2008-2012 increased up to 65.8% for fine dining restaurant

Figure 1.2 Sale in Full- service restaurant (2010-2015)

Full-Service Restaurants	2010	2011	2012	2013	2014	2015
Chained Full-Service Restaurants	1,334.20	1,492.30	1,631.20	1,853.30	1,830.80	1,801.70
Independent Full-Service Restaurants	3,335.40	3,325.00	3,243.40	3,303.30	3,209.70	3,134.30
Total	4,669.60	4,817,40	4,874.60	5,156.70	5,040.50	4,936.00

Trend of dining out in Thailand is popular more and more. Thai people change habits of cook meals at home decreased and dining out to the restaurants more frequently. As an increasing daily minimum wage of income, Thai people have more purchasing power to eat out at the restaurants. Moreover, upper and middle-income Thai people trend to spend more expenditure for dining out during special occasion i.e. holidays. The consumption of imported product is also increasing in the period of New Year, Christmas, Chinese New Year, and the Thai New Year (USDA Foreign Agricultural service, 2013; Agriculture and Agri-Food Canada, 2012).

Regarding to Thai people's eating habits nowadays; the consumption is trending increase to healthier and organic food. Moreover, more Thais travel abroad and receive the foreign international food. Then it affects to extend of international food service in Thailand. For

instants, Japanese food such as ramen, Japanese buffet style restaurants is becoming popular for Thai middle income people and Thai teenagers. Additionally, this type of restaurant generates high growth sale among international food sector. Moreover, the new trend continuously changes more and more. Many international restaurants adapt and diversify Thai local flavor to their product. So, the changing of food purchase and consumption has more impact Thai people to spending time to eat out more than previously. The survey under Nielsen research in 2017 reveals that 70 percent of Thais spend the time for eating out at least one time per week.

Traditionally, Thai urban people must dine out more than Thai provincial people. The reason was they prefers to cook by themselves on daily life. Nowadays, trend of food delivery and take away is more popular because of same quality and convenience especially for working people. The high growth of dining out habit is increasing among younger Thais as well as Thai working people. Then it affects to the competition of restaurants industry in order to respond the potential target segment. Furthermore, price, quality of food, value of money, diversity of food, service delivery, and location of restaurant, new arrival product development, promotion and advertising also is the keys factor to gain competitive advantage from other competitors because it will be the sale point to attract more customers. The restaurant need to implement and develop the food quality, atmosphere, and verify menu selection adapted to new trend. In addition, social media is the important tool to promote the product (USDA, 2013). The market opportunities for restaurant industry from USDA research 2013 as below;

- A few years ago, Thai urban people rather receive the influence of brand conscious. Their lifestyle behavior changes from shopping outdoor local market to indoor air-con department store where provide more convenient and more luxury.
- Increasing of hospitality industry is the opportunity of high growth of restaurant
  - Thai lifestyle is changing to dine out frequently
- The daily minimum wage for Thai people is increasing, so it is more disposable for Thai people spending money for restaurant
- Middle-income people and rich people in Thailand trend to spend much money for dining out especially their vacation and holidaysi.e. New Year festival, Christmas, Thai New Year's.

- Thai people believe that import product (food and beverage) is more quality and consistent product i.e. import meat, frozen product, dried product, fruits, sauce, wines, etc.
- Thailand is the attractive investment country for foreign restaurant especially tourist attraction province.

# 1.3 Current tourist spending situation toward restaurant sector in Phuket

The statistic of tourist arrival in Phuket 2017, reveals that top five spending money among Russian tourist are accommodation expense (34%), retail expense (23%), food and beverage expense (22%), excursion expense (10%) and spa expense (10%) respectively (Department of Thailand tourism (2016); C9 Hotelworks Market research, 2017). Furthermore, the large percentage tourist rating local food experience is higher than beach experience research of Phuket Tourist Experience Index Project under of Faculty of Hospitality and Tourism (2016). Food and beverage consumption among tourist is 8% higher from 2012 (Department of Tourism, Thailand and C9 Hotelworks Market research, 2012). According to those statistic, food and beverage is ranked in the third of total top spending, it means that the restaurant sectors are also the significant driven part of the tourism and hospitality industries (Smith, 1983).

Referring to the numerous percentage of tourist arrivals in Thailand and higher food spending among tourist, Thai government continuously supports construction of the new community shopping mall where are value venues for global food chains and high- end restaurants. (USDA foreign Agriculture Service,2016). Then restaurant is the integral experience of tourist visit. It is becoming interesting in both domestic and foreign tourists to taste or perceive the local and authentic food which is different cuisine from their country

The department of tourism; Government of India, 2013 stated that restaurant provider has to produce the standardized world class service to all tourists. Consequently, the study of Symons (1999) quoted "Restaurant meals can contribute to a tourist's experience through connection to the host culture. Similarly, for many tourists, the experiences and subsequent memories associated with restaurants can be an important component of satisfaction assessments of a destination". Also research of Sparks, Bowen and Klag within CRC for Sustainable tourism Pty Ltd (2014) showed that the potential customer from the

'Affluent Market' will return to a holiday destination as a result of their positive restaurant experiences. Thus, restaurant is influential impact among tourists.

Moreover, a research of satisfaction of tourist arrival in Phuket showed that the top three satisfactions in Phuket are beach/natural beauty/climate (63%), food (52%), and local hospitality (43%)(Tourism Authority in Thailand, 2001). As a result of food ranked the second satisfaction of tourist, the restaurant sectors are highly competitive more than the previous. The restaurants should develop and maintain the service standard and the stability of service quality to meet the customer satisfaction (Arisara, 2007). Furthermore, the research of Mossberg (2004) and Wu (2009) proposed that the restaurant's entrepreneur or restaurant's manager need to study the customer need. Particularly, the customer's willingness to pay is not only the physiological needs (food and beverage), the social needs or intellectual needs i.e. service, restaurant decoration, famous name are also significant.

#### 1.4 Thesis statement

Hospitality industry is characterized by seasonality, which is a major role in establish customer character. Seasonality can divide to low season, green season, and high or peak season. Those cycles time will be effect to different expectation and demands. Thus, it leads to the variation in customer arrival. The peak seasonality (normally start from December) attracts numerous of tourist to the destination. Then the service providers have to prepare high tourist demand and also good qualified service (Wawira, 2016). Regarding to the statistic of Phuket Airport immigration and C9 hotelworks Market research (2017), it revealed that total inbound passenger to Phuket in 2016 is 7,549,346 passengers which is 46% from domestic tourist and 54% international tourist. The tourist arrival time frame is quite fluctuated and relies on peak seasonality. May and June is lowest tourist arriving of the year and peak month of the year which affects more passengers arriving is December.

These cycles of demand (peak and off-peak) fluctuations may lead to slow or lost sales, unpredictable performance, and cash flow problems which becomes the major obstacles for hospitality operation (Shields and Shelleman, 2013). During off –peak period, The fluctuation of demand lead to trouble of the operation in term of over-capacity, the non-utilization of equipment, reduction of employment and the low investment in this period(Pegg et al, 2012). Several

important strategies are adapted and applied to maintain the stability of restaurant during slack period, for example, capacity management, quality management, and resource productivity or efficiency management that are the main practices of operations management in services (Armistead and Clark, 1994). In addition, during the peak period, it is quite difficult to maintain service quality and fulfill customer satisfaction. Therefore, the entrepreneur needs to set up the positive impression for customer to keep a long term relationship. Another big problem is the lower revenue during slack period. The restaurant gets the high revenue during the peak period. To generate the balance of cost and revenue of peak and slack period is difficult (Jang, 2004).

Demand fluctuation is the important issue for restaurant industry partially during breakfast, lunch, and dinner hours to the rest of the day (Kandampully, 2000). Managing restaurant daily's operation has to consider the demand fluctuation (Hu et al, 2004). Well planning capacity management isnecessary to handle with the demand fluctuation. Lovelock (1992) defines the definition of capacity of a service industry is "the highest quantity of output possible in a given time period with a predefined level of staffing, facilities, and equipment". Stadtler (2005) support "capacity planning research focuses on how best to match supply with demand but tend to concentrate more on developing supply levels that meet demand at a minimum cost". If the capacity cannot match the variation of demand when the arrival rate is highly (i.e. lunch time rush), the entrepreneur need to install fixed capacity and need employees work more shift length but they cannot. This situation leads to low capacity at the peak arrival time which turns to be long delay and unsatisfied to customer. Moreover, if the service delivery is not critical to customer when compared with other service provider, it create the negative perceive for customer. As the service is intangible, it cannot inventory for the peak period (Stadtler, 2005). Therefore, the period of high demand as peak season need more quick turn over table as much as possible to support more customer next coming, whereas during low demand or less customer, the key focus has to getting existing diners to spend as much as possible. For example, additional bottles of wine, coffee, dessert, etc. (Areni, 2009)

In general time, the entrepreneur can reduce the capacity in the period of low season and increase capacity in the period of peak season (Writz and Lee, 1998). However, managing the restaurant's capacity to match the demand has been touted as one of the key problem of marketing and management practice (Writz and Lee, 1998). Moreover, the research of

Writz and lee (1998) and Ng et al, (1999) agreed that "Not every service can fit the capacity to their demand because services can rarely achieve consistent utilization of their capacity unless they operate through appointments". When demand is over-full than firm's capacity, the service provider cannot accommodate all of its customers. It may lead to lose or decrease revenue. Moreover, the customer will be dissatisfied in services (Shemwell and Cronin, 1994 and Zeithaml et al., 1985). Generally, if possible, the entrepreneur needs to manage the service capacity to meet the maximal or optimal utilization in every time (Wirtz and Lee, 1998). To measure the efficiency of service is difficult in service industry especially in restaurants (Muller, 1999).

# 1.5 The objectives of study

- To examine the patterns of demand fluctuationin fine dining restaurants in Phuket.
- To examine the impacts of demand fluctuation in fine dining restaurants in Phuket.
- 3. To examine the management strategies implementation for demand fluctuation in fine dining restaurants in Phuket.

#### 1.6 Significant of Study

The exploratory research attempts to look into depth aspect of demand fluctuation in fine dining restaurant industry. There are many previous publishing studies of demand capacity and fluctuation in service business especially in restaurants (Corstenand Stuhalmann, 1998; Pullman and Rodger, 2010; Shugan, 1996; Kandumpully, 2000; Irene et al, 1998, Armistead and Clark, 1991), but there are very little researcheshave been done particular in fine dining restaurant industry. Especially, restaurants in Phuket are the one of main driven in tourism industry (Smith, 1983). Moreover, the case of fine dining restaurants is interesting as the upscale restaurants. This type of restaurant provides the exclusive experience to the customer in term of exclusive menu, customer service, and atmosphere(Lorri, 2011). Thus, the operation needs to manage carefully during peak and off-peak period because of high cost of investment. The research aims to provide the demand patterns, impacts and strategic managements utilizing specific in fine dining restaurants. Therefore, this research might be beneficial and guideline for

the entrepreneurs, managers, or stakeholders in restaurant industry to handle with the demand fluctuation which repeat frequency and make any impacts directly to restaurants.

## 1.7 Scope of study

This research has conduct into depth detail of patterns of demand fluctuation, impacts of demand fluctuation, and management strategies handling for demand fluctuation in fine dining restaurants in Phuket, Thailand. The researcher is specific the scope of the study only the standalone restaurant. A standalone restaurant or independent restaurant can define asindividual free-standing management, sale and marketing, and own operational system(Yun, 1995; Jalis et al, 2012). Moreover, the restaurant operation involve day to day by owner and has little relationship with other properties (Ball & Robert, 2003). The researcher does not focus on the hotel restaurant or chain restaurant becauseit totally different in term of location as well as internal connection of hotel management which support each other. It owned by company and marketed on cooperate basis (Ball & Robert, 2003). The specific or fix location of restaurant and cost structure is different between standalone restaurant and hotel restaurant. Basically, hotel's food and beverage income will rely on hotel occupancy due to the package will include breakfast and also minibar expense (Bakker, 2006; khowala, 2013)

# 1.8 Scope of geography

The restaurants will be stratified random from location in Phuket, Thailand. The locations in Phuket can be divided into 3 parts; Phuket town, Patong/Kalim,and Phuket Mid Island,

#### 1.9 Scope of demography

This research concentrates the population into fine dinging restaurant's managers and entrepreneurs who are responsible directly for restaurant management.

# 1.10 Definition of key term

#### 1.10.1 Fine dining restaurant

Fine dining restaurant can definite as "The first class restaurant is more upscale from other restaurants where customer is over expectation of quality of food, service delivery, and ambience" (Harrington et al, 2011; Arora & singer, 2016, Eliwa 2006). Fine dining is a type of restaurant that offers expensive cuisine and beverages such as wine, elegant service. The table turnover is usually only once an evening (Dharmawirya et al, 2012). In addition, fine dining restaurants are full-service restaurant with using the art of preparing fine meals and requiring great attention to detail. The restaurant market segment takes its function as a luxury place to have dinner. This operation seeks to attract customer with high-income who desires to test the finest food from the executive chef (Lorri, 2011; Harrington et al, 2011). The restaurants are generally more sophisticated decoration and ambiance. The price is rather expensive. The service encounters will be trained to be high performance and often wear more formal entire (Trend in Fine dining, 2011a, p.102 and Volha, 2012). Andersson & Mossberg (2004) who states the identity of fine dining restaurant "meals consist of much more than the food to be eaten". This type of restaurant is more advance form normal restaurants. The customersare willing to pay for high qualified food, good ambient with nice interior and high service quality. There are 3 main focus of fine dining restaurant: the menu, service and atmosphere as following (Lorri, 2011)

# Fine dining Menu

Most of people choose fine dining restaurant for special occasion. Therefore, the cuisine must have high quality and well preparation. The qualified food is the key factor attribution of fine dining restaurant where will be different form general restaurants (restaurant Rx consulting, 2010). Many fine dining restaurants change menu to be interesting and adapt to seasonal. Moreover, fine dining wine and liquor selections will be high premium especially wine. The restaurant should have the wine cellar room for controlling the quality of wine.

#### Fine dining customer service

Fine dining restaurants provide the customer service more attentive than casual dining. Customer service goes beyond than taking order and delivery food. Superior service and how one is treated are integral to a positive fine dining experience because fine dining

consumer have high expectation for service quality (Restaurant Rxconsulting, 2010). The service encounters have to escort patron to the table, holding the chair for woman, escort customer to restroom, crumbing the table in between course, replacing napkins if a customer leave the table, explaining menu and serving food delivery on the plate at the table. Every service encounters have to be trained the manner. They have to pay attention in every detail. The staff costume will be more formal (Cognizant, 2009)

Fine dining atmosphere

Fine dining restaurants set the well decoration and atmosphere to establish first impression of customer. Any kind of decoration depends on concept of restaurant. Most of restaurants also have the music playing subtly in the background to entertain along with dining.

#### 1.10.2 Demand fluctuation

Udomsawat (2004) definite the demand fluctuation as the arrival demand pattern which is much more complicated, instable and occur multilevel of demand. Consequently, Matia and Yamanzaki (2005) suggested that demand fluctuation in the meaning of financial market refers to the imbalance of buyer and seller which is not matching in assembly line. Moreover, Kandampully (2002) and Kims (1989) support demand fluctuation in hospitality and tourism industry are produced from seasonality, product availability, price war. Also, demand will vary by season of the year, by day of the month, and by time of the week

# 1.10.3 Overfull demand or Peak demand

Overfull demand or Peak demand can refer as the desire of product or service which greater than business capacity. The customer interested in higher purchase level more than particular time. It was the reason of attractive market (Bowie, 2016).

# 1.10.4 Slack demand or low demand

Slack demand or low demand in hospitality and tourism industry definite as the time series are sufficiently level of low desirable of product and service. The product and service is existing and business has a plenty of manpower, but no interested from potential consumer (Bowie, 2016).

# Chapter 2

# **Literature Reviews**

This section provides previous literature review in the area of pattern of demand fluctuation, impacts of demand fluctuation, and management strategies implementation for demand fluctuation which related to hospitality and tourism management.

# 2.1 Categories of demand

The customer demand is saturate and vary, thus the entrepreneur and manager need to acknowledge the nature of demand. The research under Bowie et al, (2016) categorized demand into seven types and also provided the marketing in each level. First is Negative demand which occur when the customer rejects and dislike the current service and product. The marketer has to encourage the customer knowing the benefit and advantage of service and product. This demand level has a large gap of customer desire. Second is No demand. It needs to produce the demand by creating the awareness of product or trying to educate customer to try. Third is Latent demand. It means that this level is existing. The managers need to develop the service and product matching with customer need. Forth is Falling demand which happens when the current product and service becoming lose appearance in the market. The revitalize demand is required in order to find out why customer less satisfy with product. Fifth is Irregular demand which is widespread in short time. It may affect from seasonality. So the manager is essential to synchronize demand of low and high seasonal. Sixth is Full demand which stand for the operation can handle the actual demand with business capacity. This status is rarely occurring because it will be the competitors attract the same market. The marketer has to maintain the demand as long as they can. The last one is Overfull demand which can refer as too much demand which over capacity. The manager responses to reduce the demand by increasing price or manage the booking. If the overfull demand stays long term, it needs to implement the solution by extent the area, table, seat capacity (see table 2.1)

Table 2.1 Categories of demand

Categories of customer demand	Task of manager
1.Negative demand	Encourage demand
2. No demand	Create demand
3.Latent demand	Develop demand
4.Falling demand	Revitalize demand
5. Irregular demand	Synchronize demand
5. Full demand	Maintain demand
7 Overfull demand	Reduce demand

Source: Bowieet al, (2016) adapted from Philip Kotler, (2003)

# 2.2 Importance of demand forecast

Demand patterns are necessary to learn for service business. The managers should study the demand variation for improving their service providing. Moreover, studying the historical demand may help to acknowledge the demand patterns. Therefore, historic demand data can forecast the future consumption. The productive data collection should be taking from the stable situation. The current demand must relate to past resembling or closer (Sekhri et al, 2006). Furthermore, previous customer purchasing behavior is important to acknowledge the future consume and favorable purchase (Larivière et al, 2005). The survey under AspenTech (2013) support that the accurate customer demand forecast can remain the service level consequently productive asset management. Yan and Woo (2014) agreed that forecast demand can help manager to analyze the segment and demand level in that moment. Moreover, the demand is variation for hospitality industry. The service provider need to understand and well preparing for the fluctuation. If the pattern seems to be seasonal cycle but different time, it is unable to confirm the previous forecast. However, it is necessary to record the different transection in order to plan the operation carefully.

#### 2.3 Pattern of demand

The research of Cooper (2004) gave the definition of demand as "a schedule of the amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time". Moreover, the research under Frechtling (2012) added up that hospitality industry can measure demand in several varieties i.e. arrivals, nights, day, distance, seat occupied, etc. Then, the outstanding demand patterns can be categorized into two patterns. There are predictable demand patterns and unpredictable patternsas following.

# Predictable demand pattern (Cyclic or seasonality)

The predictable demand pattern can definite as the cycle of reoccurrence of customer demand. This pattern stays repeating over the time as system. However, it naturally swings upward and downward shortly in time frame (notably in yearly). This demand can call as stationary demand (Watson, 1987)

This pattern refers to demand levels which can predict before. This situation used to repeat again and again (i.e. daily variation by hour, weekly variation by day, monthly variation by month, yearly variation by months or seasonality or festivals). Cyclic patterns are in daily, weekly, monthly, and yearly/ festival (i.e. New Year, Christmas, etc.). It depends on the variation of demand (Hyndman, 2011). Basically, restaurants provide breakfast from 5 am to 9 am, lunch from 11:30 am until 1:30 pm and dinner from 5 pm until 9 pm (CFOBusiness, 2013). Generally, Friday and Saturday are the busiest days of the week and the peak hours of restaurants in each day will be usually noon to 2 p.m. for lunch, and 6:30 to 9:30 p.m. for dinner (Pumphrey and Clint, 2010; Mathias at el, 2012). The restaurants are very busy on weekend lunches and dinners and low demand on weekdays before noon, between 2 p.m. and 5 p.m., and after 8 p.m. on Sundays to Thursdays. The restaurant had 11 high demand hours per week for example, Friday, 5 p.m. to 9 p.m.; Saturday, noon to 2 p.m. and 5 p.m. to 8p.m; and Sunday from 1 p.m. to 2 p.m. suggested by Kimes at el, 2004. Furthermore, the research from the National Restaurant Association (NRA) reveals that Mother's Day is the top holiday which people dining out at restaurant follow by Valentine's Day, Father's Day, New Year's Eve and Easter's day. It means that holidays are the key element of variation of restaurant demand (Smith, 2014).

## **Unpredictable Demand Fluctuation**

Unpredictable demand or Random demand occurs randomly and cannot predict in advance (Ryan, 2003). This is not apparent as predictable cycle. This pattern is unclear forecast and uncertain happen in data collectionand consequently difficult to measure it. For example, the demand is increasing due to the main competitor close down the business, natural disaster, flooding, and other natural hazard events, economic impact, crisis, etc. (Alesch et al, 2001; Nelwamondo, 2010)

The research undertaken by Yan and Woo (2004) revealed that the certain demand pattern will not forever. In the real life, when the new product launching to the market, previously no demand history record. The demand is unacknowledged in the beginning. After that if the product can reach the market desire and maturity of cyclic life, this demand will turn to stationary demand which rather stable reoccurrence. If it is seasonal pattern i.e. festival, peak season, climate, the demand will change to cyclic predictable pattern

The demand pattern will differentiate due to the variation of seasonality; the customer consumes or desire in different time. Because they have the limitation of work life, personal reason, cultural time line, social requirement, thus it leads to unstable demand of service and product in different period. Regarding to inflation, trendy, recession, competitive advantage, innovative technology, they might affect the volume of demand which curve can reach the highest peak. The service provider is hardly smoothening the business capacity and service productivity to match the current demand.

Therefore, it will create the gap between business competency and customer demand. The problem is the limitation of service productivity which cannot extend to support maximum demand. Consequently, service quality is inconsistency. Therefore, it is important to understand the demand pattern for service provider(Kapoor et al, 2011).

Han (2013) conducted the study of customer demand variation in the restaurant. This study showed that the main factors which affect to demand variation in restaurant are the type of restaurant i.e. chain or independent restaurant, variety of menu i.e. creativity, good quality of food, frequency of dining out (depend on price change), meal expenses i.e. promotion, happy hour, and location of restaurant.

# 2.4 Impacts and implication of demand fluctuation

In tourism and hospitality industries, the demand fluctuation which leaded by seasonality is a major problem effect into both the supply-side i.e. entrepreneurs, employees, suppliers and the demand – side i.e. customer arrivals, tourists (Lee et al, 2008). On the supply – side, the seasonality lead to the problems on decreased returns on investment, costs in operation i.e. marketing, non-utilization of resources, and employment (Nadal, 2007; Baum and Lundtrop, 1999). On the demand-side, the seasonality gives impacts toward the customer arrival in terms of increasing cost spreading and crowded difficult to obtain quality and satisfaction during peak period. A summary of impacts in both of supply and demand side can classify into 3 impact; cost, facility, and employment (see in table 2.2 and 2.3.)

**2.4.1Cost**: Demand fluctuation gives the impacts with the problem during off-peak period (Cannas, 2010). The impacts affect to the investment of the business as a result of short duration and high profitability of return on investment during peak period. The restaurants can generate high profit with the limited time(Adler and Alder, 2003; Duval, 2004)

**2.4.2Resources**: Demand fluctuation lead to the high risk of over or under the utilization of resource and service quality. When the demand is higher than business's capacity, the business might lose the opportunity to support more demanding of customer. The service quality might go down. On the other hand, if the demand is less than business's capacity, the business might lose revenue due to waste resources (Kandampully, 2000) (see in figure 2.1)

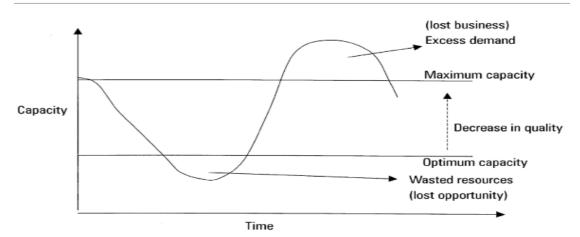


Figure 2.1 Impact of demand fluctuation while capacity is instable

Source: Kandampully, 2000

2.4.3 Employment: Demand fluctuation has influence to labor market concerning to quality of employment, skill of employees, sustainable employment and potential employees (Nadal et al, 2004; Baum and Lundtrop, 1999; Karkover, 1998, Pizam, 1982). Demand fluctuation also provides the problem for entrepreneurs and managers to be difficult for retention the full- time staff (Pegg et al, 2012 and Butler, 1994,). The current research in many businesses suggests that the satisfied work environment lead to high retention of employees, however, they also have another factorswhy the turnover rate is higher during seasonal or more demanding of customer(Reynolds et al, 2004; Ismert et al, 2004). On the other hand, seasonality is the good chance for temporary jobs to local people (i.e. students, part-time employee) to gain extra money during peak period (Cannas, 2010).

Table 2.2 Impact and implication of seasonality of supply side

Classical impact	Impact	Type of impact
Costs	-Increase price during peak season	Cost
	-Budget management/cash flow	Cost
	-instability in income/return on investment	Cost
	-peak-season income must cover annual fixed cost	Cost
	-cost of seasonal recruiting	Cost
Resources	-The under – or over- utilization of resource	Cost
	-Perishability of product- not able to stockpile the product or	Cost
	service	
Employment	Sporadic demand for labor inhibits the recruitment	
	process:	
	-shortage of seasonal workers led to seeking workers	Cost
	beyond local area	
	-high recruitment costs reduce remuneration worker	Cost
	Sporadic demand for labor affects the retention and	
	development of employee results in:	
	-loss of skill and experience	Cost
	-lack of training and career opportunities	Cost
	-Service quality inconsistency and reduced customer	Cost
	satisfaction	
	-lack of commitment by workers	Cost
	-Seasonal work provides need casual and part time work to	Benefit
	locals	

Source: Lee et al, 2008

Table 2.3 Impacts and implication of seasonality of demand side

Classical impact	Impact	Type of impact
Costs	-High price- cost spreading during peak	Cost
	period	Cost
	-Crowded (hard to obtain quality and	
	satisfaction)	

Source: Adapted from Lee et al, 2008

#### 2.5 Management strategies for demand fluctuation

Demand fluctuation cannot be controlled and eliminated. Therefore, there are the several ways to overcome the peak and off- peaks period (Mcennif, 1992). The entrepreneurs or managers have to implement strategies to cope with any negatives impacts from seasonality. The recent research suggested that the strategies should be concerned from several factors i.e. facilities, employment, costs, and environment. Jogaratnam et al,(2006)and Olsen (1999) agreed that the successful management have to develop the effective strategies to enhance and adapt the new changing globalization in order to connect, touch the target, combine with, or venture the environmental opportunities.

According to the research of Dechter (2013), the investigation of demand smoothing reveals that most service providers make an effort to increase the demand during low purchase and decrease the demand during peak purchase. Price adjustment is implemented for controlling demand. Moreover, the managers try to influence the customer changing the timing of using service will be applied for smoothen demand for examples, different price and promotions, schedule the demand by reservation.

These strategies can be categorized into appropriate situations and the best-fit strategies should be implemented base on the dimensions of supply side dynamics (Geztzand Nilsson, 2004; Lee et al, 2008).

According to peak management by Ronen et al, 2001, the entrepreneurs and managers should identify their firm's condition based on preparedness; prepared or unprepared to cope with the demand fluctuation (peak and off- peak). The prepared firm will set the policy and procedure for peak and off-peak situation in order to stock inventories in pre- peak situation or immediately increase capacity during peak time. They suggest that peak management are classified into four categories (see in table 2.4)

• Classical peak management: Utilization with the prepared firm when the entrepreneurs or managers have predicted the peak occurrence i.e. rush hour food. To handle this condition can set the two performance measure. There are one for peak performance and one for off-peak performance.

- Rapid response: Occurs when the firms have to handle with peak situation which is unpredictable and less than practical coping. The tools for solving this situation are creation of reserve resources and quick to respond to carry on the costs.
- Unexpected festival: This situation occurs when the peak is predicted but the firm is unprepared. For example, during the holiday seasons, the inventories are occasionally running out. This situation should transfer to classical peak management. There is no reason for firm to unprepared for a predictable peak.
- Opportunity/ crisis management: This situation occurs when unpredictable conditions. It can be your business opportunity or your threat i.e. your competitors' bankruptcy, disable production or services promptly. The firm cannot predict every situation. The appropriate ways to handle can be rapid outsourcing, robust, quick decision making, and make alliance with rivals or partners.

Table 2.4 Peak classification

		Peak Occurrence		
Peak classification		Expected	Unexpected	
Firm's	Prepared	Classical Peak Management	Rapid Response	
condition	Unprepared	Unexpected Festival	Opportunity/ Crisis	
			management	

Source: Ronen et al, 2001

Regarding to Shemwell and Cronin (1994), they suggested the management strategies for handling with the imbalance of supply and demand into two situations: predictable situation and unpredictable situation. For predictable situation, the entrepreneur can utilize the strategies into two categories: 1. strategies for changing supply to fit demand (see in table 2.5), 2. strategies for changing demand to fit supply (see in table 2.6). For the unpredictable situation, they proposed the intelligence enhancement strategies and risk reduction (see in table 2.7).

Table 2.5 Strategies to change supply to fit demand

	Slack demand/ over supply	
Overfull demand / slack supply		
1.Hire temporary workers	1.Perform non-vital tasks when demand is slack	
2.Rent extra equipment	2.Use slow period for training and practice	
3.Build temporary addition	3.Implement differential scheduling	
4.Increase staff	4.Lay off employee	
5.keep employee overtime	5.Take on subcontract jobs	
6.Turn away customer	6.Rent equipment, warehouse space, or even office space	
7. Take care of regular customer only	7.Donate work to charity	
8. Subcontract work to other firms		

Source: Donald et al, 1994

Table 2.6 Strategies to change demand to fit supply

Overfull demand/ Slack supply	slack demand/Over supply		
1.Educate customers to curtail usage	1.Seek greater market penetration by calling on customers		
during peak period			
2.Charge a premium for use during	2.Position service offering differently during off-peak		
period of excess usage	period		
3.Reinforce waiting	3.Offer different service		
	4.Increase advertising during period of capacity		
	underutilization		
	5.Proffer special discounts, good only during off-peak period		
	6.Lower the price during off-peak period		
	7. Pursue, selectively, segments that are not time constrained		
	8.Initial selective marketing programs aimed at group of		
	consumer, at business and industry, or at government		
	9.Use temporarily idle employee as walking advertising		
	10.Market service under barter arrangement		

Source: Donald et al, 1994

Table 2.7 Strategies for coping with unpredictable demand fluctuation

Intelligence enhancement	Risk reduction	
1.Inventory demand using a reservation system	1.pay workers on piece rate or commission	
2.Analyze historical trends in demand at the	2.Keep some temporaries or steady extras	
micro level	around on a permanent basis as a buffer	
3.Pre-mark the calendar for special situation that	3.Cross-train employee to relieve task-specific	
have the potential to affect demand and/or supply	bottle necks	
	4.Hire some ultra-flexible part-time worker to	
	attenuate disequilibrium situation	
	5.Use frequent short-term lay offs	
	6.Let work fall behind(i.e. make customer	
	assume the risk)	

Source: Donald J.et al, 1994

A survey undertaken by Getzaand Nilsson (2004) conducted the family business to extreme seasonality in demand. Their proposed the strategies for handling with imbalance of supply and demand. The strategies compose of "coping strategy", "combat strategy", and "capitulating strategy" (see in table 2.8). Coping strategy tries to cope with the impacts of demand fluctuation. Combat strategy tries to change some part of resources for staying opening. Capitulation strategy is the last strategy if one of two strategies hasfail in management by shrinking the size of business, selling, or terminating business.

Table 2.8 Coping, Combat, and Capitulation strategies

Coping	Combating	Capitulation		
-close some part of the year	-stay opening in suffer time	-sell and terminate business		
-refurbishment	-seek other segmentation			
-lay off staff	-value added			
Specific Coping and Combating Actions might be compatible				

Source: (Donald Getza and Per Ake Nilsson, 2004)

Radas and Shugan(1998) pointed out that their research proposed two ways to cope with the imbalance of demand in peak and slack period. The management strategies should be demand shifting and bundling. Demand shifting refers to shift customer, who arrive during the peak period to off period. Demand shifting attempt to smooth demand by shifting some demand from peak period to slack period. A little bit contrast with bundling strategy, attempt to increase demand in peak period by offering customer who buy during peak season with free service during slack period. However, it is greater to make profitability most in peak period. The customer will be insensitive with price. Nicole Koenig-Lewis and Eberhard E. Bischoff (2005) suggested the similar result with Radas and Shugan by transfer demand from peak time to times of low demand and increase demand in slack period by modification and diversification of product. Other factors which attract customer are alternative packaging, presentation, promotion, distribution and pricing strategy as an important driven during slack demand.

When the capacity of service business cannot match the demand fluctuation, it also affects to service quality and productivity performance. Therefore, the service business should establish the strategies to balance that situation. According to Sasser's review (1976) suggested that there are two strategies for controlling capacity: Chase strategy and Level strategy. For "Chase" strategy is appropriate for "maintaining capacity closely in line with effective capacity thereby ensuring maximum efficiency and attainment of service quality level". This strategy tries to control the capacity by transforming the range of resources (see in table 2.9). For "Level" strategy is appropriate for linking yield management which the capacity is limited (see in table 2.10)

Table 2.9 Chase Strategy

# **Chase Strategies**

Altering the number of service providers and/ or the hours worked, often involving the use of part time staff

Sharing capacity between different parts of the service delivery system

Transferring resources typically between back room and front room

Using outside suppliers through subcontracting or leasing to provide resources

Asking customer to provide more resource by the way of self service

Source: Armistread and Clark (1991); Sasser (1976)

Table 2.10 Level strategy

Level strategy		
Price changes		
Advertising and promotion		
Developing off peak demand		
Use of appointment and reservation system		
Making customer queue for the service		

Source: Armistread and Clark (1991); Sasser (1976)

Kandampully (2002) suggested that to manage the demand fluctuation should divide into demand management and capacity management. Then the demand fluctuation needs management strategies to recover both busy (peak) and slack (off-peak) period. Many strategies that describe above from several literature reviews can summarize into four categories (see in table 2.11). There are human resource strategies, alternative strategies, market and product diversification strategies, and marketing and pricing strategies.

Table 2.11 Summary of strategies classification

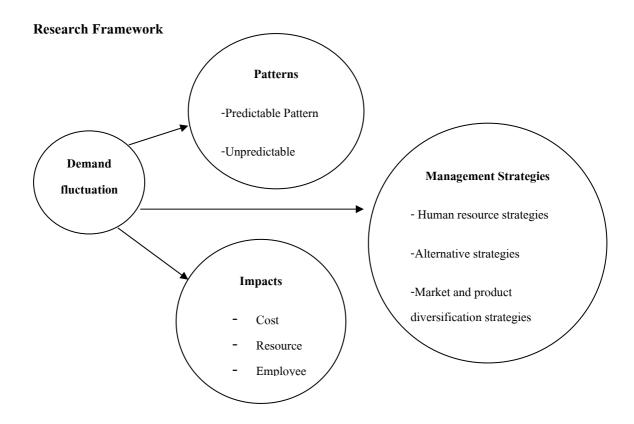
Strategies classification	Lists of specific strategies	Type of period
<b>Human Resource Strategies</b>	Hire temporary workers	Peak
	(Shemwell et al, 1994)	
	recruitment employee	Peak
	(Shemwell et al, 1994)	
	Keep employee over time	Peak
	(Shemwell et al, 1994)	
	Lay off employee	Off-peak
	(Shemwell et al, 1994; Getza and Nilsson, 2004)	
	Training employee	Off-peak
	(Shemwell et al,1994)	
Alternative strategies	Rent extra equipment	Peak
	(Shemwell et al, 1994)	
	Build temporary condition	Peak
	(Shemwell et al, 1994)	

Table 2.11 Continued

Strategies classification	Lists of specific strategies	Type of period
	Turn away customers	Peak
	(Shemwell et al, 1994)	
	Take care of regular customers only	Peak
	(Shemwell et al, 1994)	
	Subcontract work to other partners	Peak
	(Shemwell et al, 1994)	
	Educate customers to curtail usage	Peak
	(Shemwell et al, 1994)	
	Support waiting	Peak
	(Shemwell et al, 1994)	
	Close part or slack period	Off-peak
	(Getza and Nilsson, 2004)	
	Stay open all year	Off-peak
	(Getza and Nilsson, 2004)	
	Market service under arrangement	Off-peak
	(Armistread and Clark ,1991; Sasser, 1976)	
	Sell or terminate the business	Off-peak
	(Getza and Nilsson, 2004)	
	Use of appointment and reservation system	Peak
	(Armistread and Clark ,1991; Sasser, 1976;	
	Shemwell et al, 1994)	
	Making customer queue for the service	Peak
	(Armistread and Clark ,1991; Sasser, 1976)	
	Sharing capacity between different parts of the	Any time
	service delivery system	
	(Armistread and Clark ,1991; Sasser, 1976)	
	Transferring resources typically between back room	Any time
	and front room	
	(Armistread and Clark ,1991; Sasser, 1976)	

Table 2.11 Continued

Strategies classification	Lists of specific strategies	Type of period
	Using outside suppliers through subcontracting or	Off-peak
	leasing to provide resources	
	(Armistread and Clark ,1991; Sasser, 1976)	
	Asking customer to provide more resource by the	Peak
	way of self service	
	(Armistread and Clark ,1991; Sasser, 1976)	
	Shifting customer to slack period	Peak
	(Sonja Radas and Steven M. Shugan 1998)	
	Bundling to smooth the demand	
	Sonja Radas and Steven M. Shugan (1998)	Peak
Market and product	Develop other segments	Off-peak
diversification Strategies	(Getza, Nilsson, 2004)	
	Increase value added into product and service	Off-peak
	(Getza, Nilsson, 2004)	
	Seek new market penetration	Off-peak
	(Armistread and Clark ,1991; Sasser, 1976)	
	Offer differentiation	Off-peak
	(Armistread and Clark ,1991; Sasser, 1976)	
Marketing and pricing	Lower pricing	Off-peak
strategies	(Armistread and Clark ,1991; Sasser, 1976)	
_	Charge a premium	Peak
	(Shemwell, Cronin, Jr, 1994)	
	Offer special discount	Off-peak
	(Armistread and Clark ,1991; Sasser, 1976)	
	Advertising and promotion	Off-peak
	(Armistread and Clark ,1991; Sasser, 1976)	-



# Chapter 3

# Methodology

This chapter describes the methodology that utilizes to conduct this research. The researcher uses the methodology to achieve the objectives as mention earlier. The qualitative method is used by in-depth interview for primary data. Data collection conducts by face-to-face interview with restaurant managers and restaurant entrepreneurs.

## 3.1 Population and Sampling

The target of population is fine dining restaurant managers and entrepreneurs in Phuket who were responsible in the restaurant operation. According to Where to eat official website and Where to eat magazine, they recommended the best dining guide in Phuket. So, there are 47standalone fine dining restaurants where categorized by locations as nine restaurants from Phuket town, three restaurants from Kalim/PatongArea,two restaurants from Kata Area, three restaurants from Cherngtalay/ Bangtao, and two restaurants from Kamala Area. The restaurant's data base was selected to conduct this research.

## 3.1.1 Criteria of key informants

- Thai or foreign restaurant managers or entrepreneurs of fine dining restaurants in Phuket.
- The population should have the management experience in fine ding restaurants at least two years and should be in the position get involve directly to restaurant management.
- The chosen restaurants would be opened at least 2 years (to examine the cycle of demand fluctuation)

#### 3.1.2 Sampling Size

This research used the purposive sampling for given the sample size of the interviewees of fine dining restaurant which was divided by location (Phuket town, Patong/ Kalim and Phuket mid island) (see in table 3.1). The researcher contacted totally thirty-six fine dining restaurants. The confirmation for interview was twenty-one fine dining restaurants. But the valid valuable information was returned by nineteen interviewees. The researcher used purposive

sampling to estimate the sample size of the number of restaurants where have cooperated. There are nine fine dining restaurants in Phuket town, ten fine dining restaurants in beachfront restaurant (Patong/ kalim/Kata/ Karon/ Chengtalay/Kamala/ Bangtao). The source of samplings was from standalone fine dining recommendation from "Where to Eat Magazine" and "Where to Eat official website" on 2015-2016

Table 3.1 Purposive restaurant location

Location	Number of purposive location	The valid restaurant sampling
	recommendation	
Phuket Town	14	9
Beach front	33	10
(Patong/Kalim/kata/Karon		
Kamala/Cherngtalay/bangtao)		
Total	47	19

# 3.2 Type of research

The researcher usedonly qualitative approach to conduct this research. The major concern of this research was to examine in-depth of the pattern of demand fluctuation, impact of demand fluctuation, and the management strategies applied for demand fluctuation in restaurant industries. Therefore, the qualitative approach was applied through face-to-face unstructured interview.

## 3.3 Research instrument

The research used in-depth interview and open-end questions to collect data. Firstly, the researcher elaborated the interviewee talk freely and check the frequency of each topic; demand patterns, impacts of demand fluctuation, and management strategies for demand fluctuation. The researcher will interview in-depth into more detail of the most frequency of each topic. Each interview will take time approximately 1 hour and tape recorded. The interview conducted with English version and Thai version.

#### 3.4 Data collection

# 3.4.1 Primary Data

In-depth interview through face-to-face with the restaurant managers or restaurant entrepreneurs of fine dining restaurants in Phuket was used in this research. The interviewees specialize and get involve directly in the section of restaurant's operation. The researcher will use the guideline questions to examine the frequency of pattern of demand fluctuation, impact of demand fluctuation, and management strategies and amplification. The interviewees were asked to talk freely. The researcher elaborated into depth detail of each questions. Furthermore, the interview will use the tap record to cross-check the accurate of information.

The questions for interviewee were covered 3 main topics as below;

- The current patterns of demand fluctuation in fine dining restaurants.
- The impacts of demand fluctuation toward fine dining restaurants.
- The management strategies which applied for demand fluctuation in fine dining restaurants.

Example of questions which elaborated the interviewees:

# a) Restaurant personal profile

- Name of the restaurant
- Type of the restaurant
- Majority of customer serving
- Restaurant market segment
- Average price per dish
- Number of employee
- Number of year opening

# b) Pattern of demand fluctuation (Predictable demand pattern)

- What time is your restaurant busiest of the day (peak hours of customer
- arrival)? Why?
- What time does your restaurant have less customer arriving of the day (off-peak hours of customer arrival)? Why?

- What day is your restaurant busiest during a week? (Sunday to Saturday) Why?
- What day does your restaurant have least customer during a week? (Sunday to Saturday) Why?
- In your experience, do low and high season affect your restaurant in term of customer arrival and unstable revenue or not? Why? Which months affect you the most (peak and off peak months)?
- During the special festivals (Thai and international festivals), those festival affect your restaurant in term of more customer arrival or not? Why?

# c) Pattern of demand fluctuation (Unpredictable demand pattern)

- Are there other factors which affect your restaurant have more or less customer arrival?
- In case of incalculable weather (heavy rain, flood, natural disaster, etc.), are there affect your restaurant in term of customer arrival or not? Why?
- In case of unstable situation (unstable political (Curfew), high cost of living, economic recession, etc.), are there effect your customer in term of less expenditure or not? Why?
- In your opinion, do you think that the new opening restaurants affect your restaurant or not? Do you have to adjust yourself for resisting your competitors?

## d) Impact of demand fluctuation

- During the peak time of your restaurant, does situation create the costs or not? In which ways? How many do you stockpile product per day?
- During the peak time of your restaurant, does situation lead to inconsistent service of your employee? How?
- During the peak time of your restaurant, do you need to add more tables or chairs for support more demanding of customer? Why?
- During the peak time of your restaurant, dose situation leads to lower customer satisfaction or not? How?

- During the off- peak time of your restaurant, does situation create other costs beside from fixed cost or not? In which ways? How?
- During the off-peak time of your restaurant, what is the majority problem of your employee in which ways (capacity, salary, service charge)? How?
- e) Management strategies applying for demand fluctuation (Overfull demand)
  - Which strategies do you apply during overfull demand as following?

How?

- 1) Hire temporary workers
- 2) recruitment employee
- 3) Keep employee over time
- 4) Support customer waiting the table and service
- 5) Making customer queue for the service
- 6) Use of appointment and reservation system
- 7) Take care of regular customers only
- f) management strategies applying for demand fluctuation (over slack demand)
  - Which strategies do you apply during over slack demand as below?
     How?
    - 1) Training employee
    - 2) Close businessduringslack period
    - 3) Stay open all year
    - 4) Develop other segments (create event)
    - 5) Increase value added into product and service
    - 6) Offer differentiation
    - 7) Lower pricing
    - 8) Offer special discount
    - 9) Advertising and promotion

# 3.4.2 Secondary Data

The researcher uses the relevant information to support ideas from books, academic journals especially international journal of hospitality management, and websites.

## 3.5 Data Analysis

Qualitative data were analyzed by content analysis. Firstly, the researcher used the data reduction by coding and categorizing transcript with non-bias. The coding is mostly according to literature reviews. The data analysis will be transfer to the expertise (i.e. advisor) to check the validity of information and eliminate the bias of researcher.

## 3.6 Coding Development

This research conducted the codes related to previous literature reviews. The pattern of demand fluctuation mainly identified code from the research under Watson et al, 1987; Pumphrey and Clint, 2010; Smith, 2014. The impacts of demand fluctuation codes were based on Lee et al, 2008; Nadal et al, 2007; Baum and Lundtrop, 1999; Adler and Alder, 2003; Duval, 2004; Kandampully, 2000). And demand fluctuation management strategies mainly conducted codes from Shemwell et al, 1994; Getza and Nilsson, 2004; Armistread and Clark, 1991; Sasser, 1976; Radas and Steven, 1998. There are provisional codes as following;

#### 3.6.1 Demand Pattern

- A. Predictable demand patterns in daily, weekly, monthly, yearly, festival
- B. Unpredictable Demand Pattern (Weather, Economic impacts, Unstable political situation)
  - 3.6.2 Impact of Demand fluctuation
    - C. Impact toward cost
    - D. Impact toward resource
    - E. Impact toward employee
  - 3.6.3 Demand fluctuation management strategies
    - F. Human Resource Strategies
      - Hire temporary workers
      - recruitment employee

- Keep employee over time
- Lay off employee
- Training employee

# G. Alternative strategies

- Take care of regular customers only
- Support waiting
- Close part or slack period
- Stay open all year
- Use of appointment and reservation system
- Making customer queue for the service

# F.Market and product diversification Strategies

- Develop other segments (create event)
- Increase value added into product and service
- Offer differentiation

# H. Marketing and pricing strategies

- Lower pricing
- Offer special discount
- Advertising and promotion

# 3.7 Problem of interview

This research found the problem of data collection as following;

- The interviewee gave limited time for interview.
- The interview cannot cover three main points investigation due to their operation is busy.
  - Language barrier leaded to misunderstanding conversation.
- In-depth interview was conducted but it was not 100% given the indepth detail. It was confidential.
  - It took long time for interview confirmation.

• The unclear information leaded to call and recheck the accurate again.

The, it wastes the time

• Cancellation appointment was told in last minutes.

# Chapter 4

#### Results

This chapter describes the key data finding of nineteen in-depth interviews and result analysis which base on previous literature reviews. There are three importance parts explained in this chapter. 1) Demand fluctuation patterns in fine dining restaurants. 2) Impacts of demand fluctuation in fine dining restaurants. 3) Management strategies implementation for demand fluctuation.

#### 4.1 Fine dining restaurant in Phuket

The research showed that fine dining restaurants was selected by purposive sampling in different locations as Phuket Town and beach front areas. There are key criteria meanings of fine dining restaurants in Phuket as following;

- 1.Great location and luxury interior decoration
- 2. Well trained staff with excellent customer service
- 3. Qualified food and unique menu

### 4.2 Characteristic of interviewees

Regarding to nineteen qualitative interviews, the key informants were positioning as restaurateur, executive chef, and restaurant manager. Eighteen respondents were male. Only one respondent was Female. The major nationalities of respondents were Thai, Italian, French, and Belgian respectively. Working experience in restaurant management was more than two years. The population sampling was selected by purposive location sampling. The restaurants' locations were selected as two restaurants from Kamala Area, three restaurants from Kalim/Patong Area, three restaurants from Cherngtalay/ Bangtao, two restaurants from Kata Area, and nine restaurants from Phuket town (see Table 4.1)

Table 4.1 Characteristic of interviewees

No.	Position	Gender	Nationality	Working	Location
				experience	
1	Restaurateur	Male	Italian	20 years	Kamala
2	Restaurateur and	Male	Thai	15 years	Kamala
	Executive Chef				
3	Restaurant's manager	Male	Thai	16 years	Kalim/ Patong
4	Restaurant's manager	Male	Thai	2 years	Cherngtalay/
					Bangtao
5	Restaurateur and	Male	Italian	28 years	Cherngtalay/
	Executive chef				Bangtao
6	Restaurateur	Male	Italian	20 years	Cherngtalay/
					Bangtao
7	Restaurateur and	Male	French	25 years	Kalim/ Patong
	Executive Chef				
8	Restaurant's manager	Male	Thai	10 years	Kalim/ Patong
9	Restaurateur	Male	Thai	24 years	Kata
10	Restaurateur and	Male	Thai	4 years	Kata
	Executive Chef				
11	Restaurateur	Male	Thai	4 years	Phuket Town
12	Restaurateur	Male	Thai	2 years	Phuket Town
13	Restaurateur	Female	Thai	25 years	Phuket Town
14	Restaurant's manager	Male	Thai	17 years	Phuket Town
15	Restaurant's manager	Male	Thai	7 years	Phuket Town
16	Restaurant's manager	Male	Belgian	4 years	Phuket Town
17	Restaurateur	Male	Thai	2 years	Phuket Town
18	Restaurant's manager	Male	Thai	18 years	Phuket Town
19	Restaurant's manager	Male	Thai	10 years	Phuket Town

# 4.3 Restaurant Profile

The majority of customer was different by location. Fine dining restaurants in Phuket town were normally Thai local (70-80%) and beachfront fine dining restaurants were 85-90% for foreigner. The target segments of fine dining restaurants normally were couple, family, and group respectively. The restaurant capacity was approximately 30-40 seats until 80-100 seats. The number of employee working in fine dining restaurants in Phuket town and beach front area including permanent staff and temporary staff generally were 10 persons till 15 persons or more (see table 4.2)

Table 4.2 Restaurant Profile

Category	Phuket town Area	Beach front Area
Type of restaurant	-International (4 restaurants) -International (6 restaurants)	
	-Thai (2 restaurants)	-Thai and International
	-Fusion (2 restaurants)	(5 restaurants)
Majority of customer	- Thai local customer 70-80% -Foreign tourist 85-90%	
	(7 restaurants)	(11 restaurants)
	-Foreign customer 70-80%	
	(2 restaurants)	
Restaurant majority market	-Couple (5 restaurants)	-Couple (7 restaurants)
segment	-Family (3 restaurants)	-Family (4 restaurants)
	-Group more than 3 people	
	(1 restaurants)	
Maximum Capacity	-30-40 people (3 restaurants)	-50-60 persons (6 restaurants)
	-50-60 people (3 restaurants)	-80-100 persons (5
	-80-100 people (3 restaurants)	restaurants)
Number of employee	-less than 10 persons (2	-less than 10 persons (2
	restaurants)	restaurants)
	-10-15 persons (6 restaurants)	-10-15 persons (7 restaurants)
	- more than 15 persons	-more than 15 persons (2
	(1restaurant)	restaurants)

#### 4.4 Pattern of demand fluctuation

Regarding to the research investigation, the researcher can separate the type of demand fluctuation in fine dining restaurants in Phuket into two outstanding patterns. There were Predictable arrival pattern and Unpredictable arrival pattern.

**4.4.1 Predictable arrival pattern**: This pattern happened cyclically and repeated occurrence in monthly, quarterly, yearly, seasonally, etc. Demand fluctuation reflected to different types of clients namely the locals, expatriates, and tourists. The customer arrival would rely on high and low seasonality of tourism, as Phuket is a tourist destination. This fluctuated pattern can look into depth detail as peak and off-peak demand predication as following;

**Peak demand predication:** The peak arrival time of customer which can assume in advance as following;

#### A. Peak hour in each day

The researcher would like to investigate the differentiation of demand fluctuation pattern between fine dining restaurants in Phuket town and fine dining beach front restaurants. The results showed that the demand pattern of both areas was rather similarity. From the data collection, proposed that the peak hours of fine dining restaurants in Phuket town in daily usually start from 12.30 pm-01.30 pm for lunch and became busy again from 7.00 pm to 10.00 pm for dinner. Most of respondents stated that they can generate much revenue from dinner peak time more than lunch time. As a reason of the restaurant would be busiest time and lot of customer arrival. That time was suitable for office workers and any foreign expat for outgoing, finishing work, and dining out. Thus, fine dining restaurants which have majority of Thai customer generally have dinner at 7.00 pm – 8.00 pm which was early dinner compared to foreign customer. Especially, European customers had late dinner. For example, Italian customers usually have dinner at 9.00pm. One restaurant entrepreneur in Phuket town supported "Most European customer have late diner than Thai customer about 1 hour"

A bit contrast with fine dining beach front restaurants as the peak time would usually start from 6.00 pm -10.00 pm. Due to most of fine dining beach side restaurants offered sunset and view point scenery as a sell point. The customer arrival would start crowding in that time because of perfect adsorbing atmosphere. Therefore, the peak time would be a lightly earlier than fine dining restaurants in Phuket town. One restaurant manager in Kalim

area agreed "Our sell point is sunset view. Therefore, the operation would start busy on 6 pm onward"

## B. Peak day within a week

The finding revealed that peak days within a week of Phuket town restaurants and beach front fine dining restaurants were Friday and Saturday. As a result of Friday was the last working day of the week for office workers. People loved to enjoy dining out and Saturday was the common day off for local people and foreign expats. The customers spent the times for dining out with family and friends. Some business people had meeting with their customers to restaurants for talking business in upscale restaurants. One restaurant entrepreneur stated "My restaurant was located in Phuket town which have major Thai customer. Then, Friday and Saturday are the busiest day for us. Thai guest must have dining out with their friend and family after finish work or on their day off"

However, the peak day on high season might be changed especially for fine dining restaurants where located in beach front. Because the majority customer was tourist, it would be peak all days in a week. One restaurant manager in Kamala areas supported "We cannot specify what day is the peak day for high season because it always fully book for all weeks"

#### C. Peak month

Peak month of the year can forecast by the huge number of customer arrival, it would summarize that both restaurant locations in Phuket town and beachfront restaurants would rely on the variation of low and high season in Phuket. Most of the respondents agreed that the period between December to March was the peak months which affect to a lot of customer arrivals. The entrepreneurs can generate the highest revenue from those months. Moreover, this period, revenue was highest growth to cover the all year. One restaurant manager in Kamala area supported "Our restaurant is very busy beginning with the 23th, December till 7 January that is the biggest season of the year. We can generate our money up to 3times compared with the normal time. We have over hundred customers per night"

#### D. Peak special festival

From the data collection, it would summarize top three special festivals that affect the customer arrival in both of locations. There were New Year festival,

Christmas festival, and valentine festival respectively. Especially, New Year's Day, the fine dining restaurants affected lot of customer arrivals and over booking. This period was busiest for fine dining restaurants as a result of tourist holiday. Even the valentine was not the busiest festival; the restaurants still boost the sale a lot. The entrepreneur can generate revenue a lot from that day. Moreover, most of the restaurants provided the special menus which adapted for valentine festival. One restaurateur in Patong Area said "Valentine is not the big season as New Year festival and Christmas but we have more customer increased up to 10-15%. We also are busy in that day".

In addition, the result showed that in Phuket town, valentine is the important day for international customers and foreign expats. They must come to the restaurant where romantic and good ambiance to fulfill their happiness with their couple. But for Thai customer, Mother's Day, Father's Day and, Songkran festival are the peak festivals which were the family days and Thai people always be dining out with family.

From the investigation, the standalone restaurants do not penetrate some customer from the hotels. That was due to the period of special festival, the customer might book the hotel with special package included. The package might include the special dinner in the hotel. In addition, the hotels voucher generally included the activities and cerebration on the special festival. The customers did not need to go outside. However, it was not effect too much in term of decreased customer arrivals to standalone fine dining restaurant.

**Off-Peak demand predication:** This cycle pattern can predict the customer arrival is less than normal time. There are off-peak demand patterns as following;

#### E. Off-peak hours in each day

From this research, the result showed that fine dining restaurants in Phuket town and beach front fine dining restaurants had similar off-peak pattern. The off-peak hours would be usually on the period of restaurant opening time. Most of fine dining restaurants started opening only dinner so they had to open the restaurants approximately 4.00 pm -5.00pm. Thus, the restaurants had lowest the customer arrivals. Some of restaurants are served for lunch. Therefore, the customer arrivals would go down after 02.00 pm. The outstanding informant in Phuket town area stated "We have not much customer during opening time. The restaurant will be busy on dinner"

## F. Off-peak day within a week

Fine dining restaurants in both locations agreed that it cannot specify which date was normally lowest customer arrival. It depended on several factors in current situation.

## G. Off-peak month

The research examined that both of locations provided the similar result of the off-peak month of customer arrivals. Restaurants in Beach side area rather affect more than Phuket town restaurants in term of decrease customer. The most of respondents in both areas agreed that the lowest off-peak months of the year was September. The impact of low season affected directly to Fine dining restaurants in Phuket. From the data collection, most of entrepreneurs supported that during the low season, most of expats came back their home town and a number of tourists were peak decreased in Phuket. It leaded to the decreased potential customer. Especially, the restaurants which had the international tourist as a majority customer was affected directly during low season. One of respondent in Kamala pointed up that "the beginning of May to October, the customer start decreasing continuously"

In the contrast, several restaurants in Phuket town stated that the variation of low season will not affect their restaurant performance. As a result of the majority customer was Thai local customer. One restaurant's manager in Phuket town supported "Our restaurant not much affect from the impact of low season because our main target customer is Thai and most of them are Phuketian customer"

### H. The festival caused less customer

The research showed that fine dining restaurant in both areas decreased customers on Big Buddha Day. The customers came less because the restaurant did not allow selling the alcohol under Thai law requirement. According to the traditional European dining manner, the main food will eat along with wine or beer. It leads to sell drop on that day automatically. One restaurant manager in Cherngtalay supported "On Big Buddha Day, the customer will come less and sometimes they rejected and canceled the order when we told the alcohol will not sell. They give opinion that if I have to eat the food with water or soft drink. I say NO. I don't understand the rule and regular of Thai people. I am not Buddhist why restaurant cannot sell".

**4.4.2 Unpredictable arrival pattern**: This pattern was occurring randomly and cannot predict in advance. The cycle retention was uncertain and relied on additional variables for example;

#### 1) The weather caused less customer

Most of restaurateurs in Phuket town agreed the bad weather was the one reason of customer decreased. In Phuket town, flooding was the big problem when it was heavy rain. Daily revenue dropped and consequently, the affect from big traffic jam. One restaurant manager in Phuket town supported that "flooding was the big obstacle for customer arriving. Flooding was along the way and it caused traffic jam. If it kept raining for several days, the customers dropped automatically. The sale figure also dropped to 50% during bad weather"

In beachfront fine dining restaurants, especially in Patong area was affected from the flooding when it was heavy rain as well. The customers cannot go outside the hotel. One respondent in Bangtao area supported "Raining Season and flooding lead to less customer arrival certainly. It is very difficult to find the taxi to go out. Moreover, if they can find taxi, it is over charged. That is the disadvantage of raining". On the other hand, during the high season, if it was heavy rain or flooding, the restaurants still had the customer arrivals but number of bookings dropping for a half.

#### 2) New competitor

From the data collection, most of respondents in both areas agreed that new competitor or new opening restaurants did not affect the decreased customer arrivals. The results showed that fine dining restaurants kept their identities. The restaurants sell different style from others. If the new competitors open, it was just the alternatives for the customers. One restaurant manager in Kalim supported this point "New competitors do not affect our restaurant. The customer trusts us because I do my style. Our restaurant is very different from others. Nobody cannot copy our restaurant in term of style of menu, service, and atmosphere. I keep our identity".

However, a few restaurants in Phuket town pointed up that it would be little affect at the beginning of new restaurant opening. That was due to the customers wanted to try the new one. Overall, it did not give an impact to less customer arrivals and it did not take a long time. The investigation revealed that the segment of fine dining restaurant had specialty in

own style and own concept. The respondents did not need to change or adjusted their performance to complete with other restaurants. One restaurant manager in Phuket town quoted that "New restaurants are the new collaborators. It helps the market to be several and interesting. It's good for customer choices. It is not necessary to change our style"

## 3) Unstable political situation

The research revealed that the hospitality industry affected from the unstable situation certainly. The tourists would decrease automatically. Therefore, the restaurant industry gave a huge impact in short term. That was due to the tourist decreased. The customer also dropped to 50% of regular amount. For instant, the curfew situation in 2013, the restaurateurs agreed that the customer come less because the army took the martial law in that time. The rule was forced go out the homestead after 22.00. Moreover, it forced to not allow people grouping more than five people. Even the rule and regular is not strict in Phuket, but it affected the customer arrivals especially in Phuket town and the sale also dropped respectively.

One of the restaurateurs in Phuket town explained that "the unstable political as curfew forced leaded to decreased customer and the restaurants have to close before normal time. In addition, the mount of ordering is less than the normal time. The customers check bill faster because of time forcing. It meant that the revenue might go down".

However, the most interviewers in Phuket town stated that the unstable political situation as curfew situation gave a huge impact to fine dining restaurants in short term. That was the legal taking action for five days. It did not take a long time. Their restaurants also have the returning customers. Even the tourists must stampede more than local customers.

In beach front fine dining restaurant, most restaurateurs agreed that this unforeseen situation gave a little impact to less customer arrival. It might have a problem when the restaurants needed to close faster but the customers preferred to stay and continuously drink more. It caused losing money for the beverage but this problem would rarely occur. Normally, the customers might spend the time dining approximately one hour. Therefore, the unstable political in Phuket did not affect much into the beach front fine dining restaurants.

#### 4) Economic Impact

From the investigation in Phuket town restaurants, it revealed that the expenditure of customer was changing because the cost of living is expensive. The customers

thank carefully more than previous year. Even the target was high end customer. And they had potential high-power purchasing, the restaurateur needed to adapt the price. The comparison between this year and previous years of customer expenditure was decreased. The order was less than two years ago due to saving money. Consequently, the amount of the retention customer was lower than previous years.

From the beach side restaurants, a few restaurateurs pointed out that the economic impact was affected to the customer arrivals and less expenditure. One restaurateur in Kamala area said that "Normally, the royal customers will come to our restaurants 4-5 days per week. Nowadays, it is decreased to 2-3 times per week. Especially, European customers saved their money for the last day of holiday". However, less of interviewees said that the amount of dining expense would depend on the nationality of customer. One restaurant in Kalim area suggested that "Japanese customer and Australian customer were normally not thinking much for the price of food, they spent the money a lot for their dining but UK customer and Russian customer were sensitive with price.

Table 4.3 and 4.4 showed the summary key result of peak demand patterns and off-peak demand patterns in fine dining restaurants in both locations; Phuket town and Beach front area. Demand patterns seemed similarity but slightly difference for peak festivals, off-peak month, and economic impact.

Table 4.3 Summary of peak demand fluctuation patterns between beach front fine dining restaurants and Phuket town fine dining restaurants

Criteria Phuket town		Beach front	
Peak hour	7.00 pm-10.00 pm 6.00 pm-10.00 pm		
Peak day	Friday & Saturday Friday & Saturday		
Peak month	December	December until March	
Peak festival	New Year festival, Valentine,	New Year Festival, Christmas,	
	Songkhan Day, Mother's day, Father's	Valentine	
	day		

Table 4.4 Summary of off- peak demand fluctuation patterns between beach front fine dining restaurants and Phuket town fine dining restaurants

Criteria	Phuket town	Beach front	
Off-Peak hour	Opening time	Opening time	
Off-Peak day	Not identified	Not identified	
Off-Peak month	Not identified	September	
Off-Peak festival	Big Buddha day	Big Buddha Day	
Additional affect	Bad weather, unstable politic, & economic	Bad weather& economic impact	
	impact		

#### 4.5 Impact of demand fluctuation toward fine dining restaurants in Phuket

In restaurant industries, the demand fluctuation which leaded by seasonality was a major problem effect into both supply-side (i.e. entrepreneurs, employees, suppliers) and the demand – side (i.e. customer arrivals, tourists). The impacts can categorize into two different demands (Overfull and Slack demand) as below;

# 4.5.1 Overfull demand (Peak demand) gives the impact into Cost

From the data collection, overfull demand would give the impact directly to increase additional cost which separated from fixed costs (i.e. staff salary, rental cost, and cost of utilities, etc.). Generally, the restaurant operation during overfull demand can predict in advance for the peak situation. The fine dining restaurants can manage their capacity. Then the cost for operation increased respectively. The major expense was the cost for stockpile. One restaurateur in Patongarea pointed up "If we have more customer, it's more cost absolutely. Because more people are coming, we have to pay more and stock more". Then the restaurateurs needed to plan to stock the ingredient and fresh food during seasonality, big events, or special days. Those situations can forecast the demand for the fine dining restaurants. It affected to increase the cost because of more customer arrivals. However, more cost can turn to be profitable. One manager in Cherngtalay area said "The peak time might create a lot of cost for stockpile. I will stock the food and ingredient a lot before the period of high season. Especially, the period of December and January have to stock more beverages such as wine, beer, water, soft drink for preventing the lack of product and no supplier open during that time. In part of fresh ingredient, I will stock

day by day to maintain the freshness and control quality of product". The result showed that during the overfull demand, the quantity of product stockpile depended on reservation and the maximum capacity per day. In addition, the minority cost was the cost for hiring the part time staff. Most restaurateurs paid the compensation day by day for the temporary staffs. Moreover, it was the cost for complimentary for the customer. For example, during the overfull demand, the customers needed to wait the tables or the orders for a long time. To soothe the customer would serve snack or drink that is free of charge during long waiting. Then the restaurateurs needed to support this cost. Even this cost was not much higher, the main point was to reduce the bad mood of the customer.

To summarize the result, it was rather similarity in term of cost impact during overfull demand for both areas. Mostly, the fine dining restaurants increased the cost for stockpile fresh food, ingredient, and beverages. Others were the costs for part time job and complimentary food for the customer.

#### 4.5.2 Overfull demand (Peak demand) gives the impact into employee

The research showed that the overfull demand gives an impact to the employee for the fine dining restaurant industry. That was due to the service inconsistency providing. The restaurants also provided tangible and intangible factors to the customer. For example, the product was excellent but the service was terrible. It did not go along together. That reflected to the customer dissatisfaction. Importantly, the employee was the key component of restaurant business especially fine dining restaurants. They were the first interaction for the customer and significantly, they delivered the service to the customer. When the demand was overfull more than restaurant's capacity, it leaded to the inconsistency of service providing. Most of interviewers in both areas stated that during overfull demand, their staffs cannot take care all customers as well as they can. If the customers arrived at the restaurants for the same time, it would affect to the long order. The customers had to wait for longer. Moreover, the staffs needed to hurry to take order because the next customer would come in. Therefore, the mistake might occur easily. Actually, the staffs have to explain, suggest, and recommend the order to the customer clearly. This situation leaded to service aggravated. One restaurant manager in Phuket town supported this point that "If the demand is peak than the restaurant's capacity, it affects

absolutely to the skill of staff especially waiters and waitresses because they cannot deliver service faster and follow the sequent of service completely"

To summarize the overfull demand gave an impact to the employee in both of areas. The main problem was the skill of employee deliver inconsistency service. The second problem was the mistake of taking order.

# 4.5.3 Overfull demand (Peak demand) gives the impact into resource

Regarding to the research investigation, most informants agreed that overfull demand gave a huge impact to resource. The entrepreneurs needed to handle the over utilization of resource (i.e. equipment, area, facilities). During peak demand, numerous customer arrivals were coming at the same time, the tables were not enough to support for more demanding. Even the tables were enough; it damaged a comfortable zone. More customer arrivals leaded to destroy private area. Two restaurants in Phuket town tried to add more tables or supporting customer wait the table in order to retain the demand. They had to add more tables to prevent losing customers. Even it seems crowed, the entrepreneurs did not want the customer feeling disappointed at the first time. However, it was not much impact to other customer.

In contrast, the restaurants in beachfront area proposed that they did not add the tables for supporting more demand. That was due to the fine dining restaurants have exclusive view. The areas are set for the comfortable and private zone. It is not over crowded. One restaurant manager at Kalim area said "Our restaurants sell the view point and special private romantic dinner. The customer has to book the table before one or two day"

Another problem from overfull demand, the car parking was not enough especially in Phuket town. Mostly, the restaurants in Phuket town locates in the path way. They did not provide the private car parking for supporting the more arrivals. Even they provided private car parking, it was quite long distance from the restaurants. This situation would occur with the local customers or expat customers who had their own cars. It leaded to lost customers. Therefore, the car parking was the significant factor for restaurants. However, in beachfront area, this situation would occur less than Phuket town because the majority of customer was international tourist. They came to restaurants by walking or taxi.

Another impact was lack of raw material during high season for fine dining restaurants in Phuket. It affected to the fragmentary menu. The customer might be disappointed if

they want to order. Raw material is not enough to support. One entrepreneur in Patong area stated "It is hard to control the stable raw material in high season because it depends on our purchase volume and commitment. The market is high competitive and some product is relying on seasonality"

## 4.5.4 The overfull demand (Peak demand) gives an impact to the demand side

From the investigation, the result revealed the impacts toward demand side in term of customer satisfaction. Most of the entrepreneurs in both areas: Phuket town and beachside restaurants stated that during peak demand, the crowded customer was hard to obtain the fully service quality. One restaurant manager from Kalim area supported this pointed "We still have the complaints from the customer when the restaurant is so busy. Some order might be misunderstanding or sometimes it might be late. In addition, the staff cannot take care the best in each table. It leads to customer dissatisfaction. The feedback will get from talking to the customer individually or the comments from Tripadvisor".

However, a few respondents in both areas (one from Phuket town and tone from beachfront restaurants) gave the different opinion. They pointed up that the overfull demand might not give a huge impact toward customer satisfaction. That was due to the fine dining restaurant emphasized the service quality as the significant component for service industry. This situation would rarely happen. One manager from Phuket town area supports this that "The customer might be unsatisfied when they have to wait the order for longer or maybe the order is mistake. But it happened very little point"

Another issue was the cost that not affect to the customers. They might not pay higher during high season. The price was remaining and not overcharged.

## 4.5.5 The slack demand (off-peak demand) gives an impact to the cost

From the research, the result of both areas revealed that during slack demand, the entrepreneurs was responsible for fixed cost i.e. staff salary, utility cost, rental cost. Especially rental cost in beachside area was a big cost for fine dining restaurants because Phuket was the tourist attraction. It was very expensive for rental cost. Those fixed cost was paid regularly. Therefore, the restaurateurs reserved more money to support the expenses. Moreover, this slack period, the restaurants gained the dropped revenue. It leads to the wasted cost. The return of investment was not worthwhile. One respondents in kamala area stated "the cost of ingredients"

and fresh product was needed to stock in daily. Even the entrepreneurs reduced the amount of fresh ingredients, sometimes they needed to throw away because of expiration. This cost cannot turn to be daily profitability" In case of some restaurants where hired the foreign staffs. The entrepreneurs needed to pay the additional expenses such as accommodation, work permit according to the agreement and contract. Thus, during the slack demand, the customer was lower. The income was decreased respectively. The restaurants tried to generate the instable income to cover the fixed costs and additional costs. This situation was hardly to control the income and the cost balancing.

Another issue was during peak demand; the equipment was over utilization. Some might be broken and damaged. Most entrepreneurs planned to renovate the restaurant during slack period. Thus, the cost of renovation needed to reserve for improvement and replenishment. One restaurant manager in Phuket town supported "We need to prepare the budget for renovation restaurants and renew some damage equipment such as table, kitchenware, etc."

#### 4.5.6 The slack demand (off-peak demand) gives an impact to the employee

Staff was very significant for the fine dining restaurant industry because they delivered the service to the customer. Even if the period of low season was less of customer arriving, staff was still essential for the fine dining restaurant. Form the research investigation, the result revealed that the major direct impact to the staff of both areas was less income than peak season. The service charge also decreased to 50% of the regular time. It leaded to reduce employment. One restaurateur in Kamala area stated "During low season, we will employ the temporary staff when we have events or big celebration in order to prevent over cost. We avoid hiring part time staff as not necessary". However, during slack demand was the beneficial time for the staff to develop their skill. Most interviews agreed that the training arranged in this period in both of internal and external training. For the internal training, the staffs had training from the supervisors. One restaurant manager from Kalim area supported this point that "We have a training course and set the role play for the staff to do along the procedure. They train them the new launch such as menus, new arrival wine, new promotion" For the external training, normally it was the wine training from the suppliers to educate the newly wine and the way to serve.

However, the slack demand was the relax time for the staff after hard working during peak demand. One restaurant manager from Kamala supported this point "We make an oral agreement to the staff that you have to understand the variation of customer arrivals. When the restaurant is very busy, you have to work hard. When the customer is lower on low season, you can relax". Moreover, some restaurants gave a long vacation leave for the staff during that time.

# 4.5.7 The slack demand (off-peak demand) gives an impact toward resource

From the investigation, the fine dining restaurants in both areas agreed that the slack demand gave an impact toward the waste resources which was underutilization especially, fresh product as beef, chicken, shrimp, squid, etc. As a reason of it cannot keep the freshness after two days. Moreover, the fresh vegetable would be also spoiled. Therefore, the chef needed to throw away the fresh product when it cannot be adapted into other food. Some dressing cannot keep for a long time as well. Even it can keep for a long time more than one month, the taste was not the same due to the quality changing. Restaurant manager from Phuket town stated "If I do not stockpile the fresh product during low season, it will affect to the menus. The customer might order this unavailable menu. The variety of menu is less than usual time. It might lead to customer unhappy"

Another point, when the slack period was take long time more than one month, it gave an impact to the condition of equipment and aphonic fabric. For example, the apron might be stain and damp. The spoon and fork would deteriorate and dirty blemish. All waste resources cannot turn to be revenue and it created a cost for replenishment.

Table 4.5 and 4.6 showed the summary of key result of peak demand and offpeak demand impacts toward fine dining restaurants in Phuket.

Table 4.5 Summary of peak demand impacts

Criteria	Phuket town	Beach front
<b>Additional Cost</b>	Stockpile cost, temporary staff salary,	Stockpile cost, temporary staff
	complimentary cost	salary, complimentary cost
Employee	Inconsistency service delivery	Inconsistency service delivery
Resource	Over use equipment, parking car not Over use equipment	
	enough, restaurant crowded &restaurant crowded	
Customer	Guest dissatisfaction	Guest dissatisfaction

Table 4.6 Summary of off-peak demand impacts

Criteria	Phuket town	Beach front
Additional Cost	Stockpile cost & refurbishment cost	Stockpile cost & refurbishment
		cost
Employee	Decreased service charge	Decreased service charge
Resource	Product spoilage or damage	Product spoilage or damage

# 4.6 Demand fluctuation management strategies implementation

The variation of customer arrival would swing up and down related to seasonality of Phuket. Therefore, fine dining restaurants was risky to stabilize the operation and any expenses, thus it called for different sets of demand management strategies in both peak and slack demand fluctuation. There were strategies applying in different demands as below;

# 4.6.1 Strategies applying for slack demand (off-peak demand)

#### 1) Staying opening all the year

From the data collection, the result showed that all fine dining restaurants from total nineteen interviews agreed that they still stayed opening restaurants all year instead of closing some part. However, during slack demand as low season, it took a long time for facing variation, the restaurants still generated revenue even it was not much. If the entrepreneurs decided to close part of slack demand, it affected to the brand recognition of the restaurants. This action might destroy the image of the restaurant. The customer would recognize that your restaurants were closed already. Especially, the new opening restaurant needed to build the

trustiness for the customer. The result revealed that the entrepreneurs gave a significance to open the restaurant all the year. That was due to showing up the potential of the restaurants. One restaurant manager in Patong area support that "We open our restaurant all the years absolutely. We have to learn the differentiation between slack and peak demand to adapt our restaurant stay balancing. We open all the year for showing our personal brand recognition to the customer. That is the main point"

In addition, even the restaurants gained less of profit during slack demand or sometimes it might lose money, the entrepreneurs still generate revenue for supporting some fix costs. Closing apart of slack demand did not help to save costs for a lot. The restaurants still have a fixed cost i.e. rental, staff salary, and utility cost.

On the other hand, one respondent from Bangtao area stated that their restaurants were closed for renovation and it takes a short time. Moreover, their restaurants are closed for staff vacation. That was not exceeding over 10 days certainly.

#### 2) Create the event

To increase the sale figure, creation the event was the good alternative strategy for the fine dining restaurants in Phuket. From the data collection in both areas, the result showed that sixteen respondents applied this strategy as a very effective for boosting the sale during slack demand. Especially, both areas applied this strategy during low season of Phuket (especially on September) to attract the customer's attention. Mostly, the concept of events would depend on the seasonality or differentiation of each time. For the seasonal event, it can be the imported seasonal product such as international seafood event, wine testing event, special festival event, etc. For the differentiation event, it can be the unique theme which fulfills the differentiation of customer's requirement in the mass market such as charity event, rock lover event, single lady event, etc. However, the segment of target was limited for who are really interesting the event, the entrepreneurs needed to scope and analyzed the target clearly to meet the customer need. Most respondents in both areas agreed that this strategy gave the good feedback and they can gain the revenue from the royal customers and niche target. For the royal customers, one restaurant manager from Patong area supported this point that "We create the event and make it very special for our royal customer by inviting or emailing them with personal contract.

It maybe direct phone personally to the customer by the manager. That is the way to give them an honor and make them very VIP to come the event".

Another point, most respondents agreed that they were willing to be the organizer to create the event for the customer requesting such as wedding ceremony, anniversary ceremony, or birthday party, etc. This strategy can generate much of revenue. During the slack demand, to organize the ceremony was the good choice for controlling the financial. The restaurant can manage the cost and predict the profit in advance. For example, the restaurant needed to close for arranging the ceremony. It was worthy and more value for money than normal time. Even the average revenue per person for the package agreement was less than the customer came individually; the restaurant gained the income certainly. Moreover, the operation was easier to control than normal time due to the setup was already done in term of service and product.

# 3) Adding value to the product

From the investigation, the result showed that two of third of respondents (13 fine dining restaurants) implemented adding value to the product strategy. It can boost the sale during slack demand and more impact for in-house customer. It seems to be popular implementation for beach front fine dining. The restaurants added value to the tangible and intangible aspects. For the tangible aspect, it can be the adaptation of food or the restaurant. For the intangible aspect, it can be the beyond service providing with over customer expectation. In term of food, most of the fine dining restaurateurs in beachfront area would create the special menus to differentiate from the ordinary menus. It can be the special set menu which is created by the chef. In addition, the set menus might compose of the various portions to attract the customer attention. This strategy can help the customer order easier and sometimes it's quite cheaper than order A La Cart separately. The special food with different style can increase the price for the restaurant. One restaurant manager in Phuket town supports this point that "Our restaurant always creates the special menu and set menu to attract the customer. The response is very positive during slack demand. The restaurant can sell out the product and boost the sale at the same time" Also one restaurant manager in Kalim area supported this point "To boost the sale in low season, I create the special menu for each table which is different from others. I ask the customer for their preference and create the unique food for the customer. The feedback of this offering is very good. The customers feel they are very special one and very VIP. When the

customer is happy, they are ready to pay even it's more expensive. That was due to the customer trust what we do"

Another point, most of respondents believed that they had to follow the market movement. When something was very booming and popular, the restaurants needed to be adapted and acknowledge the trend. For example, Russian tourists became the one of biggest customer target in Phuket. Then the restaurants needed to add more Russian food in the menu to attract this target. Adding value to the product is the productive strategy to increase the revenue and might be productive customer choice.

#### 4) Up selling food and beverage

From the investigation, it showed that 100% of respondent form 19 fine dining restaurant managements applied up selling strategy during slack demand (less customer arrival). Normally, the staffs tried to recommend the menus for the customer. If the customers really enjoy spending the time in the restaurants, the staff can up sell the product when the food and beverage quite ran out. The staffs can come for suggestion others menu. If the customer trusted the restaurant, they might order more and the recommendation might be consideration. Sometimes the restaurants had to sell out the product faster for preventing the freshness and changing taste. For example, the restaurant still had the fresh seafood remaining. They cannot keep the freshness of this product. They needed to run out the product as soon as possible. Then up sell strategy was the good alternative for launching the product. At the same time, the restaurant can increase the sale figure during slack demand. However, this strategy needed to be well trained. The staffs had to be trained the commutation skill and recommendation with good manner. It was not the way to force the customer purchasing or customer feel pity for the speech. The staffs just tried to talk friendly and be ready to respond the customer requirement. They would up sell the food or beverage properly when the situation is relaxing. Most respondents agreed that the upsell technique is effective for boost the sale. It is very workable for the beverage more than the food. The beverage is very easy to sell out and it is more profitable. In case that the customer finished the meal but they still continued to drink more. The staff can come to suggest without requesting. However, the up sell strategy cannot apply in every situation. Because of it depended on the customer behavior and their reaction. Sometimes the staff cannot up sell the product if we observed that the customer has a lot of food and beverage on the table or the

customer hurry to dine the meal or the customer has bad mood at the moment. One restaurant manager in Phuket town support this point "the up selling or cheer up product cannot utilize in every customer. We have to observe their reaction. We cannot force the customer. It can make them annoy". Moreover, one manger in Cherngtalay area point up that "During slack demand as low season, even we have only one table, we can generate revenue up to 10000 baht by up selling the wine. Mostly, our customer is high end. They promptly pay if they satisfy. One restaurant manager in Phuket town supported that "We observe the dining behavior. We do not push our customer. If they order a little, we must suggest more. If they order a lot, we will recommend stopping order. That was due to the customer might not eat all. We do not exploit the customer. We run the business with moral. We want their money along with their satisfaction"

#### 5) Training staff

This research identified that eighteen respondents in both areas applied training employees during low season or slack demand (lowest customer arriving). This strategy was implemented to all staff in order to fulfill product knowledge and evaluate their performance. It was productive to recheck the staff performance or any standard practice. As a result of free plenty of time, the operation was not busy. Schedule training was easy to access every staff and then, the managers have more free time to observed and criticize what was the weakness and strongest points for staff improvement. Also it was the useful time for the staff to develop their skill. Most interviewees agreed that the training must conduct in both of internal and external training. For the internal training, the staffs had trained by the supervisors. The topic might be the sequent of service, new arrival menu, new promotion update, basic English conversation, etc. One outstanding informant in Phuket town supported that "We conduct training to all staff on low season for learning new menus, new product launch, or practice any improvement". Regarding to external training, normally it was the program which arranged by outside company for example; wine suppliers, liquor suppliers, beverage suppliers. Most of suppliers were big partners which dialed high demand ordering. Normally, they provided training course for staff with no expenses. The reasons were introducing new product or keeping relationship with entrepreneurs. The training course educated the new product knowledge and also the way to serve customer properly. One restaurant manager in Kalim area stated that "On low season, our beverage

suppliers provide us a free training. Generally, there are wine suppliers and they would like to introduce their new coming product".

## 4.6.2 Strategy for overfull demand (peak demand)

Regarding to the peak demand, there were productive strategies implementation in fine dining restaurants in Phuket in order to help the restaurateurs manage the huge demand as following;

#### 1) Supporting waiting strategy

From the investigation, the result revealed that supporting waiting strategy was very effective for the fine ding restaurants in beach side area during peak demand. There are eight interviews from beachfront implemented for this strategy. So, it seems to be popular using for beachside fine dining restaurants. That was due to the majority of customer are tourists and they come to the restaurant by recommendation. They might be recommended from their friends, their relatives, social media, magazine, etc. Therefore, they intended coming to try the restaurant.

In the other hand, most fine dining restaurants in Phuket town do not pay attention to this strategy. Only two restaurants implemented to their operation. Supporting customer waiting would be applied when a lot of customer arrivals and the demand can manage. From the data collection, most respondents stated that this strategy does not lead to over capacity of the restaurant's competency. It was the alternative way to remain the customer caused they came to the destination once a life time. However, the restaurant managers needed to inform the customer firstly and ask them that they prefer to wait the table or not. Moreover, they had to evaluate how long the customers needed to wait. They would explain to the customer politely and persuaded them to wait. The respondents agreed that during overfull demand, they have a lot of customer but they do not want to lose other customers by rejecting other customer. Sometimes they offered special drink for the customer during they were waiting table.

Another point was this strategy applied for supporting waiting the order. During that time was a lot of customer and very busy for the staff. The order might be late from ordinary time. The staffs needed to inform how long the customers have to wait and observe the reaction during waiting. They might offer free complimentary as drink and snack while they are waiting.

However, supporting customer waiting strategy would be effective during peak demand. The main point is the restaurants have to inform the current situation to the customers firstly. It prevented the customer complaints after.

#### 2) Reservation and deposit in advance

From the research investigation, it can summarize that nineteen of respondents were using reservation in advance strategy in order to forecast the restaurant capacity in advance. This strategy was very productive during overfull demand as high season (December-January). The fine dining restaurant can manage their operation. Also the restaurant operation can set up in advance. The effective reservation media was telephone. Mostly, the restaurants received many bookings via phone reservation follow by online reservation through restaurant's website and walking in reservation respectively. The reservation in advance strategy helped the restaurant limited the overfull demand which over their capacities. This strategy can prevent the customer disappointed. Because when the entrepreneurs knew the quantity of the customer, they can tell the customer the less of table which was available or not at the moment or maybe what time the table was available. Moreover, if the restaurants knew their demand, the entrepreneurs can plan and prepare the product and part-time staff in advance. To handle the overfull demand by applied the reservation strategy gives a caution. It was risky when the customers make a booking and finally they did not come. Some restaurants resolved this problem by requesting the deposit for the food. One restaurateur in Kamala area supported this point that "We use the reservation strategy but we have to prevent the wastefulness if the customers do not come. We use the technique by deposit 10% of the total amount of the order". Mostly, when the customer made a booking, they would order the menu in advance. Thus, the entrepreneurs can calculate the amount of total bill and deposit it. In case, the customer makes a reservation but they did not order the menu in advance. The entrepreneurs might deposit at least 500 baht per person. This strategy is very effective. If the restaurants did not apply this strategy, it might obstruct other customers who really want to come to the restaurant and that means the restaurant lose money as well.

Another one respondent in Patong area pointed out that to prevent the wastefulness of no show customer was calling for check before the time for 5 minutes. They applied the communication skill with the appropriate wording, and did not force the customer to hurry up. The caller just asks them politely that where are you right now, we will prepare the

menu when you are coming. This technique was used to check the confirmation. If the customer was no show, we can turn the table to another customer respectively.

#### 3) Hiring temporary staff

Seventeen respondents (eight Phuket town and nine Beachfront respondents) agreed that hiring temporary staff applied during overfull demand especially on high season or big event. The result showed that the staff was very significant factor and being the main driven of the fine dining restaurants. To serve the menu as faster as possible and kept short time for waiting the service was the major responsibility for the staff during overfull customer. Two of third of respondents agreed that the criterion to select the temporary staff who have previous restaurant experience before. It meant that this staff quite familiar with the procedure and permanent staff. One interviewer at Patong area said "It is very easy to let the part time staff work with little training. They do not need to train at the beginning". Moreover, the advantage of hiring part time staff was not necessary to sign the contract. The entrepreneurs just pay the incentive day by day. They did not need to be responsible for insurance, any benefits and public holiday allowance according to Thai labor law.

The duties of temporary staffs were rather limited and depended on the capability. Most of respondents pointed up that they do not allow the part time s of staffs taking order. As a result of they might not be familiar with the menu as permanent staffs. They cannot explain the menu clearly. Moreover, if part time staffs cannot speak English fluently, the customer might misunderstand with the menu explanation. The research investigated that most entrepreneurs gave the precedence of taking order process. This process was very significant to catch up the entire customer requirement. If the staffs were taking wrong order, it might affect to customer dissatisfaction. Consequently, the customer needed to wait longer for the correct order. The kitchen operation was delayed. It leaded to waste the ingredient and product. And finally, it created the wasteful cost. Normally, the main jobs for part time staffs were food runner, table cleaning, server, or kitchen helper. However, only two respondents (one from Phuket town and one from Patong) allowed part time staffs taking order. They gave the opinion that they will evaluate English skill before and observe the potential of them that it can be able or not to run this duty.

### 4.6.3 Additional strategy implementation for demand fluctuation

According to open-end answer of nineteen interviewees, the researcher found that there are some additional strategies which fine dining restaurants in Phuket were implemented over previous literature reviews as below;

# 1. Additional strategies apply for overfull demand (peak demand)

The finding proposed that overfull demand needed the well operational preparation in order to deliver service and product quickly. Hence, well set up strategy is workable for predictable pattern demand.

### a) Well set up strategy

This strategy is very effective during a lot of customer arrivals. Sixteen respondents in both areas agreed that setting up for any resources before. It leads to deliver the product and service faster. For example, in the kitchen, all the ingredient and fresh product should be prepared in advance. The chef can cook and launch the food by saving the time. It can turn faster to another order. The research investigated that normally, during the peak demand as high season (December- January), the demand can be predicted roughly. The amount of customer might reach up to two or three time from the normal time. Thus, the restaurateurs can set up the resources properly to handle with the busy situation with over expectation. In addition, well set up strategy help the restaurants maintain the consistency of product and service.

One restaurateur in Phuket town supported this point "During high season, we have to setup the kitchen and bar be ready to work in term of ingredients and equipment before opening the restaurant. If we do not prepare it, it will make the operation taking time longer. The food is served late. The customers have to wait longer. Supposed that we deliver menu and service faster, the customer will be happy absolutely. At the same time, well setting up in advance can control the service quality. It can reduce the disorder during peak customer arrivals"

In additionally, well setup strategy leads to customer quick turn table. That was due to when the customers get the order faster, they might check the bill faster as well. The next customers wait no longer for the table. It reduces the customer moodiness and support more demanding at the same time.

#### 2. Additional strategy for slack demand (off-peak demand)

During the slack demand or low customer demand, the managers needed to push more sales in order to balance the expenses. There were some useful strategies which applied for fine dining restaurants in Phuket as following;

#### b) Customer database strategy

To boost the sale figure was very challenging during slack demand such as raining season. Therefore, the restaurateurs tried to change the crisis into the opportunities by generating money from the customer database. One of third of respondents (3 respondents) in beachside areas suggested that they applied the personal customer invitation strategy to increase the revenue. Mostly, the restaurant's manager or the chef might come to interact with the customers, take care what customers want, or check feedback about the service and food. They might exchange the business cards each other. The business cards were the customer database for the restaurant which composes of the personal customer phone numbers or emails. From the research revealed that during low season, three restaurant managers in beachside restaurants would send the email or phone directly to the customer. When the entrepreneurs or restaurant managers invite the customer personally, it made them feel very special guest. Especially, if the restaurants created the event for boosting the sale, they might invite the customer from database first and gave them a privilege special than other customer. The restaurants can retain the customer and generate revenue respectively.

Another advantage of having customer database was to inform the information of the restaurant such as new arrival menu, special import product, discount, event, etc. This was the way to emphasize the brand awareness and promote the restaurants at the same time. Some restaurants provided the VIP card for the customer to stimulate them to come regularly. That was the way to keep long term relationship with the customers.

## c) Take care customer the best

The restaurateurs not only boost the sale but also, they have to retain the customer during slack demand. These are the significant factors to operate restaurant smoothly in the period of less customer arrivals. This research examined that sixteen respondents in both areas; Phuket town (7) and beachside restaurants (9) try to take care customer the best, be honest, do not cheat them, and make they come back with precious moment. Sometimes the

restaurant has only one table within a day. To increase more revenue is taking care customer the best and make them feel very impressive with the ambiance, food, and service. Moreover, the important thing is keep trying to make them want to come back again. The restaurants have to be punctilious in every detail. For example, the food should be perfect in term of testing, good presentation, cleanliness, etc. For the service, it should be prompt service minded. The staff should be well training with good manner. They always stand by and ready to help and answer all questions from the customers. Trying to make customer happy with the meal and service is the major responsibilities. Therefore, taking care customer the best is the way to generate more revenue. If the restaurants do the best performance with the customer, the customers satisfy with the food and service providing; they would trust the potential of the restaurant. Then they customers would pay more. Furthermore, they turn to be returning customers. This strategy was the advantage for positive word of mouth spreading. The power of word of mouth leaded to bring more other customer without any advertising. It meant that more customers are more money.

Table 4.7 provided the summary of management strategies applied for overfull demand. There three productive management strategies from research investigation. The result revealed that all fine dining restaurants in Phuket totally nineteen interviewees used deposit and reservation system in order to handle with peak customer arriving. Secondly, hiring temporary employee strategy was applied by seventeen interviewees. And, supporting customer waiting strategy was selected by sixteen interviewees. Lastly, well set up strategy was an additional implementation applied by sixteen interviewees.

Table 4.7 Summarize overfull demand (peak demand) fluctuation strategies

NO.	Strategies implementation	Frequency	Restaurant location
1	Hire temporary employee	17	Phuket (8) and beach
			front (9)
2	Keep employee over time	0	
3	Rent extra equipment	0	
4	Build temporary condition	0	
5	Turn away customers	0	
6	Take care of regular customers	0	
7	Subcontract work to other partners	0	
8	Educate customers to curtail usage	0	
9	Support waiting	10	Phuket town (2) and
			beach front (8)
10	Use of deposit and reservation system	19	Phuket town (9) and
			beach front (10)
11	Making customer queue for the service	0	
12	Asking customer to provide more resource by the	0	
	way of self service		
13	Shifting customer to slack period	0	
14	Bundling to smooth the demand	0	
15	Charge a premium	0	
16	Well set up	16	Phuket town (7) and
			beachfront (9)

Table 4.8 showed the key summary of management strategies which applied for off-peak demand patterns. The results revealed that all fine dining restaurants in Phuket totally nineteen interviewees in both areas; Phuket town and beach front area stayed opening the business all year and used up selling strategy to boost daily revenue. Secondly, the frequent implementation on low season was training employee strategies which applied by eighteen interviewees. Thirdly, developing event strategy was used to increase revenue by sixteen interviewees. Forth, increase value added into product and service strategy was applied by

thirteen restaurant management. Lastly, two additional strategies of customer data base and take care customer the best were applied by three and sixteen fine dining entrepreneurs in Phuket. These techniques were used to increase daily revenue and kept customer relationship.

Table 4.8 Summarize slack demand (off-peak demand) fluctuation strategies

NO	Strategies implementation	Frequency	Restaurant location
1	Lay off employee	0	
2	Training employee	18	Phuket town (8) and
			beach front (10)
3	Close part or slack period	0	
4	Stay open all year	19	Phuket town (9) and
			Beach side (10)
5	Market service under arrangement	0	
6	Sell or terminate the business	0	
7	Using outside suppliers through subcontracting or		
	leasing to provide resources		
8	Develop event	16	Phuket town (7) and
			beach front (9)
9	Increase value added into product and service	13	Phuket town (4) and
			beachfront (9)
10	Seek new market penetration	0	
11	Offer differentiation	0	
12	Lower pricing	0	
13	Offer special discount	0	
14	Advertising and promotion	0	
15	Up selling technique	19	Phuket town (9) and
			beachfront (10)
16	Customer Data base	3	Beachfront (3)
17	Take care customer the best	16	Phuket town (7) and
			beachfront (9)

## Chapter 5

## Conclusion, Discussion, and recommendation

This chapter summarizes the key research conclusion, the discussion which is based on the research main finding and the recommendation for the further study and its limitation. This research tries to identify the research objective as following:

- 1. To investigate the patterns of demand fluctuation in fine dining restaurants in Phuket
- 2. To examine the impacts of demand fluctuation in fine dining restaurants in Phuket.
- 3. To conduct the management strategies implementation for the demand fluctuation.

This research revealed the investigation of demand fluctuation in fine dining restaurants in terms of patterns impacts, and management strategies. A qualitative approach was used by face to face in-depth interview with nineteen restaurant entrepreneurs and restaurant managers. The interview was conducted in English version and Thai version. Each interview take time approximately one hour. The researcher used the content analysis in this study. The coding of data analysis was related to the previous literature reviews. Furthermore, the interview used the tape record to cross-check the accurate of information.

## 5.1 The summary of finding

#### 5.1.1 Demand pattern

Studying the historical demand may help to predict the demand patterns which are beneficial for the restaurant entrepreneur handling with the restaurant overcapacity and below capacity, consequently adapted to wise management. The research distinguished the pattern as predictable pattern and unpredictable pattern of fine dining restaurants.

Predictable Pattern was the variation of customer arrivals can predict the number of customer in advance. Peak seasonality was affected to more customer arriving in restaurant. The research examined the outstanding peak customer patterns such as peak hour in each day of

fine dining restaurants in Phuket in both areas started on 6.00 pm-7.00 pm which lead to crowded customer. Follow by Peak Day within a week which the busiest dayswere Friday and Saturday. Peak months of fine dining restaurants in both areas relied on the variation of market and tourist movement related to low and high season in Phuket. Restaurants have a lot of booking and too crowded on December. Furthermore, Peak festivals such as New Year Festival, Christmas, and Valentine were the peak customer coming for fine dining restaurants in Phuket town and Beachfront. On the other hand, Thai customer had high trend to dine out with family on Mother's day, father's day, and Songkran day.

Off-peak seasonality for fine dining restaurants in Phuket affected the decreased customer arrival. This off-peak pattern can summarize such as off peak hour in each day in fine dining restaurants in both areas have similarity off –peak arrival that was opening time. The customer was less than particular time. The research revealed that off-peak day within a week cannot specify which date was normally lowest customer arrival. It depended on several factors in current situations i.e. weather condition, seasonality. Follow by, off-peak month affected the less customer arrival normally was starting on May-October but the suffer month was September. Furthermore, the festival caused less customer coming, the result revealed that Big Buddha Day lead to customer decreased due to Thai lawnon-alcohol selling requirement.

Unpredictable pattern was the variation of customer cannot predict in advance. From the research investigation, it revealed that bad weather was a big obstructer for Phuket town and beach front fine dining restaurants in Phuket. Especially flooding and heavy rain leaded to less customer arrival immediately. However, new restaurant competitors were not affected into decreased customer for long time. It was little affect at the beginning of new restaurant opening. That was due to the customers wanted to try the new one. Also the research shown that unstable political situation in Phuket town received the huge impact from curfew situation in term of revenue dropped more than restaurant in beachside. However, foreign customer might be more sensitive and more awareness than Thai local customer. However, it takesshort time for back to normal. Lastly, the research referred to economy impact was effective for customer decreased and total amount money spending was less than previous years for fine dining in Phuket town and Beach front area.

## **5.1.2 Impact of demand fluctuation**

Demand fluctuation reflected the impacts to fine dining restaurant business. The operation cost became a major issue when the revenue dropped; follow by the awareness of raw material usage and the inconsistency in service delivery patterns.

Overfull demand gives the impact into cost for stockpile. The research explored that lot of customer arrival will have more cost for stockpile, temporary staff salary, and utility expense. In addition, during peak time, overfull customer leaded to lack of seasonal ingredient and product which is not cover in all menus. Consequently, overfull demandgives the impact into employee. When employee was lack of service consistency, it was easily to mistake ordering. Additionally, overfull demand gave the impact into over resource and raw material usage. Car parking was not enough to support for Phuket town restaurants.

Moreover, slack demand gave the impact into expenses also. During lowest customer arrival, the entrepreneur needed to support the fix cost and stockpile raw material. Even they have adapted to market movement, they still have to stock the main ingredient and product. Additionally, slack demand gives impact into deteriorated resource. From the investigation, fine dining restaurants in both areas agreed that the impact is concerning for quality of raw material changing which was longer to launch out. It reflected to cost for purchasing again. Furthermore, the budget for renovation needed to prepare. Furthermore, slack demand also gives the impact into employee. The result revealed that the fix cost for employment was huge expense, the manager tried to reduce the temporary staff in order to control expense. However, slack demand was suitable for training programimplementation.

## 5.1.3 Demand fluctuation management strategies implementation

The variation of customer arrival will swing up and down related to seasonality of Phuket. Therefore, fine dining restaurants was risky to stabilize the operation and any expenses, thus it called for different sets of demand management strategies in both peak and slack demand fluctuation.

Strategies would apply for slack demand in order to increase daily revenue and maintained brand awareness. Firstly, stay opening all the year strategy was applied in order to show up their potential of restaurant and keep the brand awareness than closing during low season because the customer might recognize that restaurant closed business already. Secondly, creating

event was the effective strategy to boost revenue for a specific target but they gained revenue surely under cost control and reserve in advance. Some fine dining restaurants implemented this strategy for keeping relationship with the royal customer by inviting them as V.I.P guest. Moreover, if they can make an event such as anniversary, birthday ceremony, or any guest required. It will be good to generate the revenue apart of seasonal tourist. Thirdly, add value to product and service was applied for fine dining restaurant in both areas. It was effective for gaining money and reducing expense. It might adapt for special menu for examples set menu or recommending menu which is special and not same as usual. The basic menu can be more valuable depend on how the restaurant present to guest. Fourthly, training program was applied during low season, because the staffs have enough time to learn and practice. In addition, the revise or new menu needed to retrain for clear understanding. Fifth, upsell food and beverage was applied for both areas in order to boost daily sale and capture for in-house guest. This technique was not the way to force customer. It seems to be offer the alternative for customer politely and comfortably. The staffs have to observe the customer behavior before up selling. This strategy was effective when push the customer in right mood. Generally, beverage was workable for up selling than food. Sixth, Customer data base strategy was an additional strategy and applied for third of respondents in beachside restaurants. This strategy attempted not only generates more revenue but also keep relationship with the customer. Personal Database of customer was significant for restaurateur to contact them directly and tried to invite them as a VIPguest when the restaurant arranged any events or any privilege promotion. Seventh, take care customer the best strategy was applied. The key performance was trying to make customer returning by created the WOW factor and impression during spending the time at the restaurant.

Strategies were applied for overfull demand in order to handle unpredictable huge demand such as; Reservation and deposit in advance was very effective to forecast the demand in advance. The restaurant can manage their capacity and avoid customer dissatisfaction in term of overfull and service delivery. Furthermore, hiring temporary staff was implemented for fine dining restaurant in both areas. The research focused that most entrepreneur must recruit part —time staff who have previous experience and positioning as food runner, table cleaning, server, and back kitchen. However, the research showed that most of part time staffs do not allow taking order. That was due to unclear explanation of menu and English skill problem. Consequently,

support customer waiting strategy was applied. This strategy was more applicable in beach front area during peak arrival. However, customer was informedhow long they have to wait roughly and complimentary drink would be served. Moreover, this strategy applied when the operation was too late than particular running. Lastly, well setup strategy was implemented as additional strategy in both areas. This strategy was effective to be well prepare the operation which linked to reservation and deposit in advance strategy. The restaurants were well prepared in term of product and service. It helped the operation run faster and avoid the moodiness of customer.

#### 5.2 The discussion

#### 5.2.1 Pattern of demand fluctuation

As previous mention, this research had found that the demand patterns of both areas (Phuket town restaurants and beachfront restaurants) rather similarity in term of predictable pattern which was the systematic cycle repeating and can forecast in advance. Thus the demand of customer arrival can be predicted the number of pax coming to restaurant in those period. Most of respondents in fine dining restaurant in Phuket agreed that peak and off-peak pattern would rely on seasonality of tourist movement. Peak month of the year is December and peak festival is New Year Celebration Period which have much record of lot customer arrival in those time for restaurants. This study is related under research of Watson et al. (1987), Pumphrey, Clint, (2010); Mathias at el, (2012); Smith, (2014), Yan and Woo (2004); Frechtling (2012).

On the other hand, unpredictable pattern which is uncertain and randomly happen situation. The entrepreneur does not forecast the movement of arrival in advance such as unstable political issue, weather cyclic, competitor movement, and economic impact. That is consistent in research of Alesch at el, 2001; Nelwamondo, 2010; Ryan, 2003; Yan and Woo (2004). However, the research showed that the different location provided slightly different arrival patterns.

## 5.2.2 Impact of demand fluctuation during overfull demand

This research examination has found the any impacts for overfull demand or peak demand which can categorize for three impacts as following;

1. Cost for operation; Fine dining restaurants in both areas affected by cost operation during overfull demand in part of supply side such as core-fix cost and variable

cost. From the research showed that the additional expenses were stockpile cost and temporary staff salary which was rather rely on market movement. Especially, during long public holiday and peak seasonality as December and January, the supplier might not have enough raw material provided to support over demanding. The raw material was lack or sometimes was pricy than particular time. Moreover, temporary staff expense and complimentary cost for customer also being the minor cost which entrepreneur have to support in this peak time. This finding was related to the research of Mourdoukoutas, (1988); Ball (1988); Krakover (2000); Commons and Page (2001); Goulding et al, (2005).

**2.Employee**; Not only cost for operation increasing but also service inconsistency for staff was the major impact during peak seasonality for fine dining restaurant in Phuket town and beachfront restaurants. Refer to the research of Lee et al, 2008, mention that on supply-side, seasonality leaded to service quality inconsistency and reduced customer satisfaction when restaurant over capacity and staff was not well train enough. The researchwas consistent from this investigation of fine dining restaurants in both locations.

**3.Resource**; The overfull demand or peak demand gave an impact into resource which related from previous study of Kandampully, 2000 and Lee et al (2008). Demand fluctuation was risk to over utilization of resource in term of over usage the table and chair which have to add up to retain more demanding of the customer during peak arrival. The result showed that it might destroy the privacy zone and too crowded to obtain satisfaction. Another issue is car parking is not enough to support customer. From the investigation of entrepreneur in Phuket town, they totally agree that it was affected to lose some customer especially in Phuket town.

## 5.2.3 Impact of demand fluctuation during slack demand

This research examination has found the any impacts for slack demand or low demand which can categorize for three impacts as following;

1. **Cost of operation**; it was the priority cost that the entrepreneur has to carry on during the return on investment was too low and below the budget. This investigation was concerning for previous literature reviews of Cannas, 2010; Adler, 2003; Duval, 2004; Lee et al, 2008. Consequently, less of customer arriving meant less of generating money for restaurant operation. If the entrepreneur cannot turn raw-material and product to be revenue, it became the waste cost. Especially, fresh product was significantly needed to keep freshness and quick launch

order to prevent perishable usage. Therefore, slack demand was instability of income to cover fix costs and additional cost which resultwas similar the study of impact of seasonality of supply side of Lee et al, 2008. In addition, this research revealed that most of entrepreneurs in fine dining restaurant in both areas gave precedence into renovation and maintenance during off-peak season. The projects implemented when the operation is too slow and less disturb for the customer. This was the additional cost for fine dining restaurant.

2. employee; The study undertaken by Nadal et al, 2004 mentioned that demand fluctuation has influence to unsustainable employment which was related to this study in term of fine dining restaurant's manager hired only permanent employee to control costs. Temporary staff would be on requested during big event. The finding stated that employee vacation would allow taking leave on low season. It was the time for staff relaxing. Not only negative impact for employee factor in the period of off-peak demand, but also it was beneficial for training staff during that time. Both internal and external training was conducted order to rectify the previous knowledge. The practicing was organized by supervisor or outsource company. To develop staff performance, training was needed to implement. This was in line under study of Shemwell and Cronin, 1994)

3. Resource; Regarding to the literature review of Kandampully(2000) investigated the impact of demand fluctuation on the quality of service in tourism industry, the finding supported his research that if the demand was less that the operation's capacity, the business would lose the opportunity to make more revenue from the current resources. It leaded to waste useful. This was related to this study of negative impact when the customer arrival was less than particular time on low season in Phuket. Most of fine dining restaurant wasted money for stockpile product and fresh product such as fresh meat, vegetable, and ingredient which has short lifetime. If they do not stockpile raw material properly, it effected to the menu list. Then the entrepreneurs have to forecast the demand carefully to prevent the waste resources. Moreover, low customer arrival makes an underutilization of equipment. For instance, the apron or kitchenware has to rustier and deep stain. This finding also supports the research of Lee et al, (2008).

# 5.2.4 Management strategies implementation for fine dining restaurants in Phuket

There are effective management strategies applied for demand fluctuation specifically in fine dining restaurants in Phuket as following;

#### 1) Strategies apply for overfull demand

Management strategies implementation for demand fluctuation in hospitality industry have categorized into four classifications such as human resource strategies, alternative strategies, market and product diversification strategies, and marketing and pricing strategies which are adapted in best practice specifically in fine dining restaurants in Phuket town and beach front areas. The finding supported the previous literature review of Shemwell and Cronin, (1994) in line of human resource strategies under implementation of hiring the temporary staff strategies. The investigation reveals that this strategy applied only peak seasonality or big event. That was due to fine dining restaurant needed manpower to maintain service providing and quality delivery. On the other hand, this finding showed that temporary staff was not allow to take order because they might not familiar with the menu clarification and also English skill. The main responsibility is concerning for food runner, table cleaner, or kitchen helper. However, there are still have few restaurants allow the part-time staff taking order. It depends on the previous experience and English skill. Secondly, the research support deposit and reservation strategies which undertaken by Armistread and clark, 1991; Sasser, 1976; Shemwell and Cronin, 1994; Ammunet, 2016. This strategy was very effective to implement during peak time as December and January. This system helps the operation matching with capacity, forecast the demand in advance for well preparation, adjusting the staffing levels and the ingredient inventory, and prevent the dissatisfaction of customer. Most fine dining restaurant requested a deposit guarantee via credit card in order to charge No- Show customer. Furthermore, some restaurants used service-oriented confirm reservation by calling to guest. This is consistent with the research of Withiam (2010). The popular reservation media are through telephone, follow by online restaurant's website, and walk-in reservation respectively. Thirdly, supporting customer waiting strategy was applied for fine dining restaurants in beach front restaurants. This finding showed that once a life time, the customer come to tourist destination and that is their attention to go and select the places including chosen restaurant. It is a chance for the entrepreneur to inform the situation and invite them to wait if they prefer to. In addition, during the peak time, the order

might be late, supporting waiting by inform the customer first is the way to reduce customer moodiness which is related to the research of Shemwell, 1994. Lastly, the research found that well set up strategy was the popular which applied by sixteen fine dining restaurants in Phuket. This was the additional strategy which over the literature reviews.

## 2) Strategies applying for slack demand

Slack demand neededmuch effort to boost the revenue because most of fine dining restaurants carried on the below budget and cash flow problem. There were some strategies which were workable to maintain the cost balancing and restaurant status. Moreover, it was important to increase the income during suffer time. First is stay opening all the year strategy which all fine dining restaurants have implemented. It supported the research under line of Donald and Per, 2004. They called as combating action for low demand. Regarding to the finding in both areas, all of entrepreneurs gave precedence to open the restaurant even if they gain less of profit and decreased income. This research revealed that this strategy applied for showing their brand reputation and maintain potential customer. The key factor of stay opening was trying to keep the restaurantrecognition. Second is created the event strategy when the demand continuously dropped. This is rather effective in term of boost more revenue especially in low season of Phuket. It is efficient approach to customer preference and attract the customer's attention in suffer period. Because the supplier can specify the target market of customer and manage the product on hand as much as possible. On the other hand, event organizer was the alternative way to make the huge sale figure such as wedding ceremony, birthday party, meeting facilities, etc. It was very productive to gain a lot of money together with well preparation in advance. This adaptation was related to research of Getza and Nilson, 2004. Third is adding value to product strategy. Entrepreneur and restaurant manager in fine dining restaurant tried to increase more revenue by adaptation the selection of food which is extend the research of Getza and Nilson, 2004. In addition, the special menu in different style can be more up selling. WOW theme night or signature menus will be more interesting if it is created only one dish by chef. Moreover, learning new trend of tourist is needed because they can seek alternative income in different market for example Russian food, Australian food, or maybe seasonal food. This are related to the previous literature review concerning for offer the differentiation product and service by Armistread, 1991 and Sasser, 1976). Fourth is training employee during slack demand.

This strategy was not implemented for boosting more revenue but it was applied for retrain the product knowledge and new menu arrival. New staff or senior staff has to attend the program. It maybe organizes by supervisor or external company. This strategy was workable for recheck the performance or standard practice. That was due to the operation is too slow, then the managers have more time to observed and criticize what is the weakness point and stronger point for improvement. This fining also support the research of Shemwelland Cronin (1994). Fifth is up sell strategy for food and beverage. Refer to previous study of Kim (2004), this implementation needs properly approach to up sell. The waiter or waitress have main responsibility to do with politely way. It does not interrupt or force the customer. However, the staff tried to up sell beverage in proper time and guest still in the right mood. It is effective strategy to increase the daily income more than up sell for food. Lastly, the research investigated two outstanding significant techniques to keep customer relationship and boost revenue for in house guest which over literature reviews. There were customers' data base strategy and taking care customer the best. Those strategies were implemented for slack demand

#### 5.3 Recommendation

The research provides the practical recommendation which is beneficial for fine dining restaurant entrepreneur as following;

#### 1. Importance of demand history

Based on research finding, the investigation showed that fine dining restaurants in both locations have rather similarity of demand patterns which is rely on seasonality tourist movement. It is significant to learn the demand history in order to be well preparation for smoothing operation in peak season and off-peak season. This result supported the research under Shemwell and Cronin (1994); Bowie et al, (2016). The recommendation of best practice for fine dining restaurants provided as below;

- Record the amount of customer arrival in daily, weekly, monthly, and yearly as systematic report in order to forecast the demand fluctuation and capacity of restaurant for next period.
- Analysis the demand record with management team regularly in order to handle any impacts when the demand is drop or overfull.

- Shared the predictable demand record to restaurant team in order to well preparation of man power, resources, and additional impacts.
- Call for meeting and brainstorming with team how to increase customer arrival during the dropped demand.
- Review the restaurant performance by using the demand record linked the restaurant capacity. It is beneficial to learn how to manage the smooth operation
- Forecast the budget by using the demand record as a reference.
- The demand record should be accurate in order to plan and schedule other activities i.e. maintenance work and renovation, training program, marketing and promotion, etc.
- The demand record should be easy and not complicated to access for everyone.

#### 2. Focus on the following impacts during overfull and slack demand

- 2.1 Base on research finding, the result showed that most of fine dining restaurants in both areas faced the similar impacts of cost controller problem, service delivery of staff, and the use of resources. So the entrepreneurs should be advice as below for overfull demand;
- The cost of stockpile and temporary staff cost are higher during overfull demand. However, it would be grateful to compare the previous period which is reasonable and resemble or not? It is advantage for restaurant management to control the cost.
- Complimentary cost for customer in case of long waiting, it should have systematic restaurant procedure to prevent customer complaints. For example, mention clearly in procedure the maximum time that customer have to wait for product and service. They will get complimentary. If it case by case, the manager has to make the decision carefully because it affect to the cost of operation.
- During peak season, mostly temporary staff needs to be hired.
  Then the staff should be trained before being on duty. Even they have previous restaurant experience; they need to learn the new menus, new patterns, and new procedure which are quite different in each fine dining restaurant.

- The service delivery is not consistency during peak customer arrivals. Thus, the managers have to manage the right person to the right position. The front stage is very important to deal with guests. Then, the staff should have more experience and good service –minded performance. If this period is very busy, but they can keep smiling and courteous to all guest.
- How to control service consistency on peak season should be well organize in front stage and back stage. The process should be plan in advance which base on the previous demand forecast and on hand booking.
- The communication skill and negotiation skill is very significant for restaurant manager. They have to criticize reasonably in case of guest would like to refund for long waiting and quality of service and product are dropped.
- Informing customer about the busy situation which leads to service slowly in advance is the first priority to prevent the customer dissatisfaction.
- The restaurant seat capacity is the measurement for maximum bookings. Reservation channels have to handle well for the available seats. The reason is a good of benchmarking operational control.
- Tables and seats should not add up to support more customer arrival in peak season because if it is too crowded, it will destroy the comfortable zone and moreover, fine dining restaurants need to be well organize in table arrangement.
- 2.2 The impacts of demand fluctuation affected into high operation cost and cash flow problem (revenue dropped) during slack demand (less customer arrival). It needs to focus on any expenses and well handling in order to smooth operation. There are some advises for restaurants manager and entrepreneur as below;
- The operational cost should base on the on hand customer booking and calculated from demand forecast last period to prevent the below budget. For example, cost for stockpile have to be careful and necessary
  - Any additional costs should be reasonable and emergency only.
- Trying to reduce the utilities cost i.e. electric cost, water supply cost. During low season, the restaurants need to control the energy consumption to save cost.

- Fresh product should be stockpile day by day in order to keep freshness and waste cost prevention in case of cannot sell out.
- Any equipment (kitchen wares, napkins, etc.) which are not used. They should be kept in the good place and good condition to prevent the spoil and damage.
- Let the staff take leave without pay on low season to save the operation cost.

# 3. Management strategies apply for demand fluctuation for fine dining restaurants

- 3.1 Regarding to the research finding, the result showed that the effective management strategies to overcome during peak season are hiring temporary to support the operation, reservation and deposit in advance, supporting customer waiting service and also well set up preparation. Then there are the practical recommendations as following;
- Human resource strategy is concerning for hiring temporary staff. It would be advantage for fine dining restaurants if the employment should hire the staff whose have previous experience and also should have basically English skill. It is easy to train and understand the job description. During the peak demand, if their performance is good, they can swop to the important duty and delegate the work easily.
- As research investigation of demand fluctuation in fine dining restaurant in both area; Phuket town and beach front area. The research support that reservation in advance strategy can help the capacity preparation. The manager should concentrate this strategy and follow up the booking coming all the time. That was due to when we know the exactly number of customer. It will link to stockpile and manpower automatically. In addition, when we know the capacity, we can prepare the prompt service. The reasons try to maintain customer satisfaction and inconsistency service providing prevention.
- The manager should focus on the channels of reservation which are reliable or not. It would be grateful if deposit system will be utilized. As a result of preventive fake booking and the restaurant might loss the other effective booking.
- The strategy for supporting customer waiting should be applied when the customer prefers to wait.

- Well set up strategy also be effective strategy to help the service run faster in both back stage and front stage. Thus the restaurant managers have to brief your team before in order to well preparation. This kind of strategy helps operation save the time also.
- From the above management strategy applying for slack demand in fine dining restaurant, mostly those strategies are focusing on increasing the revenue, maintained the brand recognition, also training conduct. Thus the researcher provides the advises for restaurant manager as following;
- The strategy for staying open restaurant all year without closing some part of low season. The researcher would like to suggest that it would be good practice to opening the restaurant all year but closing quicker than particular time in order to save the energy consumption and reduce the additional cost.
- The restaurants managers have to do market analysis before create the event. It needs to learn what the market want is. Then they can capture the right event.
- The fine dining restaurant needs to be good advertise via online channel such as facebook, instagram, tripadvisor which is lower cost but worldwide well known.
   The managers have to focus on online market using picture and video as point of sell.
- Up selling strategy is based on the current situation. This is the way to boost the revenue but not every customer gets easily to access. The staff need to be careful to approach and they should seek opportunity to engage guest first before up selling. Make the customer feel relaxation and comfortable to stay longer.
- The training conducts during low season for every staff, but it need to be productive for staff improvement. The supervisors have to evaluate and observe the training closer in order to see the staff performance and point straight to the weaknesses for each person. Then it will be successful and enhance to the objectives.

#### 5.4 Limitation and Recommendation for future research

- 1) A limited geographic sample in Phuket were investigated the limited result.
- 2) A limited number of samplings were sourced by Where To Eat Official Website and Magazine which might not cover the actual fine dining restaurant in Phuket.

- 3) This research focused on fine dining restaurants in Phuket town and beach front restaurants, but Future research should be extended to others type of restaurant in order to conduct the different feasibility in operation and management strategies.
- 4) Future research should be conducted in other tourist attraction areas such as Bangkok, Huahin, Krabi, Chaingmai, etc. Those areas are plenty of fine dining restaurants. The result might be interesting in term of advance comparison.
- 5) Future researches are advised to be quantitative method or maybe combine of observation, document analysis, and questionnaires as it offers more liability of result and different aspect.
- 6) Future research should be extending to fine dining restaurants where are new first year opening in order to investigate how the massive impact they receive from demand fluctuation.
- 7) Future research should be examined in fine dining restaurants under chain business in order to investigate the different management and marketing strategies.

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# **Appendix**

## Certificate





JTIR5/2561

Editorial Board of Journal of Thai Interdisciplinary Research, Research and Development Institute, Nakhon Pathom Rajabhat University, 85 Malaiman Road, Muang, Nakhon Pathom 73000, Thailand

24 March 2018

Subject: Acceptance Letter

Dear Wiphaporn Johrich,

On behalf of Journal of Thai Interdisciplinary Research, Nakhon Pathom Rajabhat University, Thailand.

We are glad to inform you that your article entitled "Demand fluctuation in the fine dining restaurant industry; patterns, impacts, and management strategies (A case study in Phuket)" has been accepted for publishing in Journal of Thai Interdisciplinary Research (Vol.13 No.1 January-February 2018).

(Assist. Prof. Dr. -Ing. Phatcharasak Arlai) Editorial Board and Secretarial Board

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# **List of Publication and Proceeding**

Wiphaporn, Jobrich and PronpisanuPromsivapallop (2018). Demand fluctuation in the fine dining restaurant industry; patterns, impacts, and management strategies (A case study in Phuket). *Journal of Thai Interdisciplinary Research*, 13(1) (January-February 2018)