

# [Demand and supply in organization success](https://assignbuster.com/demand-and-supply-in-organization-success/)

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Demand and supply from an exquisite part in organization success, since their existence is what determines the operations of the business. Demand is the amount of good that a customer is willing to purchase at a particular price and is formed by the client needs and desires. Thus, any firm must understand and take into considerations the needs of the consumer as it forms the primary critical decision-making in the company (Kilger, Reuter, & Stadtler, 2015).
Supply, on the other hand, is the quantity of the goods and services that a particular organization or a distributor can sell relatively to what it produces. The company hence must know when the supply will be made, amount of commodities to be supplied and the frequency of their trade. Hence, the company can stock enough goods and services thus minimizing shortages.
Thus by understanding the consumer demands, the organization can identify their desires and will only stock the commodities that provide utility to the users. Hence, the organization will have a wider knowledge of what the demands are relative to what the supplier can offer at a particular market rate (Bustinza, Parry, & Vendrell-Herrero, 2013). Thus, prices and availability of goods and services are predetermined to the consumer. This ensures that customers do not miss out on their wants whenever they come to purchase a particular commodity. Thus, trust and loyalty is built between the two parties that will result into more sales hence increased profits to the firm.
Question 2
Rain checks are forms of compensations that are usually offered to consumers when the goods and services they had ordered are unavailable majorly due to the organization being out of stock or late deliveries. Customers are thus promised the assistance to acquire the products at prices indicated earlier and did not have to spend more regardless of any economic crisis like inflation. The Customers are thus assured to get their services or be compensated and will not encounter any losses that create a mutual trust for both parties.
However, to say this is a fair treatment of consumers is understatement due to economic injustice it creates to the consumers. Individuals usually derive their satisfaction at a particular time and have more tastes to it if provided during that period rather than a later date. Thus, postponement of the consummation of a particular good or service may lower the satisfaction of products to customers and reducing their utility (Brindley & Oxborrow, 2014). This is because, consumers’ tastes and preferences tend to change over time, and thus the commodity may not satisfy the intended purpose to customers.
References
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