

BHM 111



OFFICE OF THE DEPUTY PRINCIPAL

ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS

UNIVERSITY EXAMINATIONS

2018 /2019 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER REGULAR EXAMINATION

**FOR THE DEGREE OF BACHELOR OF HOTEL
AND HOSPITALITY MANAGEMENT**

COURSE CODE: BHM 111

COURSE TITLE: INTRODUCTION TO HOTEL ECONOMICS

DATE: 19/12/2018

TIME: 2.00-5.00 pm

INSTRUCTION TO CANDIDATES

- SEE INSIDE



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BHM 111

BHM 111: INTRODUCTION TO HOTEL ECONOMICS

STREAM: BHH

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Do not write on the question paper.

SECTION A

QUESTION ONE

Most service offerings vary greatly from one customer to another a fact that makes service providers to evaluate their services from customers' point of view. Therefore service marketers have to understand customer value criterion, customers' role in service delivery process and unique challenges inherent in service marketing. In light of this;

- (a) Define a service and describe any five challenges of service marketing. **(12 marks)**
- (b) Describe service classifications based on the following headings;
 - (i) Equipment/ people focus. **(2 marks)**
 - (ii) Product/ process focus. **(2 marks)**
- (c) Outline any four differences between services and products . **(4 marks)**
- (d) Describe the service buyer decision making process. **(10 marks)**

QUESTION TWO

- (a) (i) Differentiate a sole proprietorship from a business partnership **(4 marks)**
 - (iii) List any four characteristics of business partnership **(2 marks)**
- (b) (i) Name any four types of profit making companies **(4 marks)**
 - (ii) Discuss any five advantages of a business partnership **(10 marks)**

QUESTION THREE

Busia International hotel is keen on hiring an expert in hotel and hospitality to advice on the growth targets the board of directors had set. You are hired and decide to have a meeting with some middle level managers.

- (a) (i) Define internal economies of scales to the attendees. **(2 marks)**

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- (ii) You think that the hotel may attain some internal economies of scale in different dimension. Describe four types of internal economies of scale that a firm may gain. **(8 marks)**
- (b) (i) One manager is keen to the productivity level of the hotel. Differentiate large scale production from optimal production to him. **(2 marks)**
- (ii) Describe to the attendees any **four** factors that cause diseconomies of scale and eventually lead to higher cost structure. **(8 marks)**

QUESTION FOUR

- (a) (i) Differentiate consumer markets from business markets **(4 marks)**
- (ii) Describe any three things that can be marketed **(3 marks)**
- (b) Explain any four factors that need to be considered when choosing the right target market. **(8 marks)**
- (c) Firms in business strive to retain their customers' in order to guarantee revenue flow or profits. List any five ways a business can retain its most valuable customers. **(5 marks)**

QUESTION FIVE

- (a) (i) Define the term demand and state **two** characteristics of demand in economics **(4 marks)**
- (ii) With the aid of an illustration of demand curve, describe the law of demand. **(6 marks)**
- (b) (i) State any **two** assumptions of the Law of Demand. **(2 marks)**
- (ii) Discuss the limitations or exceptions of Law of Demand. **(8 marks)**

