



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

FOURTH YEAR SECOND SEMESTER

**SCHOOL OF NATURAL RESOURCES, TOURISM
AND HOSPITALITY**

**BACHELOR OF HOTEL & HOSPITALITY
MANAGEMENT**

COURSE CODE: BHM 4209

COURSE TITLE: HOTEL ECONOMICS

INSTRUCTIONS TO CANDIDATES

Answer questions ONE and any other TWO questions.

SECTION A – 20 MARKS

Question one

- a)
- i. In the table above, identify three kinds of marginal utility justifying your answer. **6mks**
 - ii. Explain the law of diminishing marginal utility using the table above. **5mks**
- b) Using examples, differentiate between individual demand schedule and market demand schedule. **4mks**
- c) In your college town, real estate developers are building thousands of new student-friendly apartments close to campus. If you want to pay the lowest rent possible, should you hope that demand for apartments is elastic or inelastic? Provide a justification of your answer. **5mks**
- d) A firm incurs fixed cost of kshs. 9000 and the variable cost is kshs. 8000. Its total sales receipt is kshs, 30000 determine the Break-even point. **5mks**
- e) Suppose the price of a commodity is Rs. 500, 400 units of it is supplied. For example, if the price rises to 800, the quantity supplied also increases to 500 units.
- i. Calculate elasticity of supply. **3mks**
 - ii. With the answer above, which classification of supply does it fit in? **2mks**

SECTION B – 30 MARKS

Question two

- a) With the aid of a diagram, discuss the scenarios where hospitality products can have
- I. Extension and contraction of supply **10mks**
 - II. Increase and decrease in supply **10mks**

Question three

- a) With examples of hospitality products, discuss 4 exceptions to the law of demand. **12mks**
- b) Give 4 differences between monopoly and monopolistic market structure. **8mks**

Question four.

- a) Discuss 7 types of internal economies of scale hospitality businesses can take advantage of. **20mks**

Question five

- a) Explain five factors involved in pricing policy. **10mks**

b) List five uses of break even analysis

10mks