MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS 2017/2018 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER

SCHOOL OF TOURISM AND NATURAL RESOURCE MANAGEMENT
BACHELOR OF HOTEL & HOSPITALITY MANAGEMENT

COURSE CODE: BHM 407

COURSE TITLE: HOTEL ECONOMICS

DATE: 17/4/2018   TIME: 11.00AM – 1.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other three

Question One

a) Elaborate on the law of diminishing marginal utility **(5 marks)**
b) What are the assumptions of the law of above stated law? **(5 marks)**
c) Explain five limitations to customer sovereignty. **(5 marks)**
d) Distinguish the following terms as used in economics **(10 marks)**
   i) Average utility and marginal utility
   ii) Individual demand schedule and market demand schedule
   iii) Veblen effect and Giffens paradox
   iv) Law of constant returns and law of increasing returns
   v) Monopoly and monopolistic competition

Question two

a) Discuss the features that relate to the production function of hospitality products. **(10 marks)**
b) While giving examples of each, identify the factors that determine elasticity of supply. **(5 marks)**

Question three

a) Explain revenue analysis under perfect competition. **(5 marks)**
b) With the aid of diagrams discuss the analysis of supply. **(10 marks)**

Question four

a) Explain the Features of good demand forecast system. **(5 marks)**
b) Using examples explain perfect competition **(10 marks)**

Question five

For a hospitality organization to survive, it has to price its products to achieve certain objectives. Discuss this using example. **(15 marks)**

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