MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS
2019/2020 ACADEMIC YEAR
THIRD YEAR SECOND SEMESTER

SCHOOL OF TOURISM, HOSPITALITY AND LEISURE STUDIES
BACHELOR OF HOTELS AND HOSPITALITY MANAGEMENT

COURSE CODE: BHM 3207
COURSE TITLE: INTRODUCTION TO HOTEL ECONOMICS

DATE:11ᵀᴴ DECEMBER 2019   **TIME: 8.30-10.30 AM**

INSTRUCTIONS TO CANDIDATES

Answer **ALL** questions in section **A** and any other **TWO** in section **B.**

Question One

i.   Differentiate between the following terms
   a) Economies of scale and diseconomies of scale   **(2marks)**
   b) Debentures and preferential shares   **(2marks)**
   c) REITS and condominium   **(2marks)**
   d) Memorandum of association and articles of association. **(2marks)**
   e) Unitary elastic demand and perfectly elastic demand   **(2marks)**

ii.   Explain FIVE forms of price discrimination under monopoly   **(5marks)**

iii. Using examples, explain Four factors that a start-up hotel business may utilise to set up their business   **(8marks)**

iv.   Three friends Patrick, Tom and Jane have set up a tour firm business they co-own. Explain to them five reasons that may lead to the dissolution of their business.   **(5marks)**

v.   Briefly explain and give examples of four costs the above business may incur in their operations.   **(2marks)**

Question Two
   a) Identify and explain FOUR classification under oligopoly market.
                                                             (8marks)
   b) Discuss six features of monopolistic competition and give examples of each.   **(12marks)**

Question Three
   a) Discuss four internal and four external economies of scale a hospitality business may take advantage of.   **(16marks)**
   b) Explain four assumptions of breakeven analysis   **(4marks)**

Question Four
   a) Using the demand curve, illustrate the changes of increase and decrease of demand.   **(8marks)**
   b) Discuss FOUR nature and distinctions of demand and give relevant examples of each.   **(12marks)**

Question Five
   a) Explain five differences between public and private limited company.
                                                             (5marks)
   b) Discuss five classifications of elasticity of supply and give examples of tourism products that may exhibit each. Use diagrams where necessary.
                                                             (15marks)

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