



FACULTY OF MANAGEMENT

First Semester MAIN Examination

DEPARTMENT

Tourism Management

MODULE Tourism Development 3A

CODE TOW3A11

DATE 09 JUNE 2014

DURATION 3 HOURS

TIME 0830-1130

TOTAL MARKS 100

EXAMINER Dr P Thomas

MODERATOR Dr J Ndlovu

NUMBER OF PAGES 3 PAGES including this page

INSTRUCTIONS TO CANDIDATES:

- **ANSWER ANY 3 of the 4 questions in SECTION A**
- **And then ANSWER ALL QUESTIONS OF SECTION B**
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

SECTION A (60 marks) ANSWER <u>ANY THREE OF THE FOLLOWING FOUR QUESTIONS</u>		
SECTION A QUESTION 1		[20]
<p>1. To facilitate resource needs planning, suppliers of leisure tourism products have to anticipate future demand in order to produce and supply enough products/ services..</p>		
<p>1.1 List six (6) types of demand forecasting and very briefly explain each of them.</p>	(18)	
<p>1.2 Explain one (1) problem you find with demand forecasting.</p>	(2)	
SECTION A QUESTION 2		[20]
<p>2.1 Explain the term “price elasticity of demand”.</p>	(4)	
<p>2.2 Write out the formula for “price elasticity of demand”.</p>	(4)	
<p>2.3 List 6 factors (variables) that <u>influence price elasticity</u> and can make it more elastic or inelastic (e.g. a clue - one of the variables is time).</p>	(12)	
SECTION A QUESTION 3		[20]
<p>3. Name the three (3) main systems of country economies. Name a country that is an example of each. Explain the key characteristics of each type of economy.</p>	(20)	
SECTION A QUESTION 4.		[20]
<p>Private sector tourism firms can manage liability as either unlimited liability firms OR limited liability firms.</p>		
<p>4. 1 Explain <u>the characteristics</u> of an UNLIMITED liability private firm in terms of liability and financing opportunities.</p>	(6)	
<p>4.2 Explain <u>the characteristics</u> of a LIMITED liability private firm in terms of liability and financing opportunities.</p>	(6)	
<p>4.3 Explain the term PUBLIC COMPANY.</p>	(4)	
<p>4.4 Explain a “debenture”.</p>	(4)	

SECTION B
CASE STUDY ALL QUESTIONS COMPULSORY

[40]

The “SMALL LUXURY HOTELS OF THE WORLD” Chain

The small luxury hotels that belong to this chain specialise in making a guest's experience truly unique with attention paid to very high standards of service, uniqueness, high quality food and wine, luxury and comfort. The chain has over 500 hotel members representing 70 countries. The chain makes sure it uses the power of group marketing to create a high level of awareness in specific target markets. Many of these hotels charge as much as US\$2000.00 per night without meals but being a member of this group means that you must pay a monthly levy of US\$1600.00 per month towards the marketing. The hotels average 20 bedrooms each.

Hotels of the same size who are not in this chain do not have to pay the levy and they do not necessarily keep up the levels of uniqueness, food, wine and luxury that the chain does.

You have one of these independent hotels and you currently charge US\$ 1500.00 per night but you are considering becoming part of the chain.

Source: Adapted from Tribe (2011:120).

ANSWER ALL OF THE FOLLOWING QUESTIONS

- | | |
|--|------|
| B1. Define the term “opportunity costs”. | (4) |
| B2. As you - owner of a hotel - that does not belong to the chain, use the financial details of the case study to explain the option of joining the luxury hotel chain/ or not joining the luxury hotel chain - as “opportunity costs” to your manager. | (8) |
| B3. Define “economies of scale”. | (2) |
| B4. List six (6) economies of scale and briefly describe the meaning of each. | (18) |
| B5. There is another way that you could grow your hotel – horizontal and/ or vertical integration. | (6) |
| Explain each of these concepts to your manager using a tourism related example of each. | |
| B6. Another hotel very similar to yours but only of 6 bedrooms finds it often has overflow guests and you often take these overflow guests. You have had a good working relationship like this for several years so you both would consider a merger. | (2) |
| Explain the concept of a merger to your manager. | |

TOTAL**100**