



Strathmore  
UNIVERSITY

SCHOOL OF TOURISM AND HOSPITALITY  
MASTER IN HOSPITALITY BUSINESS MANAGEMENT  
END OF SEMESTER EXAMINATION  
MHBM 8102 HOSPITALITY REVENUE MANAGEMENT

**DATE:** Friday, 14<sup>th</sup> March 2025

**TIME:** 09:00 – 12:00 Hours

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**INSTRUCTIONS:**

1. This examination consists of **FOUR** questions
2. Answer **Question ONE (Compulsory)** and **any** other **TWO** questions.

**Question One**

**{30 Marks}**

*Read the case below and answer the questions that follow.*

Whitesands Hotel located on the picturesque shores of Mombasa, Kenya, is one of largest and most popular hotels in the region. The hotel boasts luxurious amenities, beautiful beachfront and proximity to major attractions. The hotel targets a diverse clientele, including business travelers' tourists and local guests. However, just like other facilities in its league, the hotel faces significant challenges and opportunities in managing demand and supply capacity effectively. Whitesands experiences significant demand and capacity fluctuations owing to the tourist season. High demand periods (June to September and December to March) coincide with school holidays while demand drops during the off-peak months. This trend leads to challenges in maintaining optimal occupancy rates throughout the year. Whitesands is also impacted by both global and local economic trends, which influence travel behavior.

The recent economic downturn and the discretionary travel decrease have also had a direct impact on hotel occupancy and revenue. The growth of alternative accommodation platforms such as Airbnb poses significant challenges to traditional hotels. This compels Whitesands to seek alternative ways of differentiating its offer and attract guests for survival. Whitesands faces challenges linked to physical space owing to its location as a beachfront property. The hotel has a fixed number of rooms and amenities, which limits the physical space available during high season periods, hindering the hotel from accommodating potential guests, hence stifling its revenue growth. Additionally, the hotel finds itself encumbered by the management of resources such as food and beverages, inventory, housekeeping services, and staffing. The hotel strives to maintain quality and have adequate staff while dealing with the delicate balance of managing costs. Whitesands, grapples with the maintenance and upkeep of the hotel in top condition to maintain their clientele satisfaction. The high occupancy rate experienced during the high season also acts as a deterrent to the opportunities to engage in maintenance of the facility which culminates in customer complaints.

- a) Describe **Five** strategies which Whitesands Hotel can implement to effectively manage seasonal demand. **(15 Marks)**
- b) Explain **Five** challenges which can impact Whitesands Hotel's ability to effectively manage seasonal demand. **(15 Marks)**

**Question Two****{20 Marks}**

- a) Antonio is the RM at the 180-room Hawthorne Suites. Disappointed in his occupancy rate last year, he decided to reduce his room rates this year by 10 percent to help increase sales and improve his RevPAR. This action resulted in an upswing in occupancy, from 75 percent last year, to 85 percent this year; an increase of 13.3 percent. Last year, Antonio's controllable operating costs were \$61.00 per room. This year, they rose to \$62.00 per room, an increase of only 1.6 percent.

<b>Statistics</b>	<b>Last May</b>	<b>This May</b>
Occupancy %	75%	85%
Rooms sold		
ADR	\$129.99	\$116.99
Rooms revenue		
RevPAR		
Controllable operating Costs		
Gross operating profit GOPPAR		

Help Antonio better understand the overall results of his rate reduction strategy by completing his hotel's May operating performance worksheet. **[10 Marks]**

- b) Discuss in detail 5 out of the 8 fundamentals elements in developing a revenue management strategy for an upcoming 5-star hotel in Mombasa Kenya **[10 Marks]**

**Question Three****{20 Marks}**

A major Restaurant group has declared that it is going to enter an already very competitive hospitality market and offer highly competitive prices to customers. You have been asked by the senior management team to provide a report advising Wakati Restaurant, which is a well-established player in the market, on the options open to them when faced by this new discount orientated competitor. **[20 Marks]**

**Question Four****{20 Marks}**

Nigar Patel prepares a daily Rooms Forecast Report that is shared with the housekeeping, food and beverage, and front desk managers of the 200-room Comfort Inn she both owns and manages. Today is Monday. Help Nigar complete Tuesday's Rooms Forecast Report using the following information she has compiled from historical records, current PMS data, and her own insight into rooms sales-related events likely to occur today. When you have completed the forecast, answer the questions that follow.

Rooms Forecast Report for:		Tuesday (This week)	
Date: June 3rd.		Day: Tuesday	
	Total rooms available		200
2	Out-of-order (OOO) rooms		0
<b>Net Availability</b>			200
	Stayovers		85
1	Reservations (Arrivals)		60
<b>Rooms Sold or Reserved</b>			
<b>Adjustments:</b>			
	Overstays		15
	Early departures		10
	No-shows		5
<b>Total Forecast Sold or Reserved After Adjustments</b>			

- Calculate the number of rooms that Nigar forecast to be reserved/occupied on Tuesday night and the occupancy % forecast **[3 marks]**
- Assume Nigar's ADR forecast for Tuesday night is \$230.99. What would be her estimated total room revenue and the forecasted RevPAR for this night? **[3 Marks]**
- Discuss 4 reasons on why Nigar needs to prepare an accurate forecast **[8 Marks]**
- State and explain 3 of the common characteristics of industries that practice revenue management. **[6 Marks]**

**TOTAL = 70 MARKS; WEIGHT = 50%**