



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2019/2020 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

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

**COURSE CODE: BHM 2106
COURSE TITLE: MARKETING OF HOTEL AND
CATERING ESTABLISHMENTS**

DATE: 2ND DECEMBER 2019

TIME: 8.30 AM -10.30AM

INSTRUCTIONS TO CANDIDATES

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

This paper consists of 4 printed pages. Please turn over

SECTION A 30 MARKS

QUESTION ONE (30 MARKS)

Case Study

Product Development Dilemma at Rocco's

You are employed as the vice president of marketing for Jiffy Foods, Inc., a regional foodservice company that operates 40 restaurants in the fast-food or quick-service segment. The restaurants that Jiffy Foods operates are a single brand called Rocco's. The restaurants offer a menu that is fairly typical of a fast-food chain: -burgers, French fries, milk shakes, chicken tenders, and the like. In the last year, Rocco's has started offering prepackaged salads, but it has not done any other menu development. The restaurant's founder recently retired and turned over day-to-day management of the chain to the company president, James O'Connor. The founder indicated that the menu development and promotions that are done by the national chains "would not be profitable for a 40-unit chain like Rocco's. The national chains have the advertising clout to support promotions for special product offerings. We do not. We should stick to the basics: good food, clean restaurants, and friendly staff. That is what has worked in the past, and it will work in the future."

In the quick-service market, the brand is a small player, competing against the national chain companies such as McDonald's, Burger King, and Wendy's, as well as many other regional chains. During the last 18 months, sales at Rocco's have been flat there has been no increase in sales, despite the fact that prices were increased 2.5 percent a few months ago. The mix of sales is much the same as it was five years ago. The prepackaged salads that were introduced last year have not sold well. All the salad offerings combined make up only 2 percent of total sales.

Earlier today the company president, James O'Connor, dropped by your office in a very frustrated mood. The two of you had a very intense and animated conversation about how the products and services that Rocco's offered were very traditional and not exciting to the targeted consumers. The national chains are always offering new products and services or modified products and services that are promoted for a limited period of time at a special promotional price. Jim felt that the competitors' promotions were hurting

Rocco's and wanted you to do something about it. You were quick to point out that the marketing strategy of "staying the course" had been very successful in the past. In fact, the company founder had used this approach for more than 25 years. Ideas for new products generally came from the managers of the 40 restaurants or the customers who patronized the restaurants. Rocco's did not maintain any product development structure or organization. As the vice president of marketing, your primary responsibilities centered around developing, implementing, and evaluating promotional campaigns, selecting sites for new stores, and working with the advertising agency to develop and evaluate campaigns.

As your meeting with the president concluded, he said, "It's Friday. I want you to think over the weekend about the way we develop new products and services. We need to do a better job. Maybe we should think about a different way of doing things. What we're doing is not producing the results we want, and we need to increase our sales. Let's meet on Monday morning to talk further. I want to see your preliminary plan when we meet on Monday."

Using the above case study, answer the following questions i-iv

- i. Giving reasons, what action steps should you recommend to the president **(5 marks)**
- ii. Stating reasons, should Rocco's develop a more structured approach to product development? **(5 marks)**
- iii. Suggest any specific structures or ideas that the Rocco might adapt from what the national chains do **(5 marks)**
- iv. What type of product development strategy should Rocco's use and why? **(5 marks)**
- v. Advise a new restaurant on **FIVE** different pricing strategies available to them **(5 marks)**
- vi. Explain the aspects of the hospitality marketing mix depicted in the case **(5marks)**

SECTION B 40 MARKS

QUESTION TWO (20 MARKS)

- i. Managing channel conflicts is of utmost importance to any organization. Discuss **(10 marks)**
- ii. Examine **FIVE** marketing intermediaries for hotels **(10 marks)**

QUESTION THREE (20 MARKS)

- i. Citing benefits, assess why internet marketing has become so widely used by hotels **(8 marks)**
- ii. Describe the activities at each step, of the personal selling process **(12 marks)**

QUESTION FOUR (20 MARKS)

- i. Using examples relevant to the hospitality industry, explain marketing strategies that can be used in each stage of the product life cycle **(10 marks)**
- ii. Discuss ways in which the macro environment forces affect opportunities of a firm **(10 marks)**

QUESTION FIVE (20 MARKS)

- i. Critique the role of the Kenyan government in marketing of hotels and catering services **(10 marks)**
- ii. Discuss **FIVE** trends that are shaping the marketing environment in the hospitality industry **(10 marks)**

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