



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER**

**SCHOOL OF TOURISM AND NATURAL
RESOURCE MANAGEMENT
BACHELOR OF HOTELS AND HOSPITALITY
MANAGEMENT**

COURSE CODE: BHM 3104

COURSE TITLE: HOSPITALITY SERVICE MANAGEMENT

DATE: 4TH DECEMBER, 2018

TIME: 8.30 - 10.30 A.M

INSTRUCTIONS TO CANDIDATES

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

This paper consists of 4 printed pages. Please turn over.

SECTION A: COMPULSORY (25 MARKS)

QUESTION ONE

Read the case study for Alamo Drafthouse and answer the questions that follow.

The Alamo Drafthouse (owned by Tim and Carrie) is a different kind of business, whether you call it a bar, a restaurant, or a movie theater. Is it a movie theater that serves burgers or a bar that shows movies? The Alamo combines multiple services and makes compromises on several fronts to make the combination work. Alamo customers eat and drink while watching movies. The Alamo Drafthouse is a single-screen movie theater that serves an assortment of beer and wine and offers a food menu of appetizers, hot sandwiches, individual pizzas, pasta, and dessert. Waiters take orders, serve the food, and collect the bill before and during a movie showing.

The Alamo Drafthouse, like most theaters, has rows of seats. Unlike most theaters, however, there are fewer rows so there is enough space between rows to accommodate long skinny tables where customers can place their food and drinks. Enough space also exists so that personnel can take orders and serve unobtrusively, and customers can slip out to the lobby if desired. Because of this layout, the Alamo offers about half the seating of most auditoriums of similar size and has a capacity of 215 customers.

Before each showing, waitstaff visit customers and explain to them how the Alamo's service system works. Paper, pencil, and menu are provided along the tables so customers can write their orders on the paper and place the slip of paper in a metal stand where it can be seen by waitstaff who patrol the ends of the aisles. The waiter slips in, picks up the paper, and then goes out to the kitchen to fill the order for the customer. When the order is ready, the waitperson delivers it to the customer. All of this can be done without a single word being exchanged and minimizes disruption to film viewers.

Tim sees the Alamo's ticket sales as a loss leader to get people into the establishment to consume food and drink, and he keeps ticket prices low, typically \$4.00. This price point is below the cost of seeing a first-run film at most typical Austin theaters (\$6.50-\$7.00), but it is above the price of going to a bargain theater to see a second-run film (\$1.00-\$1.50). The average Alamo customer spends a total of \$5 to \$12 per showing. After the ticket is purchased, customers spend about 55 percent of this on food and 45 percent on alcohol. In order to increase spending, they have raised menu prices occasionally since opening and added more high-dollar items to the available selections. Special events account for one-third of revenues. Although customers are spending more than they do when they go to a typical theater, the Alamo's profits are

limited by its smaller capacity and high labor costs. On a typical Friday night a staff of 15 to 17 people is required, many more than are required to operate a standard theater.

To promote the Alamo, Tim and Carrie use several low-cost methods. They take advertisements out in the three most read Austin papers including the Daily Texan, the University of Texas student newspaper. They also create three-month calendars that list special events. Upcoming showings are announced before every feature. They have formed a close relationship with the Austin Chronicle, an entertainment publication, and consequently get a lot of free public relations exposure in the form of articles previewing their special events.

Tim also engages in some inexpensive but effective loyalty building. He manages the Alamo's Web site and answers every piece of e-mail personally. He also announces upcoming films and special events before every show and hangs around after shows to answer questions and talk to his customers. He is very open to suggestions and has used them to plan special events and to modify the menu. He notes that loyalty building has been a lot more effective with the Austin Film Society and cult film crowds.

QUESTIONS

- a) Using examples from the case study above, discuss any two generic strategies Alamo draft house have utilized in their operations. **(5marks)**
- b) Using the "Strategic Service Vision" framework, describe Alamo Drafthouse in terms of target market segments, service concept, operating strategy, and service delivery system. **(8marks)**
- c) Identify service qualifiers, winners, and service losers for Alamo Drafthouse. **(6marks)**
- d) Conduct a SWOT analysis to identify internal strengths and weaknesses as well as threats and opportunities in the external environment for Alamo Drafthouse. **(6marks)**

SECTION B- 45 MARKS

QUESTION TWO

- a) Using customer value equation, discuss how customers assess value for products they purchase in hospitality industry. **(10marks)**
- b) Explain any five service design elements in the context of hospitality industry. **(5marks)**

QUESTION THREE

- a) Describe FIVE roles of technology as an enabler in the service encounter. **(10marks)**
- b) As an expert consultant for Sarova group of hotels advice on any two e-business models they may adopt in their business and their importance. **(5marks)**

QUESTION FOUR

- a) Discuss the application of Porter’s Five Forces Model on the strategic position of hospitality industry in Kenya.” **(15 marks)**

QUESTION FIVE

- a) Explain how the culture and level of employee empowerment in an organization affect the service encounter **(5marks)**
- b) Describe any FIVE strategies for matching capacity and demand for services in hospitality businesses. **(5marks)**
- c) Explain how the Psychology of Waiting can affect hospitality services. **(5marks)**

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