



APPLIES TO ACADEMIC YEAR 2013/2014

RLS 3654 Economy in Tourism Industry

Programme

Bachelor of Tourism Management (3. year)

Responsible for the course

Emanuel Blattner

Department

Department of Accounting - Auditing and Law

Term

According to study plan

ECTS Credits

7,5

Language of instruction

Norwegian

Introduction

Economy in the tourism industry is a part of business economics, which consists of knowledge achieved in managerial economics, finance, accounting, microeconomics and statistics. The service industry is facing a tremendous challenge in managing capacity profitably. The aim of the course is to improve the students' knowledge and skills in business economics with special focus on revenue management. Revenue management can help a firm sell services to the right type of customers, at the right price and at the right time. Yield management guides the decision of how to allocate undifferentiated units of capacity to available demand in such a way as to maximize profit or revenue.

The course includes a hotel management simulation. The simulation allows the student to apply theoretical knowledge in an environment very close to reality.

Learning outcome

Acquired knowledge

The course is divided into two parts:

Part 1

After taking the course, the students shall be able to explain key concepts and give an account of the tools used in analyses of business economics problems in the tourism industry with a main focus on revenue management.

Examples of concepts are:

- Price decisions in the services industry
- To develop logical pricing policies which take into consideration the willingness of payment among the customers
- Time-variable demand
- Taking price and revenue decisions by using models of yield management
- Appropriate cost structure

Part 2

In part two the students will participate in a management game in the hotel industry. The use of management games allows the students to improve and apply theoretical knowledge in yield management.

Examples are:

- Apply models and methods of yield management in revenue management
- Profit, liquidity and balance planning and budgeting
- Analyse investment problems in the management game

Acquired skills

After taking the course, the students shall be able to (a) apply knowledge (i.e. concepts and skills) in analyses and discussions on yield management problems, (b) distinguish between relevant and irrelevant information, and (c) give written answers to questions so that the readers understand the applied methods and conclusions. Examples:

- Apply the theory of marginal revenue and marginal cost
- Estimate the optimal price mix by using historical observations
- Prepare yield management strategies
- Apply models of yield management in the services industry

Reflection

After taking the course, the students shall be able to ask critical questions and reflect on crucial assumptions and theories within the business economics field and in particular the yield management field.

Prerequisites

Knowledge equivalent to the 2nd year of the Bachelor of Business Administration Program in Tourism

Compulsory reading

Books:

Ingold ,Anthony, Una McMahon-Beatti and Ian Yeoman, eds. 2000. Yield management : strategies for the service industries. 2nd ed. Continuum

Recommended reading

Books:

Tranter, Kimberly A., Trevor Stuart-Hill, Juston Parker. 2009. An introduction to revenue management for the hospitality industry : principles and practices for the real world. Pearson Prentice Hall

Other:

Erik Bergman. 2010. Brukermanual til Hotcalc simuleringen

Course outline

Part 1

The principles of yield management

- A strategic approach to yield management
- Economic aspects of pricing in the tourism industry
- Legal aspects

Appropriate cost structure

Models of yield management

- Perspective on pricing decisions in the hospitality industry
- Model to evaluate revenue and loadings for intercity
- Yield management models in the inclusive holiday industry
- Decision-making by means of yield management models Cases

Part 2

Management game "Hotcalc"

The students shall be able to apply knowledge achieved during part 1

- Revenue management in a competitive market
- Revenue and cost analysis
- Allocation of undifferentiated units of capacity to available demand in such a way as to maximize profit
- Strategies in the management game using yield management
- The use of yield management models in decision-taking

Computer-based tools

Management game "Hotcalc"

Learning process and workload

The course includes 30 hours lectures, and 15 hours case studies and management game conducted by the lecturer.

Recommended use of hours:

Activity	Hours
Lectures	30
Casestudies	15
Reading literature and preparation for lectures	151
Final examination	4
Total use of hours recommended	200

Case studies and management game are conducted by the lecturer

Use of hours

30- lectures

15 hours - casestudies

45 hours total

Examination

A four hour individual written examination concludes the course.

Examination code(s)

RLS 36541 Written examination. Counts 100% towards the final grade in RLS 3654, Economy in Tourism Industry, 7,5 credits.

Examination support materials

Only Calculator TEXAS INSTRUMENTS BA II Plus™ is allowed.

Exam aids at written examinations are explained under exam information in our web-based Student handbook.

Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

A re-sit in Written examination is held every term.

This course will be lectured for the last time spring 2014. Re-sit exam will be offered autumn 2014, spring 2015 and last time spring 2016.

Additional information