

# UNIVERSITY OF COLOMBO

## FACULTY OF ARTS

### DEPARTMENT OF ECONOMICS

#### POST GRADUATE DIPLOMA IN TOURISM ECONOMICS AND HOTEL MANAGEMENT

#### FINAL EXAMINATION – 2018

(6<sup>th</sup> Batch)

#### DTEHM S507: MANAGING SMALL SCALE BUSINESSES IN TOURISM

**Time Allowed: THREE [3] HOURS**

**Answer the question of Part (A) compulsorily and only three Questions from Part (B)**

**Part A will carry 40 Marks and each question from Part B will carry 20 marks**

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#### **PART (A)**

##### **(1) Mini case: Hunnasgiri Escape Luxury Boutique Hotel**

In the picturesque Mada Mahanuwara lies the Hunnasgirya escape the upscale resort at five acres land few kilometers away from the human habitat. Panoramic view of misty mountain covered with lush vegetation gives stunning view to a stressed guest allowing a complete escape from his busy life for a few days. By locating away from the human habitat, a different set of neighboring wildlife fishing cats, otters and pangolins keeps the surrounding full of life. With five super luxury shallace each covers an area of 750 square feet with all the luxurious amenities including plunge pools, jacuzzi and personal dining facilities.

The hotel will follow focus differentiation strategy where luxury and upscale markets are the target market. Geographically concentrates only on USA a market seldom catered by Sri Lankan hospitality businesses. To suit the market the price is at a range of \$600 and above. Company will never reduce their prices as it an important indicator of their image. Considering the difficulty in marketing a sophisticated product of this caliber the marketing function is totally outsourced to an agency specializing in selling upscale properties. For this service company has to pay a substantially high commission for each room night but provides a steady stream of business easing the marketing pressure. The hotel does not engage in advertising or any kind of promotions making it a complete escape from the stress full and competitive society. The agreement with the marketing agency has immensely helped the company to ensure a steady flow of business at the same time it has crippled the independency in the marketing operation.

According to the agreement the total business flow has come under the control of the marketing agency hampering any independent marketing efforts.

The vision of the company is to offer excellence in service and amenities. They expect to offer exceptional luxury and at beautiful location. Their value proposition is about delivering a delighted experience for stressed customers. Large majority of the clientele of the hotel are empty nested high net worth guests and the wholehearted respect for their age is one of the most admired feature of the operation. Each guest will be accompanied by Resident Manager to his/her villa room personally to start up a warm relationship during their stay. Right throughout their vacation guests will be looked after by the staff instead of a merely offering of a rich bundle of services. Resident manager at least once a day will visit each guest personally and will engage in a discussion to keep their relationship warm and cordial.

Explain which problems will be faced by Hunnasgiri escape in future because of their current strategy (40 marks)

#### **PART (B)**

- (2) Explain the different dimensions used to assess the degree of entrepreneurship with appropriate examples selected from the tourism and hospitality management industry
- (3) Highlight the importance of business succession and business harvesting adopted methodologies
- (4) Discuss the avenues and directions of business growth in tourism and hospitality businesses with suitable examples
- (5) What are the factors that influence people to start tourism businesses and what are the symptoms of poor entrepreneurship in such tourism and hospitality ventures?