

THE INSTITUTE OF COMMERCIAL MANAGEMENT

SUBJECT SYLLABUS



ECONOMICS & HOSPITALITY

The Approach to Economics:

- The Definition & Meaning of Economics
- Scarcity & Choice
- The Importance of Marginal Analysis
- Capital & Income
- The Business Firm
- The Financial Features of Businesses
- Business Perspectives

The Market:

- The Market System
- Market Stability
- Government Controls
- Change in the Market
- Changes in Demand
- Changes in Supply
- Market Changes in Practice
- Short-term & Long-term Effects of Change in Demand
- Short-term & Long-term Effects of a Change in Supply
- Elasticity & its Application
- Applying Supply & Demand
- Implications for Management

Economic Trends Affecting the Hospitality Industry:

- Defining the Economy
- Measuring the Economy
- Measuring Changes in Output
- Trends in the Economy
- Economic Growth
- Reasons for Economic Growth
- Structural Change in the Economy
- Economic Trends & the Hospitality Industry
- Time, Cost & Economic Change
- Economic Growth & Household Changes
- Economic Growth & the Hospitality Industry

Structural Change in the Accommodation, Food and Drink Sectors:

- A Note on Spending & Income
- The Accommodation Sector
- The Eating Out Sector
- The Drinks Sector
- Contract Services

Macroeconomic Fluctuations & the Hospitality Industry:

- Boom Follows Slump Follows Boom: Stages of the Macroeconomic Cycle
- Aggregate Demand & Supply
- Why Fluctuations in Output Occur
- Government Macroeconomic Policy
- Views on Macroeconomic Policy
- The Impact of the Macroeconomy on the Hospitality Industry
- Predicting Macroeconomic Changes
- Implications for Management

The Hospitality Industry & the Local Economy:

- Tourism Life Cycle & Local Development
- Multiplier Analysis of the Local Impact of Tourism
- The Multiplier Process
- Multiplier Studies

Costs & Market Structure:

- Market Structure
- Economies of Scale & Scope & Experience
- Sources of Economies of Scale & Scope
- Economies of Scale & Scope in the Hospitality Industry

Market Structure & Market Control:

- Pricing for Profit
- Comparing Monopoly & Competition
- Dominant Firms & Oligopolies
- Market Structure & Social Efficiency
- Government Control of Monopolies

Strategic Product Development & Delivery:

- Goods & Services
- Costs of Production
- Planning the Production of Hospitality Services
- Production Planning in a Changing Environment
- Service Quality

Business Operations:

- Efficient Production
- Use of Labour
- Investment Decisions
- Organising Production: The Economic Role of Firms

Business Development:

- Risks & Financial Requirements of a Business During Development
- Vertical Integration
- Mergers
- Franchising: Solution for a Dispersion Market
- Internationalization

Pricing & Product Development:

- Strategic Development & Pricing
- Pricing Methods for Hospitality Services
- Differential Pricing for Demand Management
- Price Discrimination
- Load Pricing
- Application of Differential Pricing
- Hotel Occupancy & Capacity Utilization
- Pricing in Special Situations

Maintaining & Developing Your Economic Skills:

- An Analytical Framework
- Planning Reading
- Reading the Industry Literature

Reading List**Main Text:**

Economics for Hospitality Management – Peter Cullen (Thompson Business Press)