



**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **BGN2301 REVENUE AND PROFIT MANAGEMENT**  
Semester & Year : SEPTEMBER –DECEMBER 2017  
Lecturer/Examiner : James Liow  
Duration : Three (3) Hours

**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 2 parts:  
PART A (20 marks) : Answer TWENTY (20) Multiple Choice Questions. Answers are to be written in the Answer Booklet provided.  
PART B (80 marks) : Answer FOUR (4) out of FIVE (5) short answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students’ Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**PART B : SHORT ANSWER QUESTIONS (80 MARKS)**

**INSTRUCTION(S) :** There are **FIVE (5) questions** in this section, answer only **FOUR (4)** questions. Write your answers in the Answer Booklet(s) provided. Use a new page for every new question.

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**QUESTION 1**

Services are by nature perishable. As such, managing a service firm's capacity to match supply and demand has been touted as one of the key problems of services marketing and management practice. In addition, there is always a gap between buyers' willingness to pay and the costs of obtaining the services.

- a) Describe the following strategic uses of unused capacity of services.
- (i) Capacity for entry deterrence
  - (ii) Capacity for differentiation
- (10 marks)
- b) Describe the following categories in the non-monetary costs.
- (i) Time cost
  - (ii) Opportunity cost
  - (iii) Sensory cost
  - (iv) Psychological cost

(10 marks)

**[Total 20 marks]**

**QUESTION 2**

In the advanced demand exchange system, buyers always face uncertainty or risk associated with the advanced purchase and the time of consuming the service. Therefore, there seems to be a separation of time between the purchase and consumption of a service.

- a) Discuss the **TWO (2)** categories of buyers' risk associated at point of purchase and provide **ONE (1)** example each of the two categories of risks. (10 marks)
- b) Indicate how the market exists between the tradeoff between the two (2) risks. (7 marks)
- c) List **THREE (3)** state dependency of consumption when the valuation risk is low. (3 marks)

**[Total 20 marks]**

**QUESTION 3**

Many businesses in the past have used the cost based pricing to determine the price of a product or service. In recent years, businesses have realised the importance of adopting value-based pricing approach in order to maximise profits.

- a) Describe what is value-based pricing strategy? (12 marks)
- b) State **FOUR (4)** approaches to reducing non-monetary and related-monetary costs. (4 marks)
- c) List any **FOUR (4)** challenges why value-based pricing strategy is difficult to be implemented.

(4 marks)

**[Total 20 marks]**

#### QUESTION 4

Firms develop pricing strategies with the aim of achieving higher revenues. To do so, it is important that they understand what value means to the buyer and the role of the ENV framework in pricing strategies. According to Irene C. L. Ng, there are seven strategies that firms can employ for higher revenue.

Discuss the following strategies for higher revenues:

- a) Convert pareto loss into revenue
- b) Mitigate risk in valuation for advance purchase
- c) Change the benefits of the service
- d) Customer effort yield higher revenue

**[Total 20 marks]**

#### QUESTION 5

Overbooking reportedly happens all the time particularly in the airline industry in United States. As empty seats cost airlines money, airlines offset the problem of passengers missing flights by overselling tickets. According to USA Federal Regulations, it is ethical and not illegal for carriers from selling more seats than a flight can accommodate.

- a) Discuss the Act Utilitarian ethical perspective on overbooking. (6 marks)
- b) Discuss the Kant's Categorical Imperative perspective on overbooking. (10 marks)
- c) State any **FOUR** (4) reasons for unintentional bookings. (4 marks)

**[Total 20 marks]**

**END OF EXAM PAPER**