

BMTP 5019 Operations Management

Demand and Supply and financial planning

Register



HOSPITALITY
AND
TOURISM
MANAGEMENT



Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Recap-What did we learn last week?

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- Characteristics of the Hospitality and Tourism industry and Financial Implications
- Assignment

Assignment

Financial and Budgeting Plan 1500 words

Due **Friday 24th April 2026 (11:59pm)**

Based on your selected project (hotel, resort, or tourism business), you are required to choose one of the following topics to individually research using academic theory to identify budget considerations to address as part of the project planning:

- Profit and Loss
- Financial Forecasts
- EPOS
- Yield management
- ROI
- Evaluation of financial performance

Assignment

Financial and Budgeting Plan 1500 words

Due **Friday 24th April 2026 (11:59pm)**

Structure

1. Brief Overview:

Start by providing a concise description and the relevance of your chosen project (hotel, resort or tourism business). This sets the context for your chosen financial topic analysis.

2. Chosen financial topic analysis:

Analyse your chosen financial topic based on your selected project. Critically analyse and discuss the financial impact and possible outcome. Apply any relevant theories to aid explanation.

3. Recommendations:

Based on your analysis, provide one well-reasoned recommendation for consideration by the project team.

Assignment

Financial and Budgeting Plan 1500 words

Due **Friday 24th April 2026 (11:59pm)**

Assignment Format and Requirements:

Your report should include the following sections:

- Title Page (Not included in word count)
- Executive Summary (Not included in word count)
- Table of Contents (Not included in word count)
- Introduction (**300 words**)
- Main Findings (with relevant sub-headings) (**800 words**)
- Conclusion (**100 words**)
- Recommendations (**300 words**)
- Reference List (a minimum of 15 references) (Not included in word count)

Where Are We Now?

Module:	Operations Management
Week	Lecture Topic
1	Introduction to Role of Financial Management in business operations
2	Hospitality and tourism industry characteristics and Financial Management implications
3	Introduction to Supply and Demand and financial planning
4	Cost structure
5	Introduction to budgeting
6	Revenue Management
7	Reading Week
8	P&L and Balance Sheet
9-11	Assignment Support
12	Assignment Submission

Today's Objectives

1. Case study
2. Introduction to Supply
3. Introduction to Demand

Question

- Briefly explain the difference between asset and liability.
- How does a hotel's revenue reflect its performance success??

Case Study: Seaside Events Ltd

Seaside Events Ltd organises outdoor music festivals in a coastal destination. Demand peaks during summer months, while winter events experience low ticket sales. The company has high fixed costs, including venue hire, equipment storage, and permanent staff salaries. Weather conditions and last-minute cancellations often affect attendance.

Issues faced:

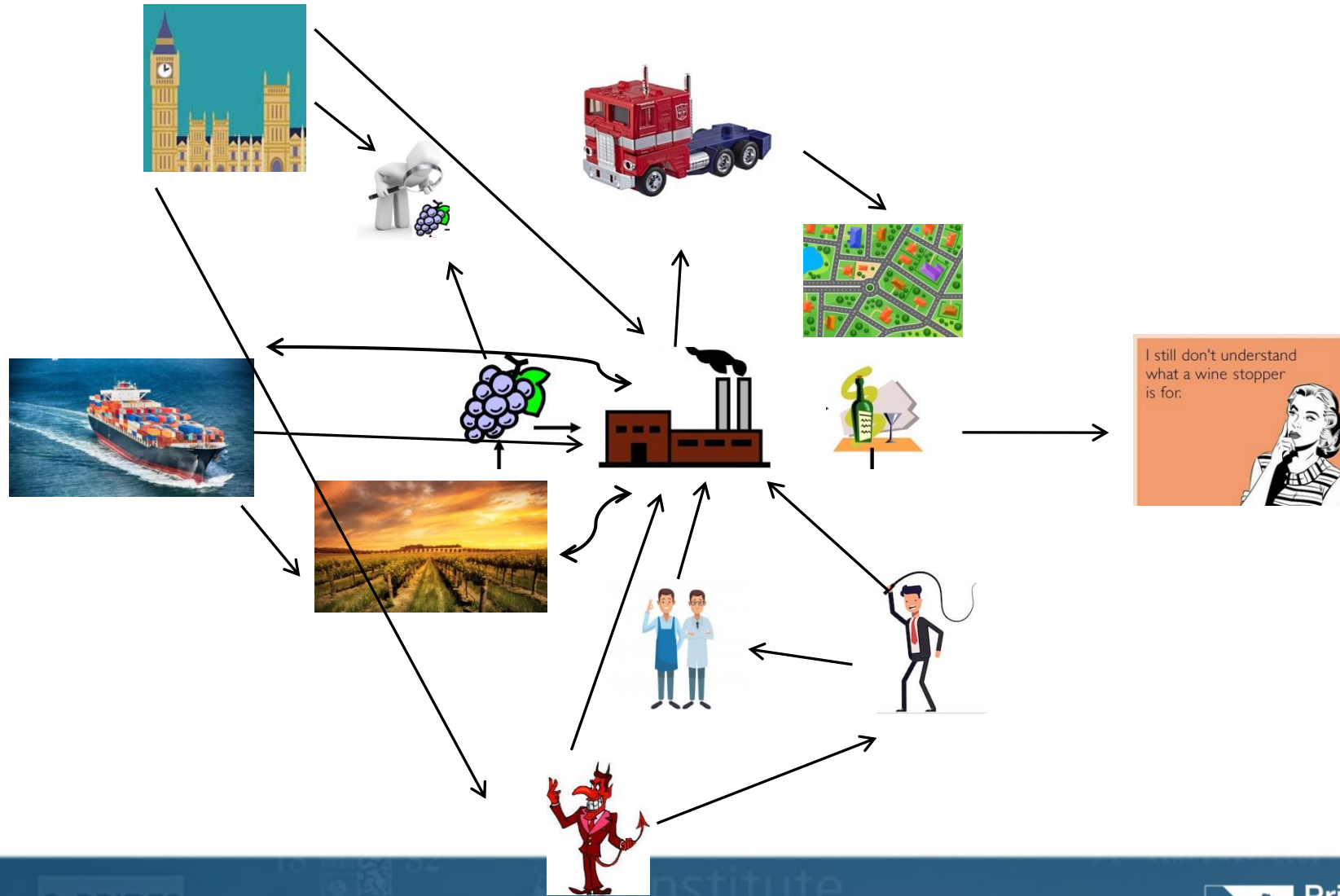
- Unsold tickets cannot be recovered (perishability)
- Seasonal cash flow problems
- High labour and fixed costs
- Uncertain demand due to weather

Task:

In groups of 5, prepare a 10 minutes presentation. Identify:

1. Which hospitality characteristics are most relevant in this case
2. How these characteristics affect financial planning
3. One financial strategy to improve Seaside Events Ltd performance

Lets look at a business environment

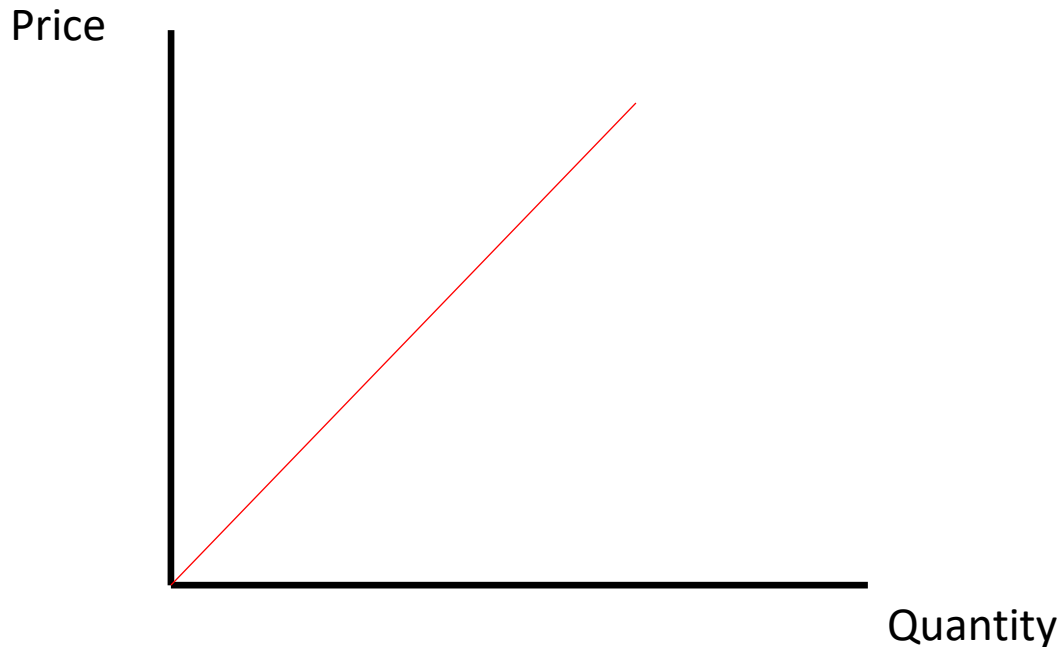


Supply.

Law of Supply! – An increase in the price of a good or services, increases the '**quantity supplied**' of that good or service.

E.g, when the prices goes up – the more that will be produced

This is because when price increases this incentivises suppliers to produce more to gain greater revenue.



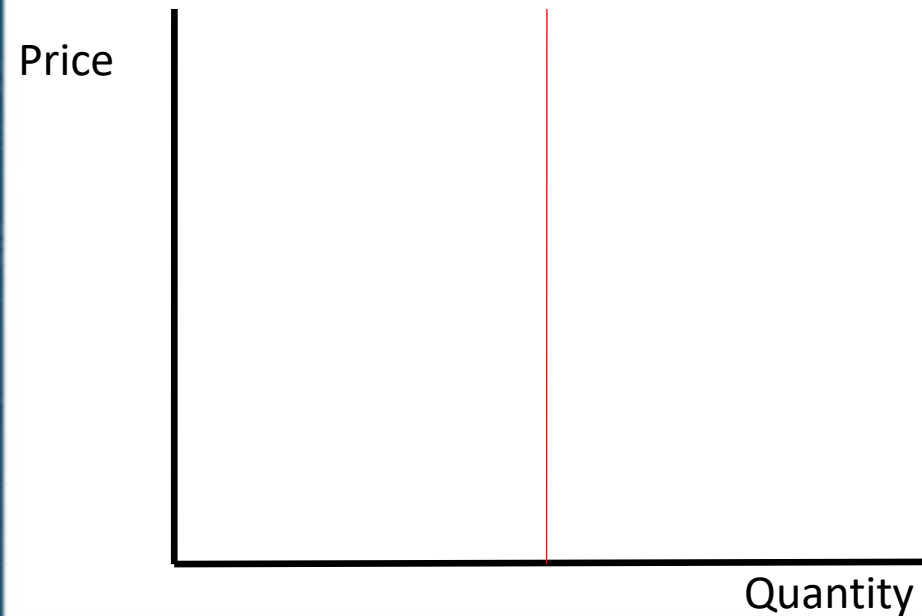
It is important to note that we talk about supply in 2 ways!

Quantity supplied- The number producers will sell.

Supply – is a function, not a number!
(the quantity we are willing to sell according to price!)

Immediate

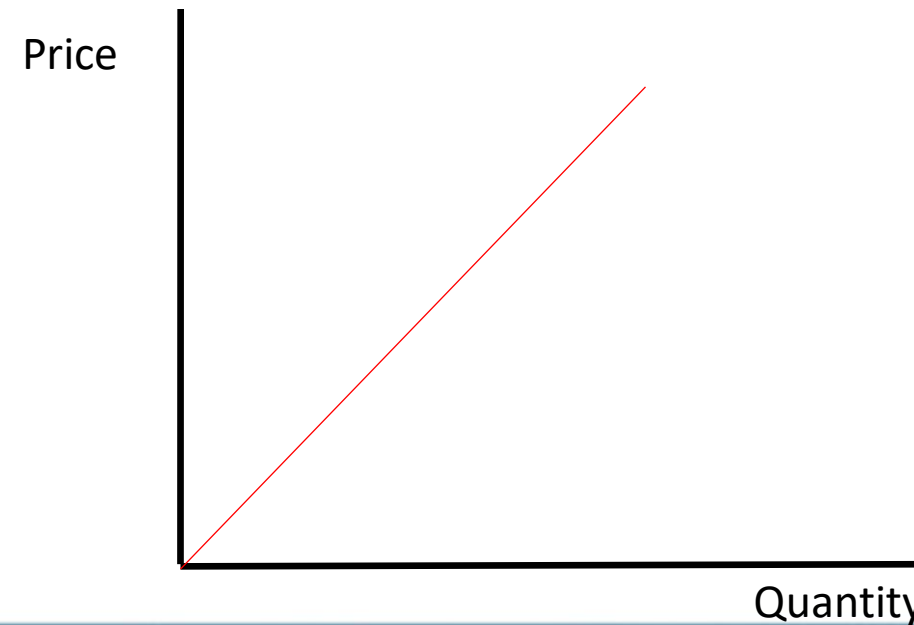
- Immediate run – No access to increased inputs (cannot supply any more)



Short Run

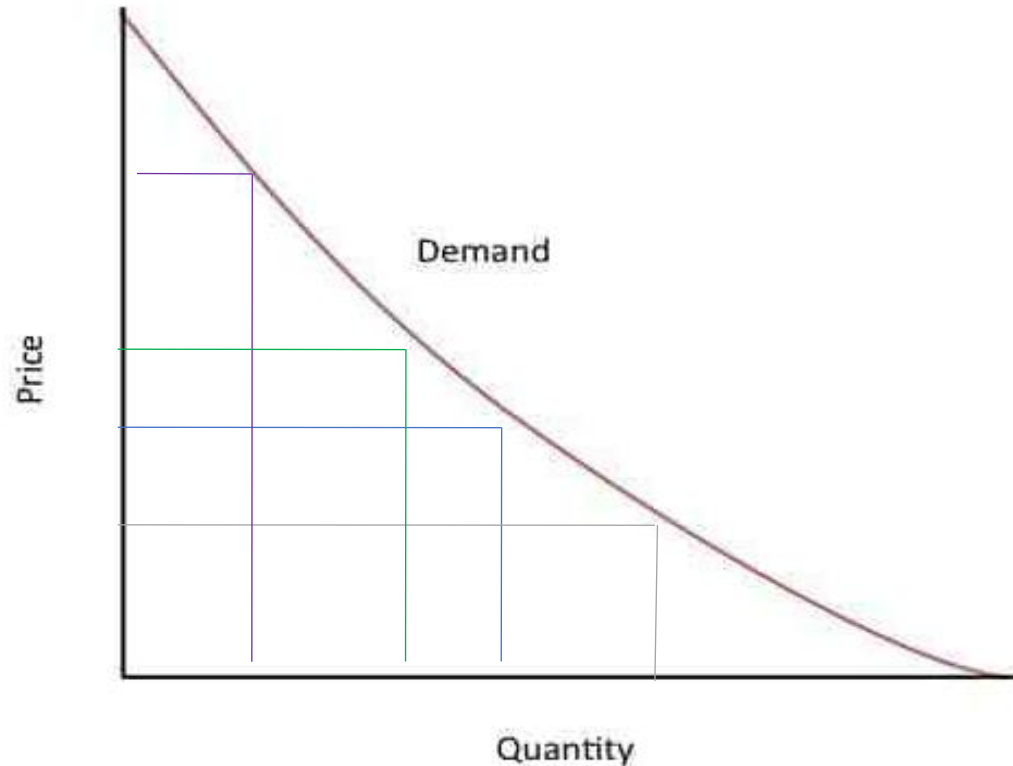
- Short run – Some or one factor is 'fixed' (production scale, resource accessibility etc..)

More can be supplied but at a higher price





Demand

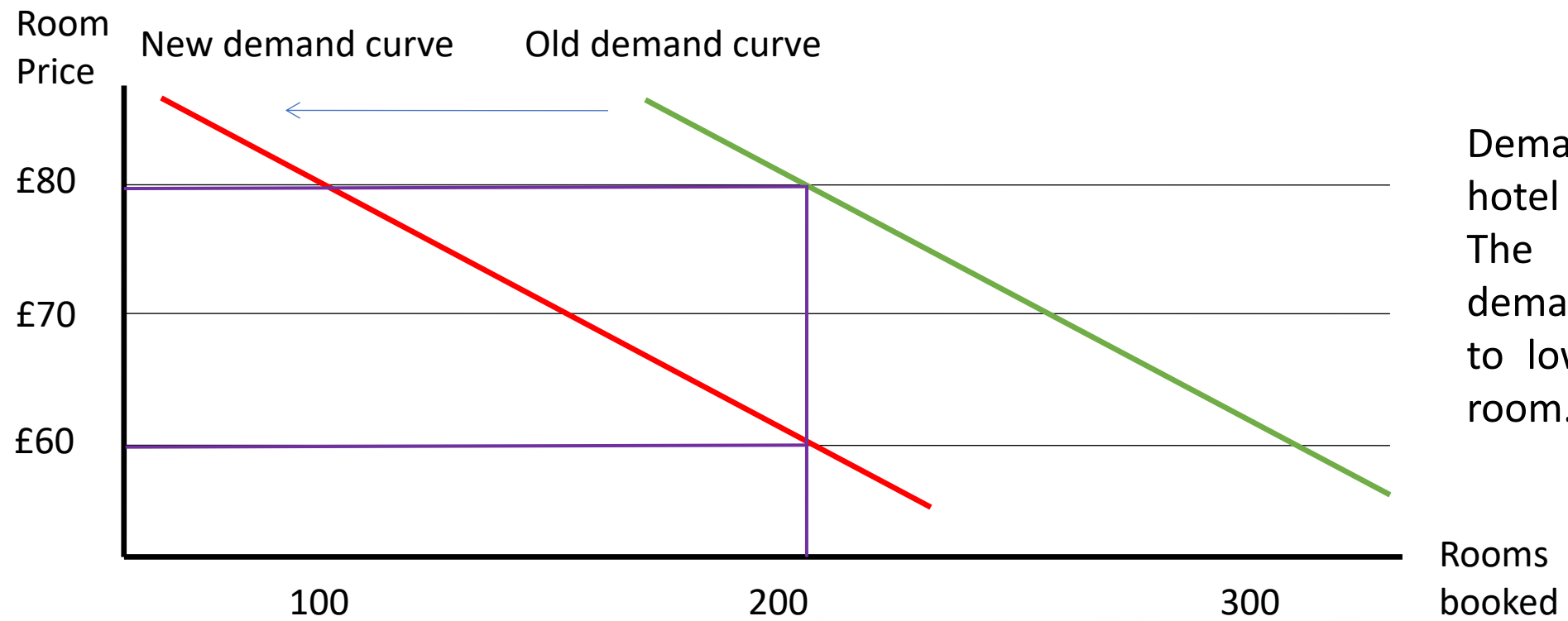


A consumers desire to purchase and willingness to pay a price for a specific good or service.

Law of demand states: the higher the price, consumers will demand a lower quantity. Price lowers, consumers will demand more.

Demand Shifting

Many reasons for demand to 'shift', Covid being the most recent and dramatic example for the hotel industry. If demand shifts right, this represents more demand and more revenue. A shift left is a reduction in demand and lower revenue.

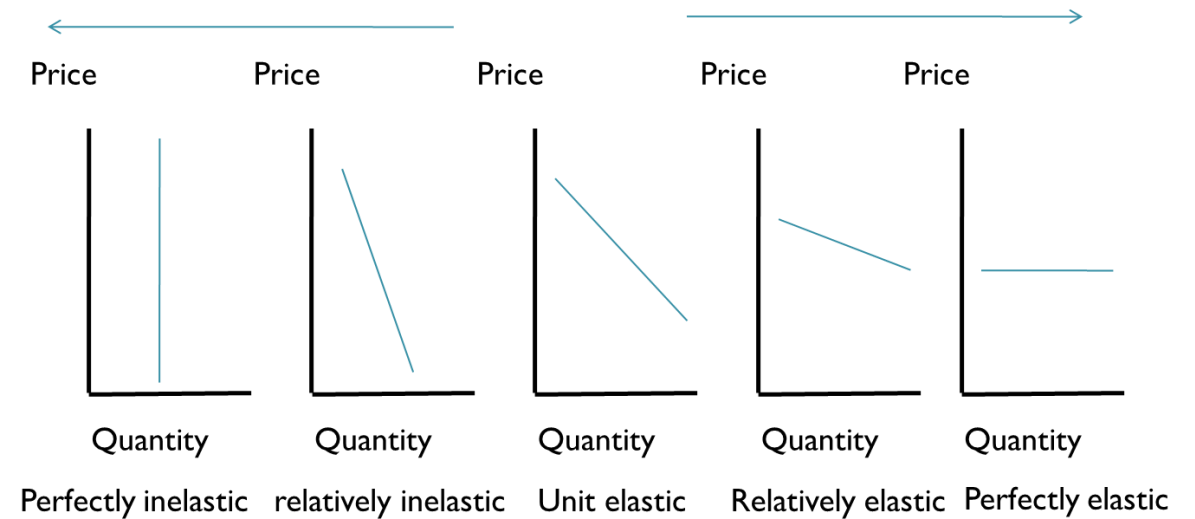


Demand shift example for a hotel room
The only way to maintain demand for 200 customers is to lower the price to £60 a room.

Elastic and Inelastic

Inelastic = low change in demand when price goes up/down e.g. Fuel

Elastic = High change in demand in relation to price e.g milk



Are hotels 'Price Elastic' or 'Price Inelastic'?
Discuss

Price setting and equilibrium (Market clearing).

If suppliers look at demand in setting prices and customers look at prices when deciding how much they want there is a bargaining process involved and we can look at the point at which

Every seller can find a buyer

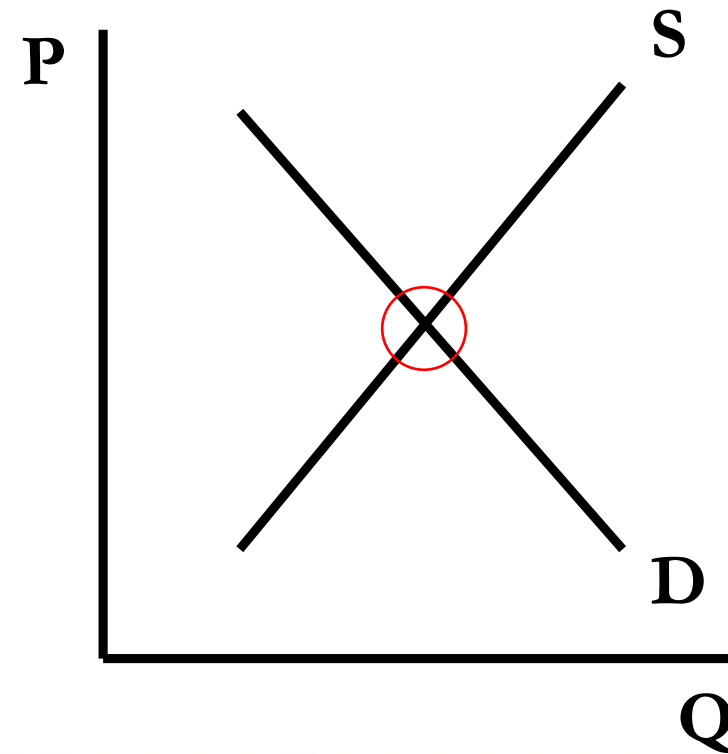
Every buyer can find a seller

Which is where the S line crosses the D line.

Market will gravitate to that point (more or less)

This point where the lines cross is called the 'Equilibrium' or 'Market Clearing' price.

Equilibrium because it is a point of rest, everywhere else there is a force pushing prices towards this point. (PEST!)



Comparing equilibrium shift.

- To do it you need to answer 2 questions:

- Q1. Is it a supply or demand thing?

(As we need to decide which line to shift).

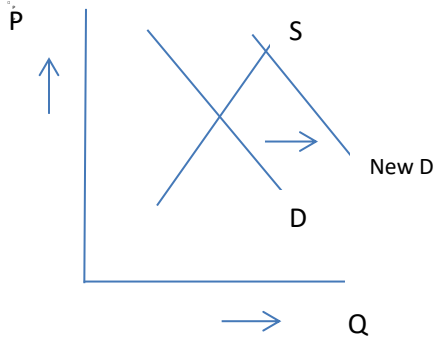
- Q2. Which way?

(We have to decide in which direction to move the line):

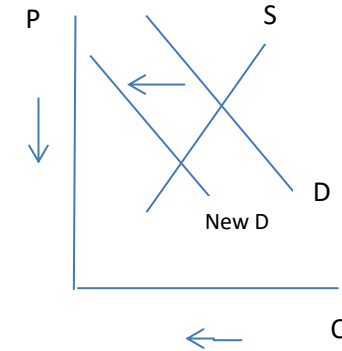
Left = less

Right = more

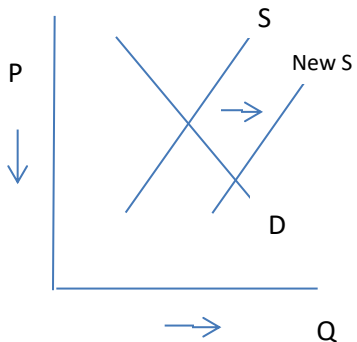
4 ways the market can go.



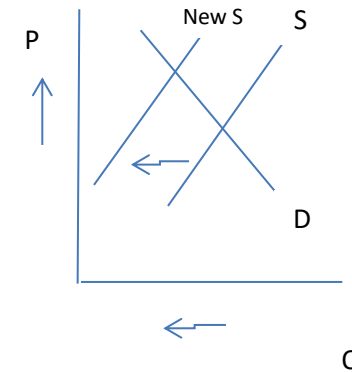
Demand increases, more quantity sold
prices rise



Demand decreases, Price
lowers,
quantity supplied lowers



Supply increases, prices lower
quantity supplied increases



Supply decreases, quantity
supplied decreases, price
increases.

NOTE

For your assignment, think about how demand and supply can affect your project and consider ways that could enable market clearing (price setting and equilibrium).

Motivation for the week



Jerry Inzerillo-Corporate Hotelier of the Year 2021 (<https://youtu.be/zlWzfwfBXUc?si=17hj-lhSsqSgUMSy>)

**Thank You
For
Joining**

**Next week...
Supply and Demand**

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