



MUEO

# MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR  
(ACADEMICS, RESEARCH & EXTENSION)

## UNIVERSITY EXAMINATIONS 2018/2019 ACADEMIC YEAR FOURTH YEAR SECOND SEMESTER EXAMINATION

### FOR THE DEGREE OF BACHELOR OF SCIENCE IN CIVIL AVIATION MANAGEMENT

**COURSE CODE:** BCM 425  
*AIR TRANSPORT ECONOMICS.*  
**COURSE TITLE:** AVIATION BUSINESS ECONOMICS

**DATE:** 9<sup>TH</sup> APRIL, 2019      **TIME:** 2.00 P.M. – 5.00 P.M

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### INSTRUCTION TO CANDIDATES

- ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

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## BCM 425: AVIATION BUSINESS ECONOMICS

### QUESTION 1

- a. As regulation of the industry has gradually weakened over the last three decades, there has been a clear if uneven trend in the direction of consolidation, what could be the reason for this? (10 marks)
- b. A market can be segmented in a variety of different ways on what basis relating on aviation industry? (5 marks)
- c. Network design and scheduling is the critical issue in aviation, what could be the impacts of fleet structure? (5 marks)
- d. Airlines have faced tremendous challenges and need to apply business strategies, what strategies and business models can be applied? (5 marks)

### QUESTION 2

- a. LCCs have thrived well in aviation industry and this has been attributed to various reasons, what are they? (10 marks)
- b. Aviation deregulation seemed to have impacted aviation business immensely, what is your reasons for this? (5 marks)

### QUESTION 3

- a. What are the drivers of air transport demand? (8 marks)
- b. Explain on how technology has improved the operations in aviation businesses. (7 marks)

### QUESTION 4

- a. What are some of the demand forecasting methods in aviation? (7 marks)
- b. There are several challenges faced in demand forecasting and allocation. Which are they? (8 marks)

### QUESTION 5

- a. Pricing is an important function in any product, how do airlines fix prices in their products/services? (8 marks)
- b. Businesses always incur costs, what could be the major types of costs in aviation? (7 marks)

### QUESTION 6

- a. Alliances have a lot of benefits, what could be some of the benefits of forming alliances in aviation? (10 marks)
- b. Market structure and competition is important to consider in any business environment, what are the determinants of market structure in aviation industry? (5 marks)