

# [The theory of supply and hilton hotels economics essay](https://assignbuster.com/the-theory-of-supply-and-hilton-hotels-economics-essay/)

Hilton hotels are among those hotels in world who provide all facilities that a normal person expects from caterings to business travel and leisure guests. They own more than 2700 hotels around the world starting from Europe to Asia. Their online sales at present are at the top of the list compared to other hotels. The hotel was founded in the year 1919, and the founder of Hilton hotel is Conard Hilton.

Conard Hilton was a well disciplined and determined person who always had a keen interest in expanding the hotel space by every square foot so as to make the customers happy feel comfortable. In the year 1919 in Cisco, Texas, the first Hilton hotel was constructed by Mr. Hilton. And the Paris, the granddaughter of Conard Hilton, who has estimate $300 million family fortune. She is one of the hotel magnates of this huge Hilton organisation. Conard Hilton’s (1887-1979) birth place is San Antonio. He made a statement that the hotel established by him was one of the best in all cities and he posted the phrase “ Take me to Hilton”.

Hilton hotels are popular for offering high class accommodation facilities for their guest in the busy destinations. Mp3 friendly alarms are established for the guest to wake up and the guest has full freedom to select his or her own tunes for the day. They are famous for the level and comfort that they provide to their customers. At present the Port of San Diego and Hilton are planning to establish a hotel with 1200 rooms on the waterfront adjacent to the San Diego Convention Centre.

With the hard work and dedication by the meeting planners of Hilton hotel the H Honours program effectiveness has grown from 34% in 2002 to 40% now. Using the same business rate stay, the program members earn both H Honours points as well as airline miles, and this is usually called as Double Dipping. And there is a card called The American Express Hilton H honours Program Credit card through which a customer can earn points and have a free stay at Hilton hotel as well.

Hilton Malta which is one of the most prestigious hotel promises the words best in accommodation for their customers, with high class treatment and service. The top priority chain of Hilton is their business travel. Using this they have made a huge change in their organisation as well. Since 1919, every time they have opened a way for new innovations for executives. The Managing Director of Sales in Business Travel for Hilton Hotel Corporation at present is Maureen Mackey.

Hilton hotels are at present the official hotel group of uk. They have more than 2700 hotels around the globe at present.

Supply

The theory of supply considered as one of the fundamental theory in the economics. According to the economic point of view supply means that the amount of the product that producers willing to provide at a particular price over a given period of time.

Law of supply

Law of supply means that when other things are equal there will be a direct relationship between price and quantity of supply. We can explain easily with a diagram

In this diagram x axis shows that quantity of supply that provided by producers to customers and y axis’s explain price of the product. The first time price is p1 and quantity of supply is q1. Then there is a increase in price from p1 to p2 as a result supply also increases to q1 to q2. this is considered as theory of supply

Factors affecting Supply

There are many factors that affecting supply of a commodity or services the main factors are

Price of the commodity:

There is a direct relation between price and supply of a product or service. That means when price of a commodity increases producers try to sell more unit of the product. Because main goal of every firm is to achieve profit. When price increases producers try to achieve more by increasing supply of that product or services

Price of factors of production

Factors of production also influence supply. The word factors of production is mainly included land labour.. etc . so when price of factors of production increases producers cannot supply much to consumer. On the same time he can increase his production or he can supply more products when the price of factors of production decreases

Prices of other commodities:

Price of other commodities means that in a company producer produce two products on the same time. But the quantity of the product supplied will be different. Because it depends upon the price of product. That is if one commodity got high price firm try to supply more of that commodity

Change in cost of production: like factors of production cost of production also important in change in supply. Because firm can supply more unit of product by reducing cost of production

Technological advancement: technological advantage is very important in every part of product. That is there is a direct relation between technology and supply. When technology improve supply also improve

Climate: weather or climate is always influence change in supply. When there is a good climate Firm can supply a good quantity of product

Taste and preference

Taste and preference always help firm to achieve increase in supply. That means if firm can produce goods which can satisfy peoples taste then producer can supply a good amount of product

Tax rate

Tax rate and subsidies plays an important role in supply of a product. There is a relation between both of them. For example if tax rate of a product or services increases producers try to reduce the supply of that particular product. If tax rate fall firms try to sell more of product as possible but subsidies have different look if subsidies that given to a firm will increases producers try to increase supply of that product and vice versa

Governments influence

Every organisation needs a good climate of administration otherwise new producers will not enter in market. On the same time governments should give a liberal policy to business man if not that will affect supply of commodity. If government restriction is highly in a state producers are not willing to supply more quantity of product and vice versa

B) Price elasticity of supply

Price elasticity of supply is also considered as one of the major principles of economics. Price elasticity means that the relationship between changes in quantity supplied and changes in price. For the measurement of this change is known as price elasticity of supply.

There is a formula for that price elasticity of supply that is

PES = change in quantity supplied/change in price

There is many kind of elasticity is there this all based on change in price rate. They are perfectly elastic, perfectly inelastic, elastic, inelastic and unit elastic. We can elaborate this

1) Perfectly elastic

That means at the current price suppliers can supply any amount

2) Perfectly inelastic

Perfectly inelastic means change in price does not affect quantity of supply. That means the rate of supply is always same when price change

3) Elastic

Elastic means that when price increases supply also increases but change in supply wil be more than when it compare to price

4) Inelastic

Inelastic means that there is a small proportion of change in price leads to large proportion of supply

5) Unit

Unit elasticity means that rate of change in supply and rate of change in price will be same.

These are the main 5 elasticity of supply . there are many factors that affect elasticity of supply they are following

1) Spare production capacity

It means that if business got a spare capacity for his production then business can increase output as a result supply will be elastic to demand . that is why in recession time goods and services of Hilton hotel remain elastic

(2) Stocks of finished products and components

It means that raw materials and finished goods are high level in a market the supply will be elastic. On other hand if stocks or finished goods are low at market. Supply should be inelastic to its demand

(3) The ease and cost of factor substitution

This means that if factors of production are easily available or mobility of production factors are high that will affect elasticity of supply . that means it should be high. The hotels like Hilton always try to keep their factors available easily otherwise that will affect their business badly

(4) Time period involved in the production process

Time period is considered as one of the major factor that affect production process. That is usually supply of a product is high elastic at long time period because producers can adjust or rearrange production.