

A photograph of a tropical resort. In the foreground, there's a large, clear blue swimming pool. Around the pool are several thatched-roof umbrellas and lounge chairs. Numerous tall palm trees are scattered throughout the scene, swaying slightly. The background shows a bright blue sky with some wispy white clouds.

Understanding Reservation Cancellations in the Hotel Industry

Factors, Trends, and Strategies

By Akash Katad

BUSINESS PROBLEM

In recent times, both **City Hotel** and **Resort Hotel** have been dealing with a big problem: lots of people canceling their bookings. This has caused a bunch of issues, like less money coming in and empty hotel rooms. So, the top priority for both hotels right now is to reduce these cancellations. By doing this, they aim to make more money efficiently. Our job is to give them practical advice to solve this problem.

This report mainly focuses on two things: figuring out why people cancel their bookings and looking at other stuff that affects how much money the hotels make each year. We'll break it down step by step to help City Hotel and Resort Hotel improve their financial situation.

ASSUMPTION'S

1. No notable events occurred between 2015 and 2017, ensuring data relevance.
2. The information remains current for efficient hotel analysis.
3. No unexpected downsides to employing recommended strategies.
4. The suggested solutions aren't currently in use by the hotels.
5. The primary factor affecting earnings is booking cancellations.
6. Cancellations result in vacant rooms for the reserved period.
7. Clients typically cancel hotel reservations within the same year.

RESEARCH QUESTION

1. What are the variables that affect hotel reservation cancellations?
2. can we make hotel reservation cancellations better?
3. How will hotels be assisted in making pricing and promotional decisions?

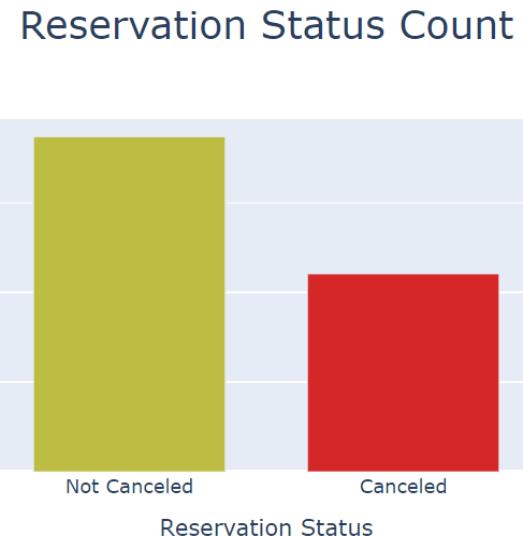
HYPOTHESIS

1. Higher prices tend to result in more cancellations.
2. A longer waiting list correlates with a higher cancellation rate.
3. The majority of clients make their reservations through offline travel agents.



ANALYSIS AND FINDINGS :

The bar chart clearly shows reservations: some were canceled, and some weren't. It's important to see that a lot of reservations were not canceled, which is good. Surprisingly, **37% of clients canceled their reservations**, affecting the hotels' earnings.

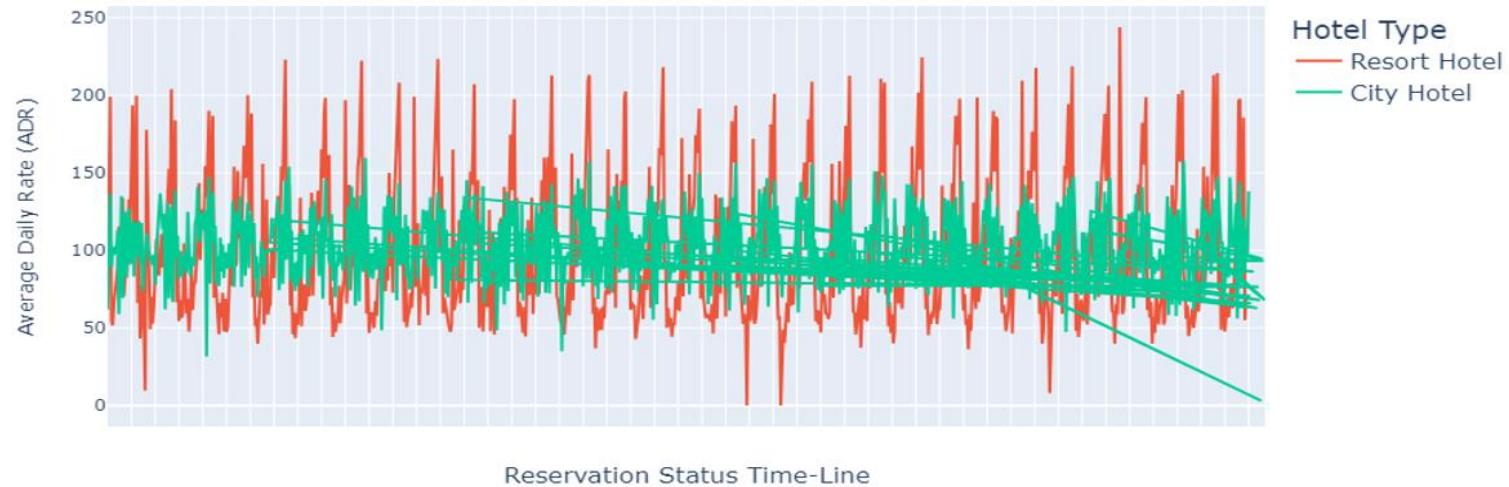


Reservation Status In Different Hotels

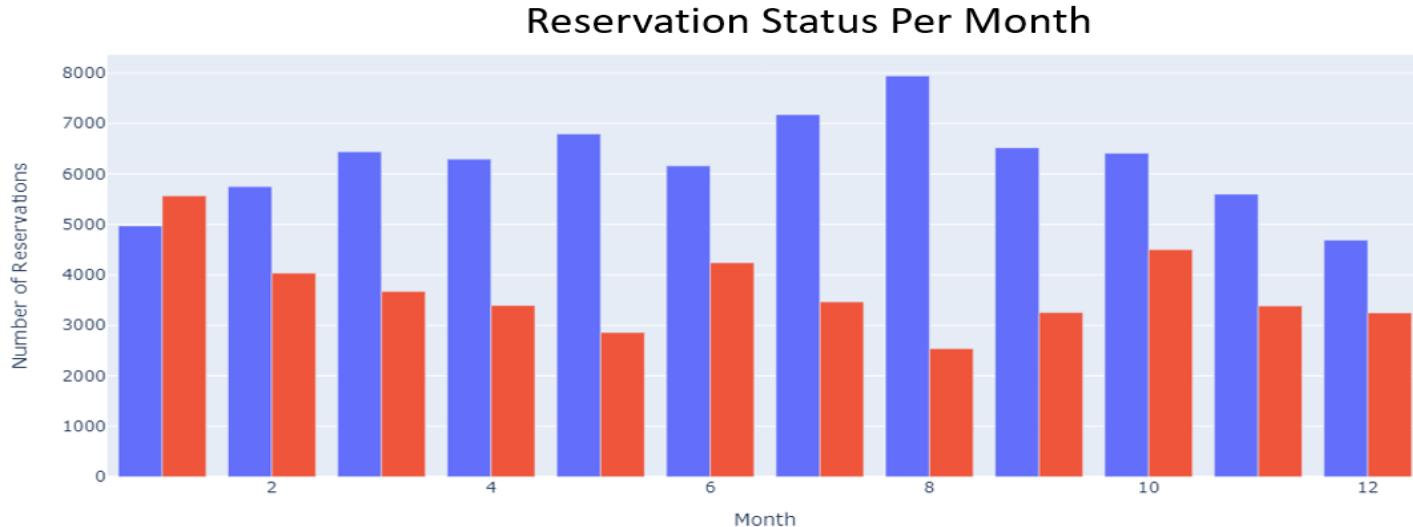


When we compare Resort hotels to City hotels, we observe a higher volume of bookings at the City hotels. This might be attributed to the possibility that Resort hotels tend to be more luxurious and, therefore, often come with a higher price tag due to their scenic and exclusive locations.

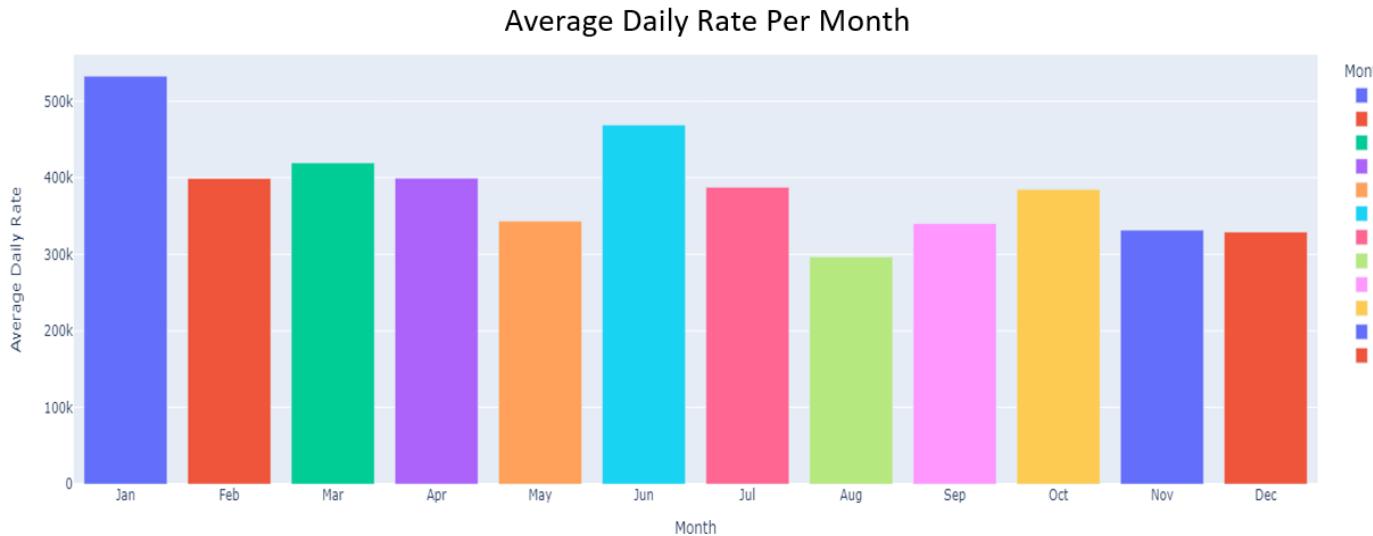
Average Daily Rate In City and Resort Hotel



The line graph above highlights that, at times, City hotel rates are lower than Resort hotel rates, including some days when City hotel rates are notably lower. Weekends and holidays tend to see higher rates at Resort hotels, likely due to increased demand for leisure and relaxation.



We've created a grouped bar chart to understand which months have the highest and lowest reservation activity, considering whether the reservations were confirmed or canceled. Here's what we found: August stands out as the busiest month, with the highest numbers of both confirmed reservations and cancellations. On the other hand, January is notable for having the most canceled reservations.

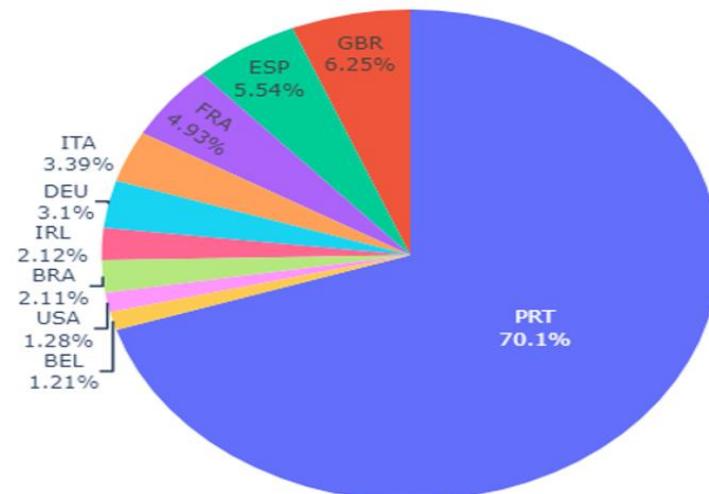


This bar graph clearly shows that cancellations happen more often when prices are higher and less often when prices are lower. So, it seems like the cost of the accommodation is the main reason for cancellations.

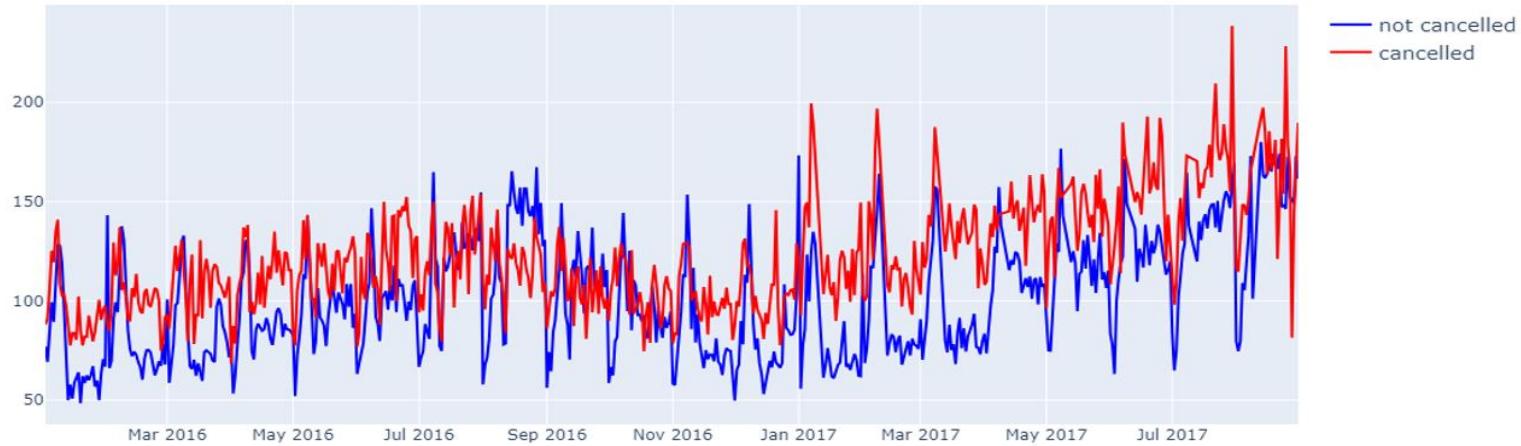
Now, let's take a look at which country has the highest number of reservations canceled.

Portugal leads the way with the most cancellations.

Top 10 Countries With Reservation Cancelled



Average Daily Rate



Look at the graph, and it speaks volumes. Reservations get canceled more often when the daily rate is higher compared to when it's not canceled. This graph strongly supports our earlier analysis, showing that higher prices indeed lead to more cancellations.

SUGGESTIONS

- To address reservation cancellations, hotels can adopt strategic pricing. This may involve reducing rates for specific locations and offering enticing discounts to attract guests.
- Resorts tend to experience more cancellations than city hotels. Therefore, it's a wise move for hotels to introduce appealing discounts on weekends and holidays to retain reservations.
- January emerges as the month with the highest cancellation rates. To boost revenue, hotels could consider launching marketing campaigns with attractive offers during this chilly month.
- In Portugal, quality holds particular importance. To minimize cancellations, hotels in the country could elevate their services and enhance the overall guest experience.

THANK YOU