

BUSINESS PROBLEM OBSERVED

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High cancellation rates have been observed recently at City Hotel and Resort Hotel. As a result, each hotel is currently coping with a variety of problems, such as decreased revenues and less than optimum hotel room usage. In order to boost their effectiveness in producing income, hotels must therefore cut cancellation rates, and we must provide extensive business counsel to solve this issue.

The major subjects of this research are an investigation of hotel booking cancellations as well as other reasons that do not affect their business or yearly income creation.



Assumptions

1. No exceptional events will significantly affect the data used between 2015 and 2017.
2. The data is still up to date and can be effectively used to analyze potential hotel developments.
3. The hotel's use of any suggested strategy has not resulted in any unexpected drawbacks.
4. None of the alternatives that were recommended are now being used by the hotels.
5. Booking cancellations are the main element affecting the effectiveness of money generation.
6. Cancellations leave unoccupied rooms for the duration of the reservation.
7. Customers cancel bookings at hotels the same year they make them.

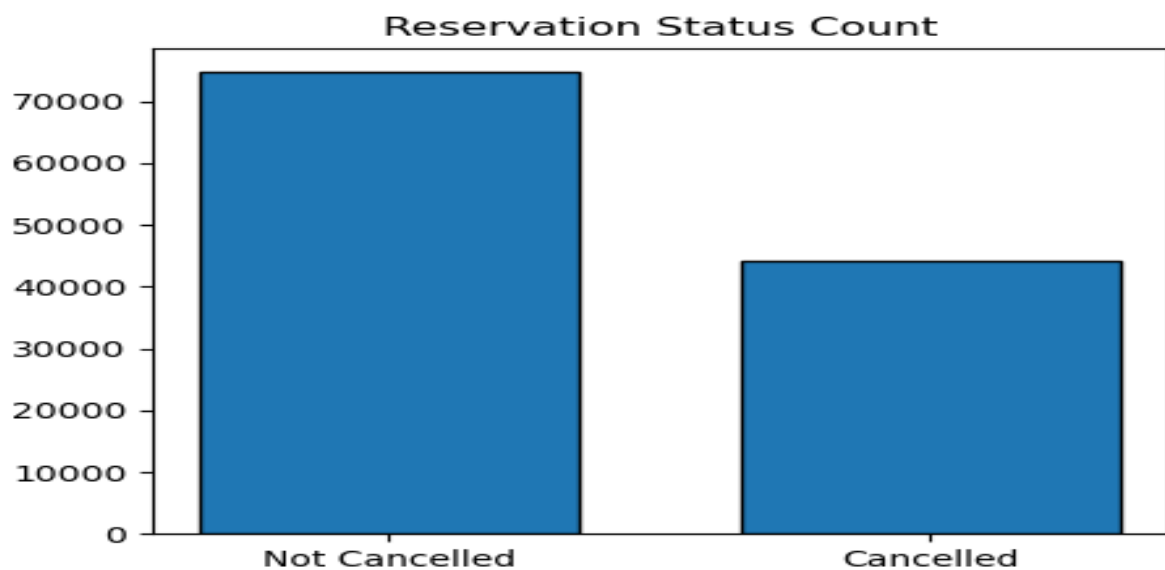
Research Question

1. What variables/factors influence the cancellation of hotel reservations?
2. How can we improve the cancellation of hotel reservations?
3. How will hotels be supported in choosing their prices and marketing strategies?

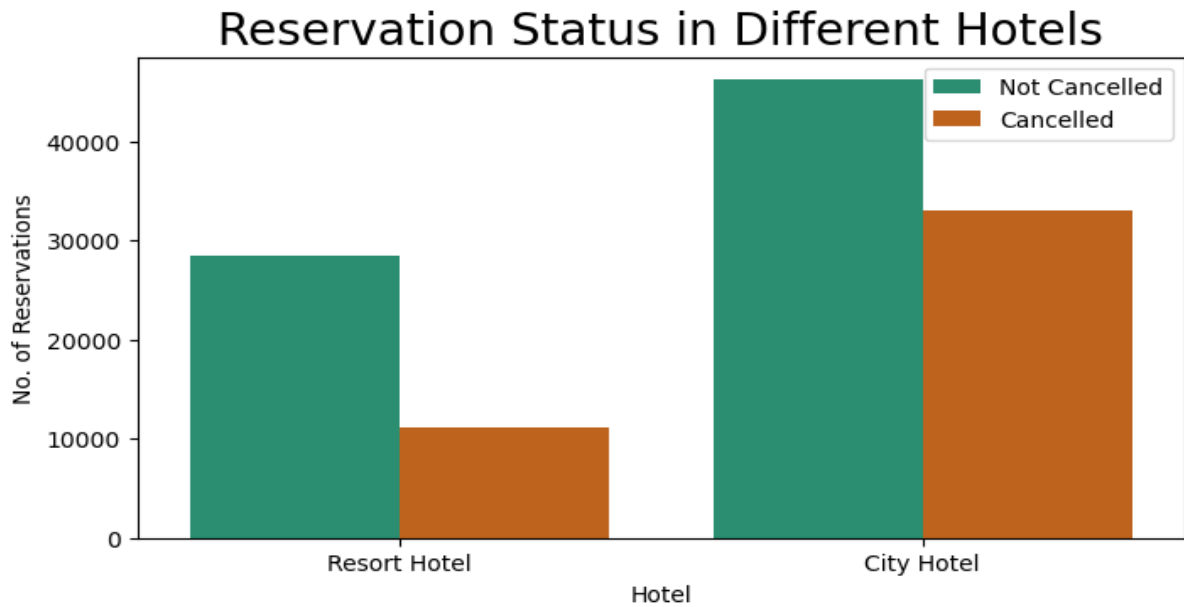
Hypothesis

1. When prices are higher, there are more cancellations.
2. Customers tend to cancel more frequently when there is a long waiting list.
3. The bulk of customers make their arrangements through traditional travel agencies.

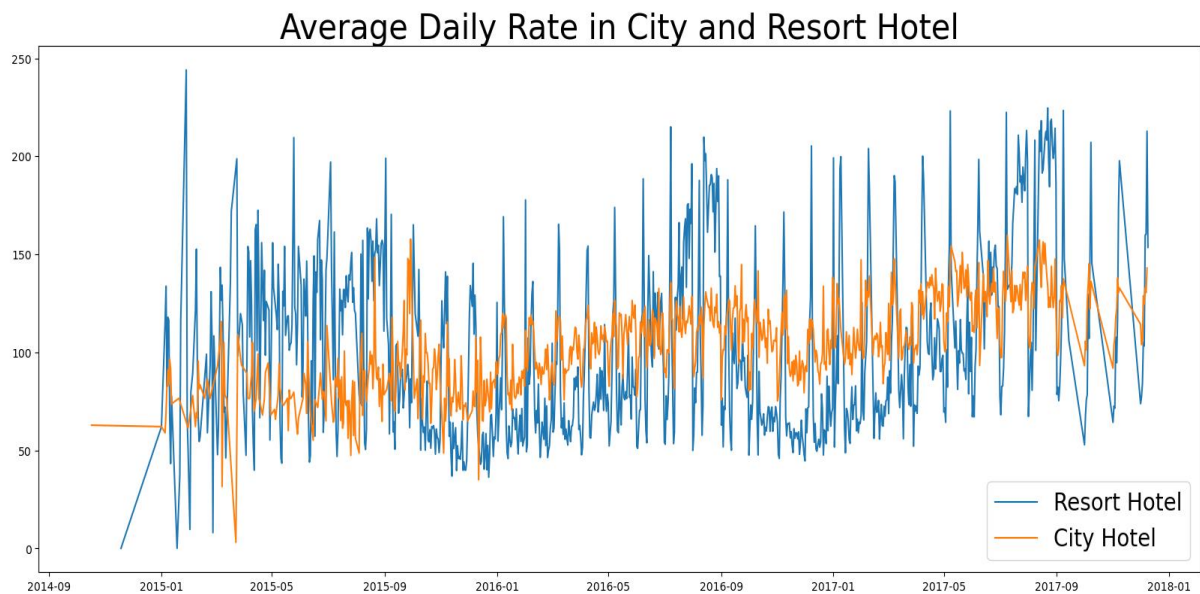
Analysis and Findings



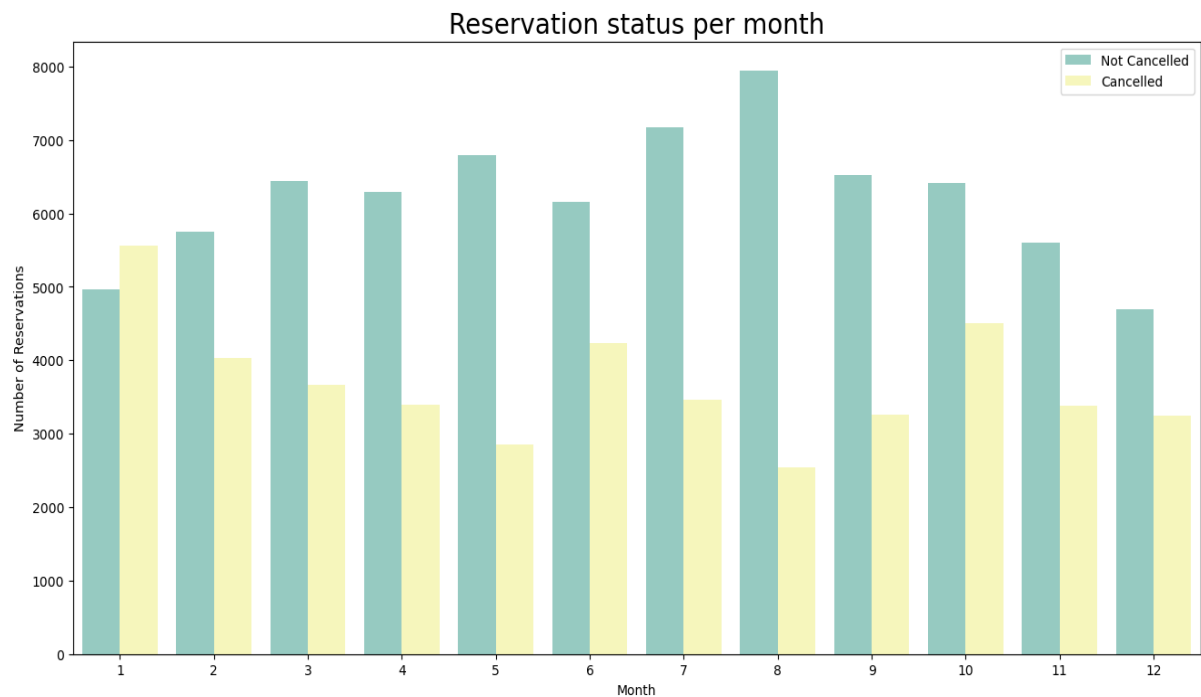
The percentage of reservations that are cancelled against those that are not is displayed in the accompanying bar graph. A sizable number of bookings remain that have not been cancelled. 37% of customers still cancel their reservations, which has a big impact on the revenue for the hotels.



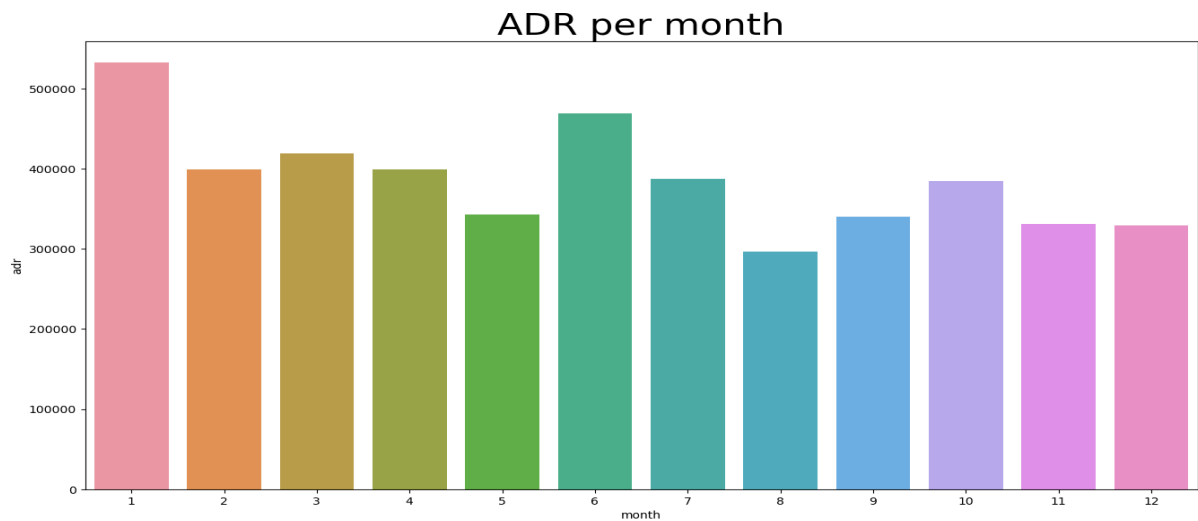
City hotels have more reservations than resort hotels do. The cost of hotels at resorts could be higher than in cities.



The line graph up top demonstrates that, on certain days, a city hotel's average daily tariff is less than a resort hotel's, and on other days, it is even less. It goes without saying that resort hotel rates may increase on weekends and during holidays.



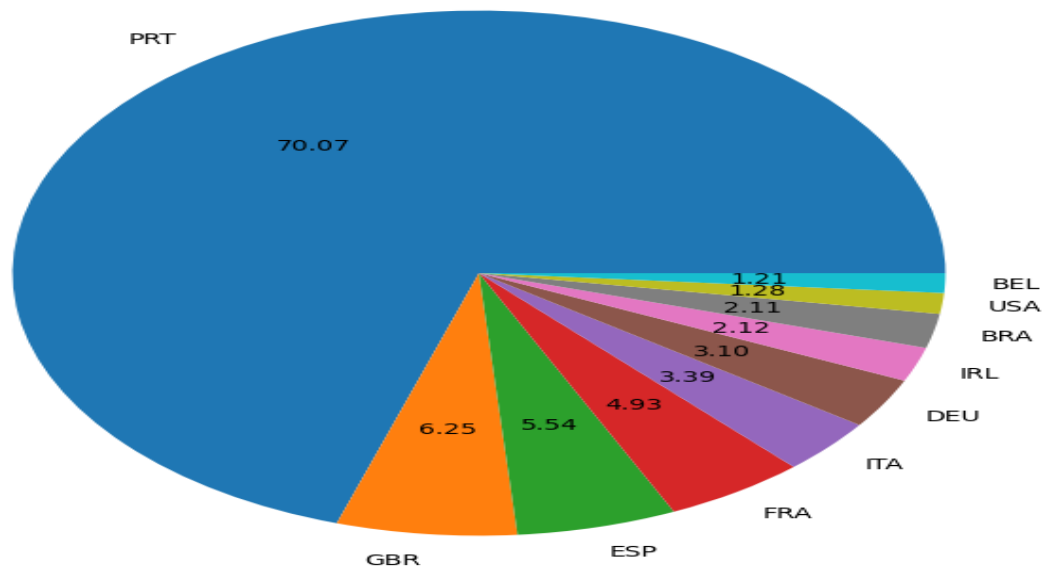
In order to analyze the months with the highest and lowest reservation levels according to reservation status, we built the grouped bar graph. As can be seen, August is the month with the most confirmed reservations however the most cancelled reservations occur in January.



This bar graph illustrates that cancellations occur more frequently when prices are highest and less frequently when prices are lowest. Therefore, the only cause of the cancellation is the price of the lodging.

Let us look at the countries with the most cancelled reservations now. With the most cancellations, Portugal tops the list of nations.

Top 10 Countries with Reservation Cancelled

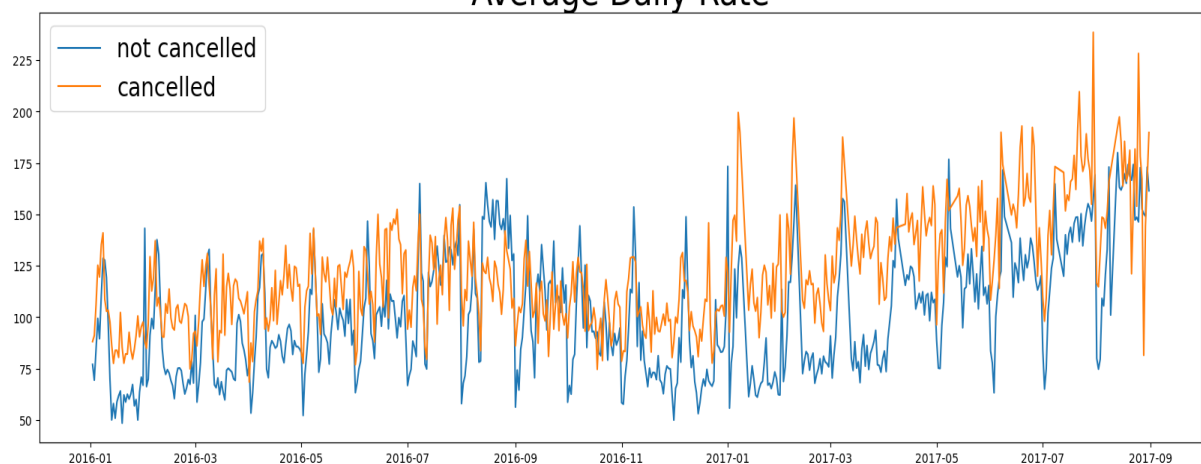


Let's look at the region from which visitors to hotels are coming and making reservations.

Is it coming from offline or online travel agents, direct or groups? 27% of the customers are groups, while 46% come via online travel agencies. Only 4% of customers make direct reservations at hotels by going there in person.

Online TA	46.97
Groups	27.40
Offline TA/TO	18.75
Direct	4.35
Corporate	2.22
Complementary	0.20
Aviation	0.12

Average Daily Rate



Suggestions

1. As prices increase, so do cancellation rates. Hotels should improve their pricing tactics and attempt to cut the costs for hotels based on locations in order to prevent cancellations of reservations. The customers may also receive certain discounts from them.
2. Since resort hotels experience more cancellations than city hotels do, they have a higher ratio of cancellations overall. So, on weekends and during holidays, hotels should offer a fair discount on room rates.
3. Hotels can launch campaigns or marketing initiatives in January with a fair budget to boost income since this is the month with the highest cancellation rates.
4. To lower the cancellation rate, they might also raise the calibre of their accommodations and services, particularly in Portugal.