

Business Problem

In recent years, city hotels and resorts have seen high cancellation rates. Each hotel is now dealing with a number of issues as a result, including fewer revenues and less than ideal hotel room occupancy. Consequently, lowering cancellation rates is a primary goal for both hotels and us in order to increase their efficiency in generating revenue in order to offer thorough business advice to address this problem.

The analysis of hotel booking cancellations as well as other factors that have no bearing on their business and yearly revenue generation are the main topics of this report.

Assumptions

1. No unusual occurrences between 2015 and 2017 will have a substantial impact on the data used.
2. The information is still current and can be used to analyze a hotel's possible plans in an efficient manner.
3. There are no un-anticipated negatives to the hotel employing any advised technique.
4. The hotels are not currently using any of the suggested solutions.
5. The biggest factor affecting the effectiveness of earning income is booking cancellations.
6. Cancellations result in vacant rooms for the booked length of time.
7. Clients make hotel reservations the same year they make cancellations.

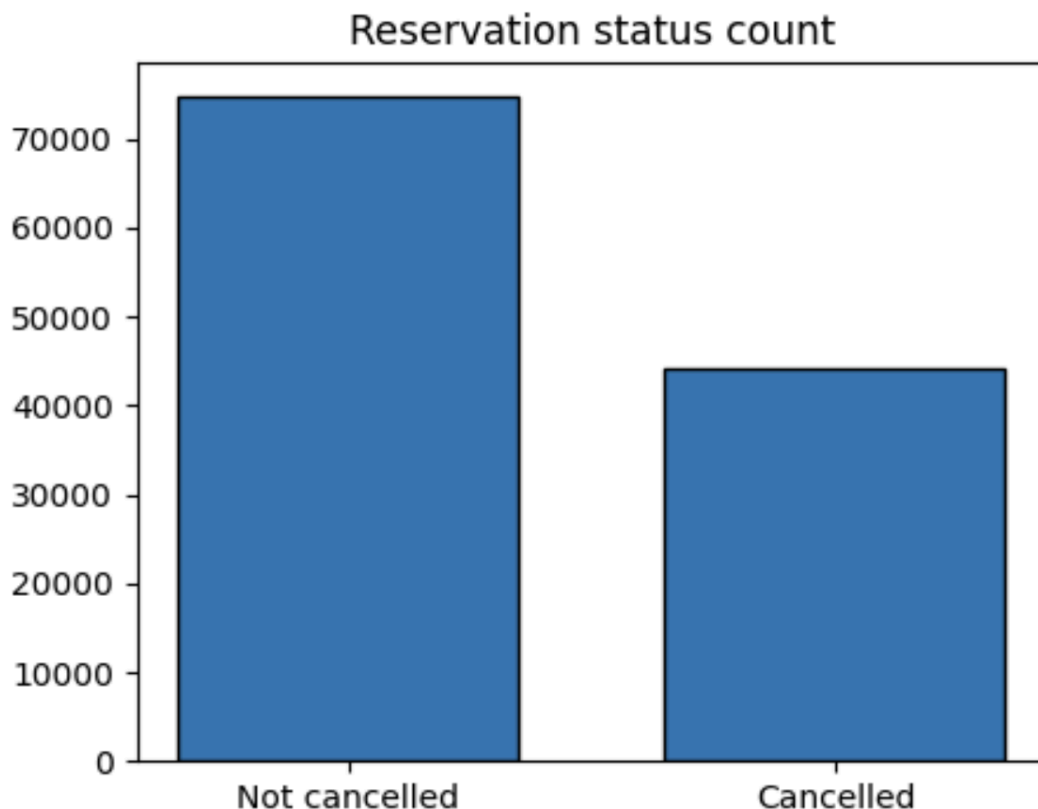
Research Question

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

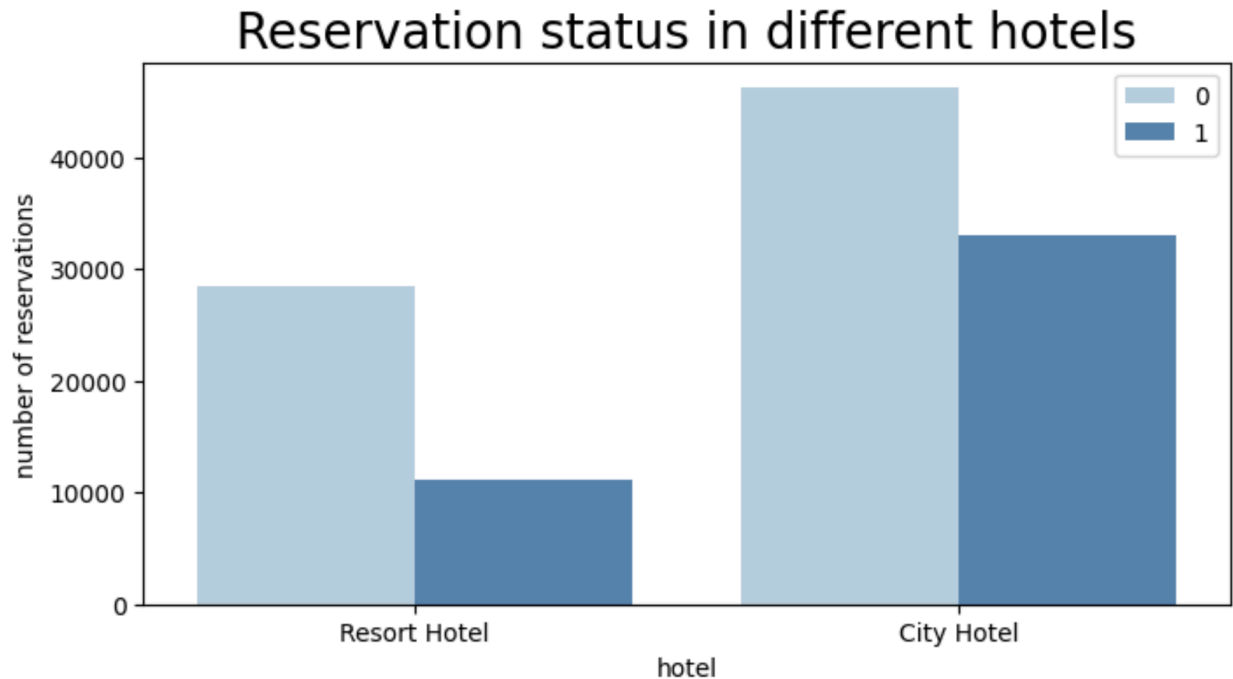
Hypothesis

1. More cancellations occur when prices are higher.
2. When there is a longer waiting list, customers tend to cancel more frequently.
3. The majority of clients are coming from offline travel agents to make their reservations.

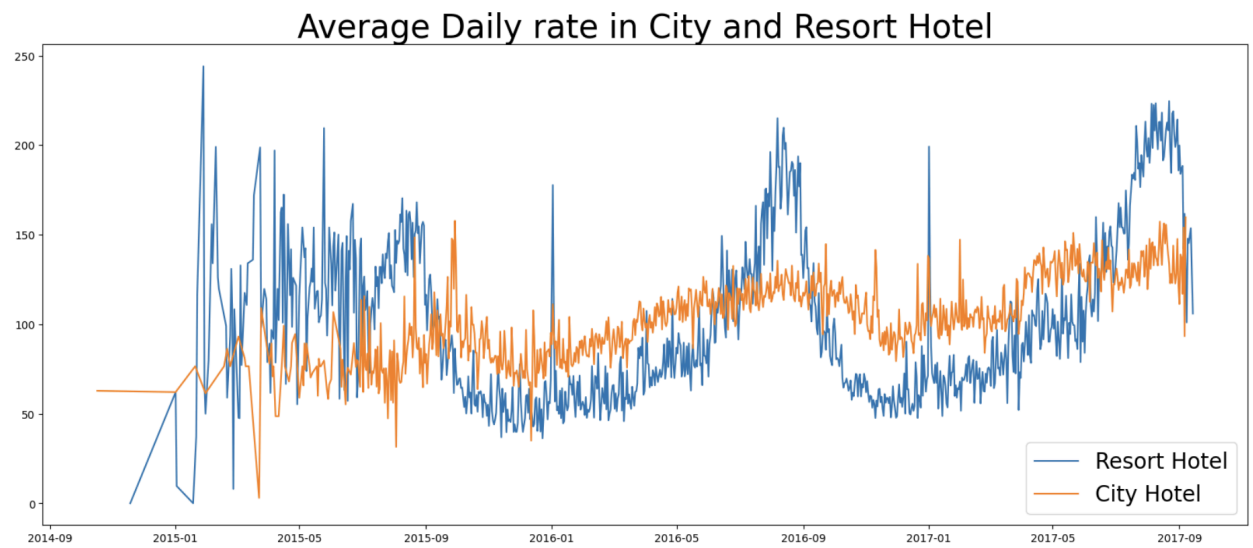
Analysis & Findings



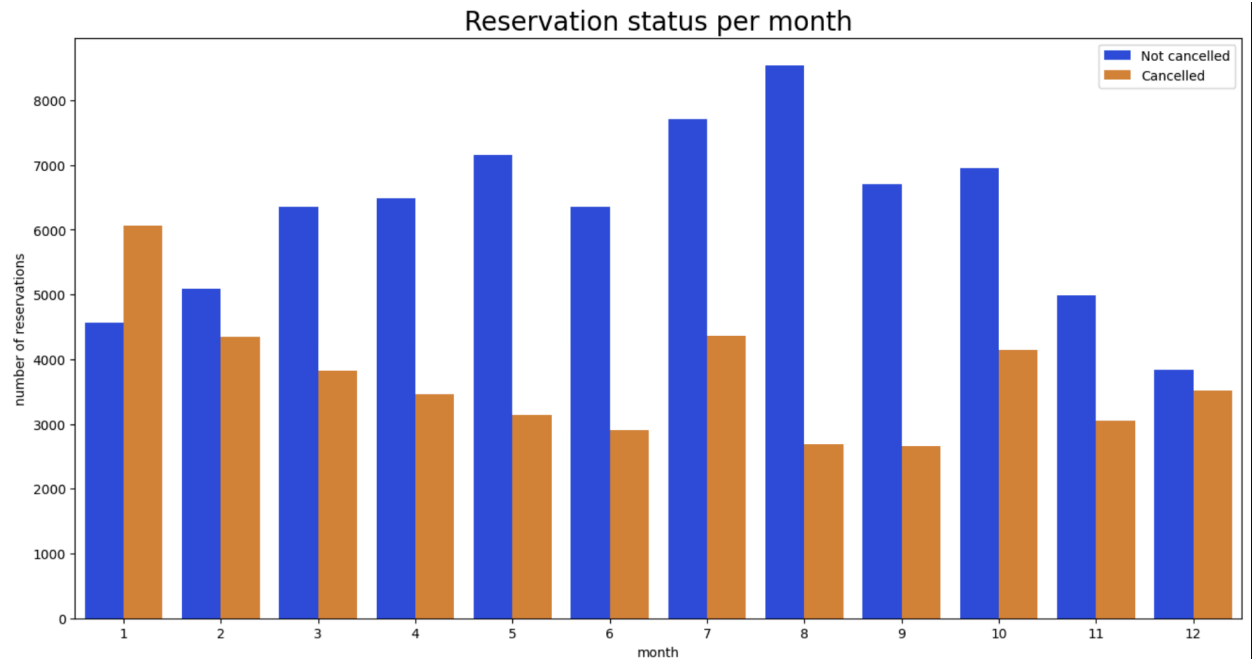
The accompanying bar graph shows the percentage of reservations that are cancelled and those that are not. It is obvious that there are still a significant number of reservations that have not been cancelled. There are still 37% of clients who cancelled their reservation, which is a significant impact on hotel earnings.



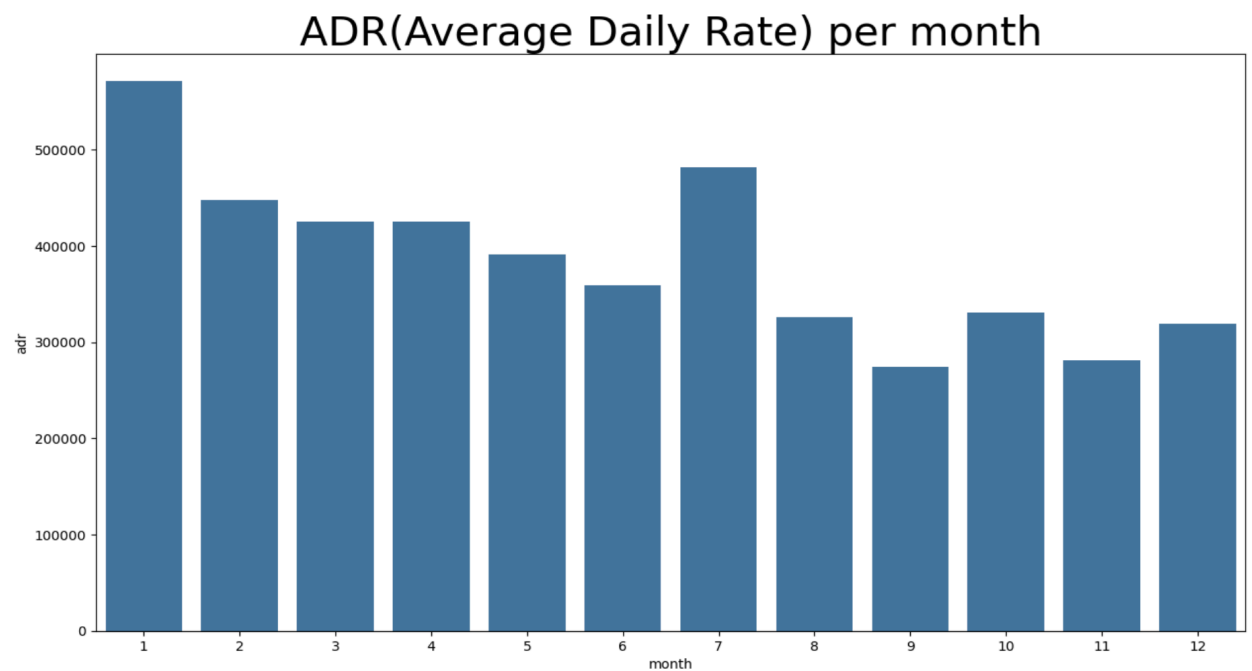
In comparison to the resort hotels, city hotels have more bookings. It is possible that resort hotels are more expensive than those in cities.



The above line graph shows that on certain days, the average daily rate for a city hotel is less than that of a resort hotel and on other days it is even lesser. It goes without saying that weekends and holidays may see a rise in the resort hotel rates.



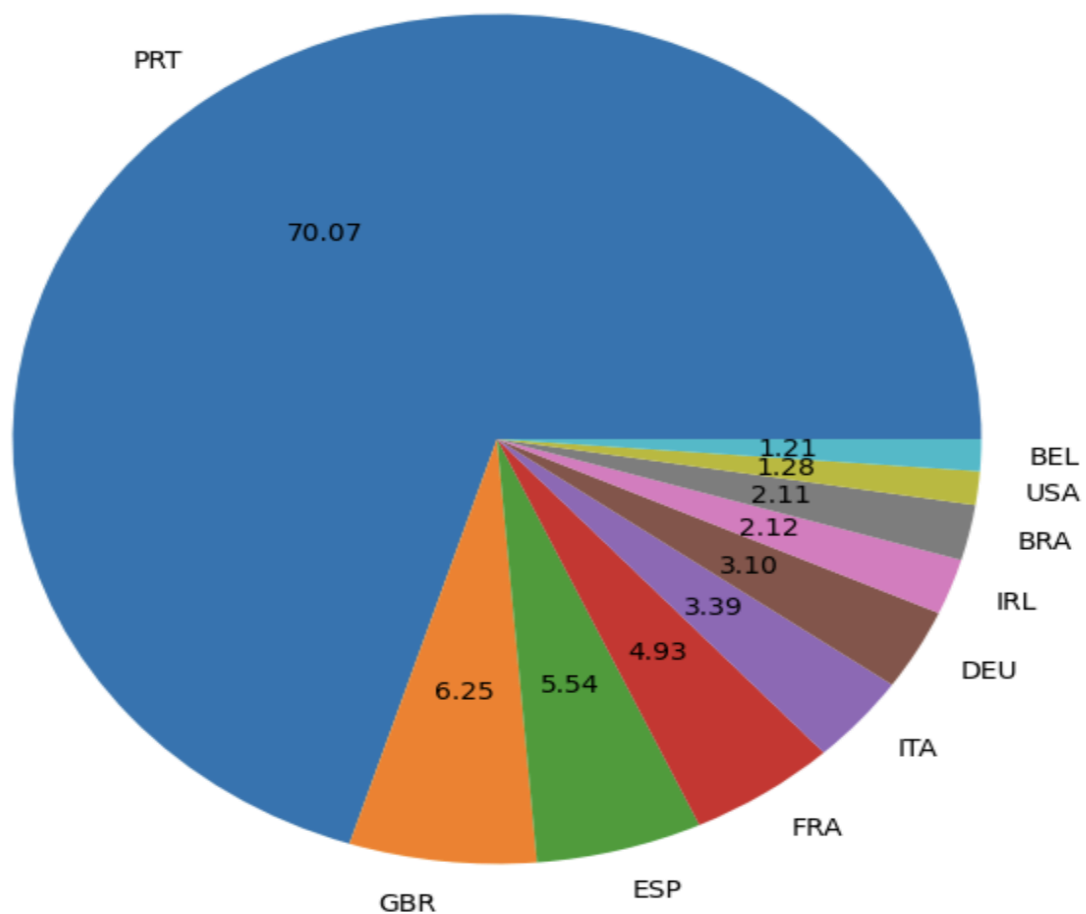
We have developed the grouped bar graph to analyze the months with the highest and lowest reservation levels according to reservation status. As can be seen both the number of confirmed reservations and the number of cancelled reservations are largest in the month of August, whereas January is the month with the most cancelled reservations.



This bar graph demonstrates that cancellations are most common when prices are at the higher side and least when they are lower. Therefore, the cost of accommodation is also a factor which is considered for the cancellations.

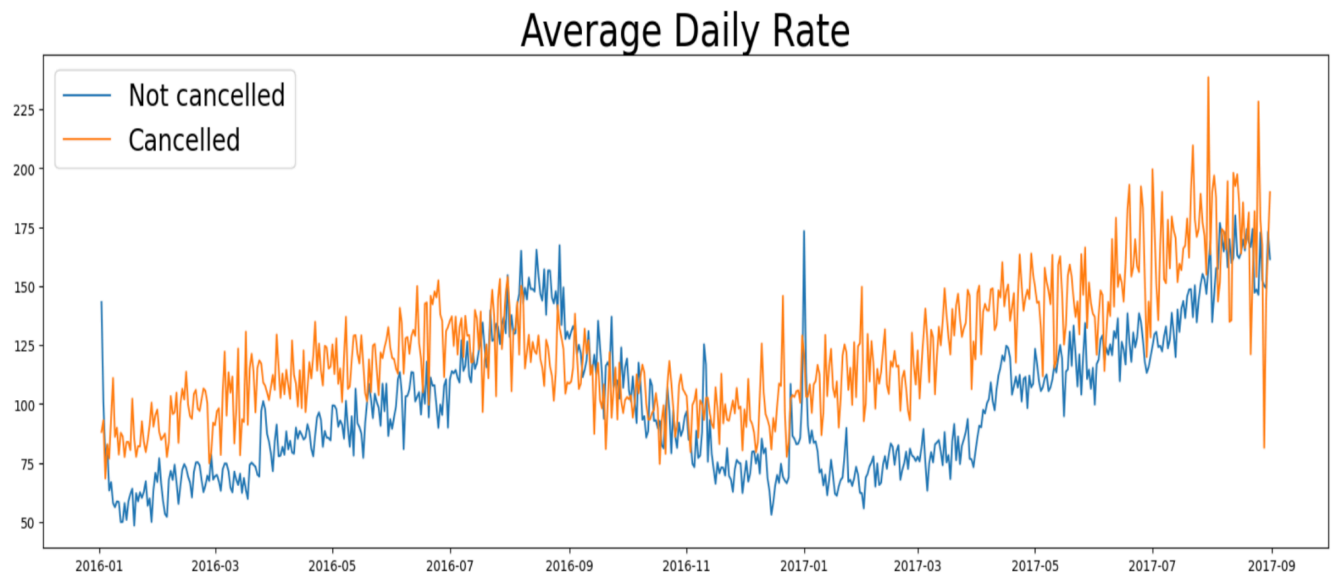
Now lets see which country has the highest cancellation rates:-

Top 10 countries with reservations being cancelled



The top country with the highest number of cancellations of hotel reservations is Portugal.

Lets check the source from where guests are making reservations and visiting hotels. Are the reservations coming through Online, Offline Travel Agents, Direct visits or groups? Around 46% of the clients come from online travel agencies, whereas 27% come from groups and only 4% of clients book hotels directly by visiting them and making reservations.



From the above graph, reservations are cancelled when the average daily rate (ADR) is higher than when not cancelled. It clearly proves all the above analysis that higher price leads to higher cancellations.

Suggestions

1. Cancellation rates rise as the price does. In order to prevent cancellation of reservations, hotels could work on their pricing strategy and try to lower the rates for specific hotels based on locations. They can lure customers with discounts.
2. As the ratio of cancellation and not cancellations in both the resort hotels and in the city hotels are higher but in city hotels it is much

higher than in the resort hotels. So, hotels should provide a reasonable discount on city hotels on weekends and holidays.

3. In the month of January, hotels can start campaigns or marketing with a reasonable amount to increase their revenue as the cancellation is highest in this month.
4. They can also increase the quality of service and amenities to lure their customers especially in Portugal to reduce the highest cancellation rates.