

BUSINESS PROBLEM

In recent years, City Hotel and Resort Hotel 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 use. Consequently, lowering cancellation rates is both hotel's primary goal in order to increase their efficiency in generating revenue, and for us to offer thorough business advice to address this problem.

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



ASSUMPTIONS

1. The information is still current and can be used to analyse a hotel's possible plans in an efficient manner.
2. There are no unanticipated negatives to the hotel employing any advised technique.
3. The hotels are not currently using any of the suggested solutions
4. The biggest factor affecting the effectiveness of earning income is booking cancellations
5. Cancellation result in vacant rooms for the booked length of time
6. Clients make hotel reservations the same year they make cancellations.

RESEARCH QUESTIONS

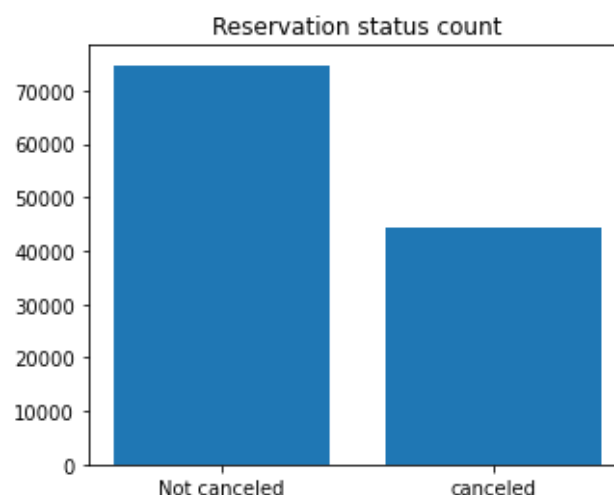
1. What are the variables that affect hotel reservation cancellations?
2. How can we make hotel reservations cancellations better?

3. How will hotels be assisted in making pricing and promotional decisions?

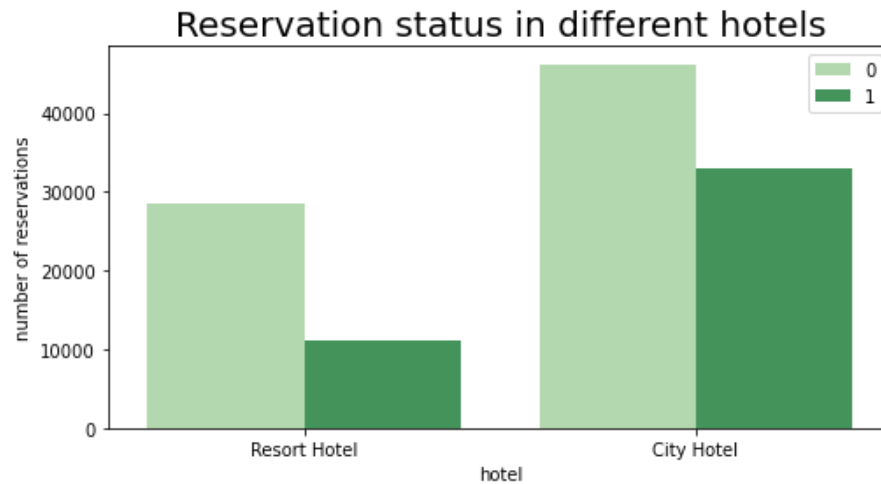
HYPOTHESIS

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 AND FINDINGS

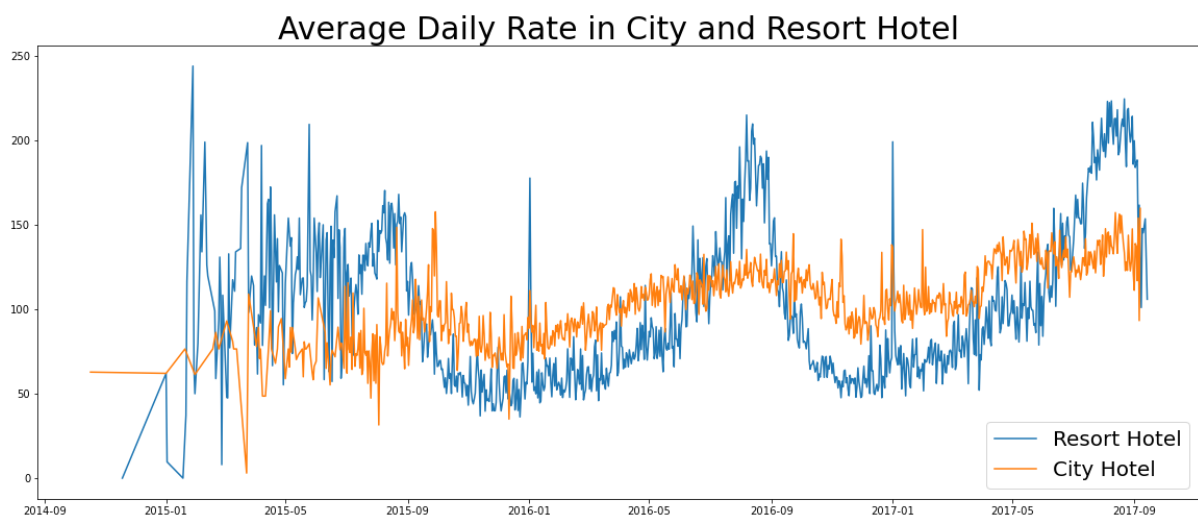


The above bar graph shows the percentage of reservations that are cancelled and not cancelled. It is obvious that there are still a significant number of reservations that have not been cancelled. There are still 37% of clients who cancelled their reservation, which has a significant impact on the hotel's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

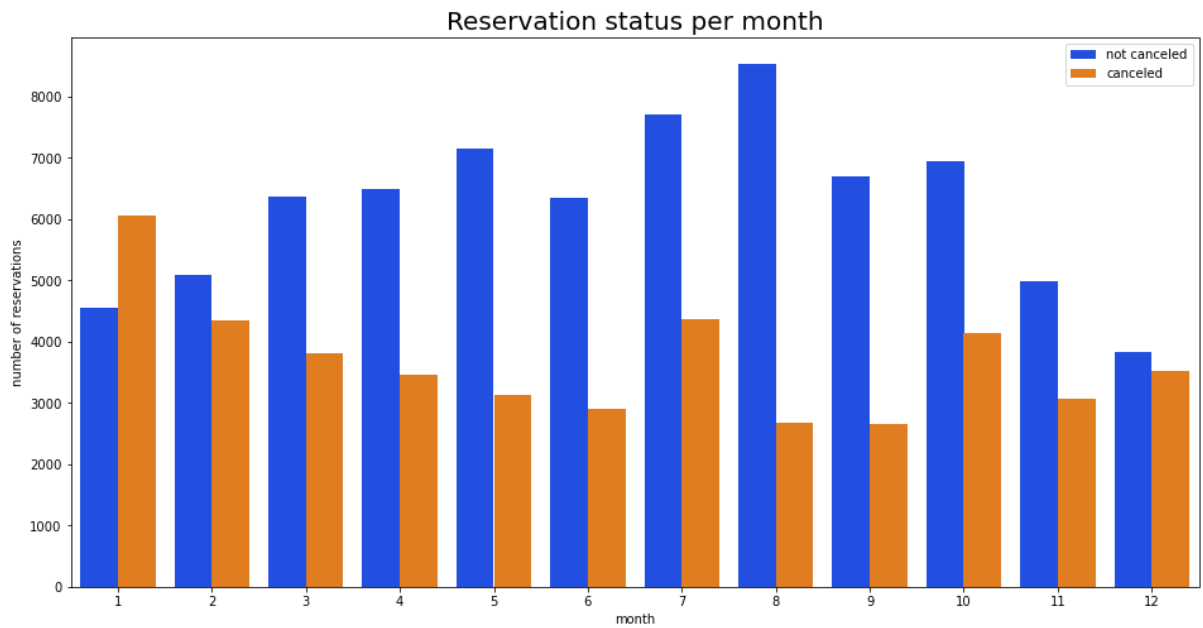


(Reference: 0 means not cancelled reservations; 1 means cancelled reservations)

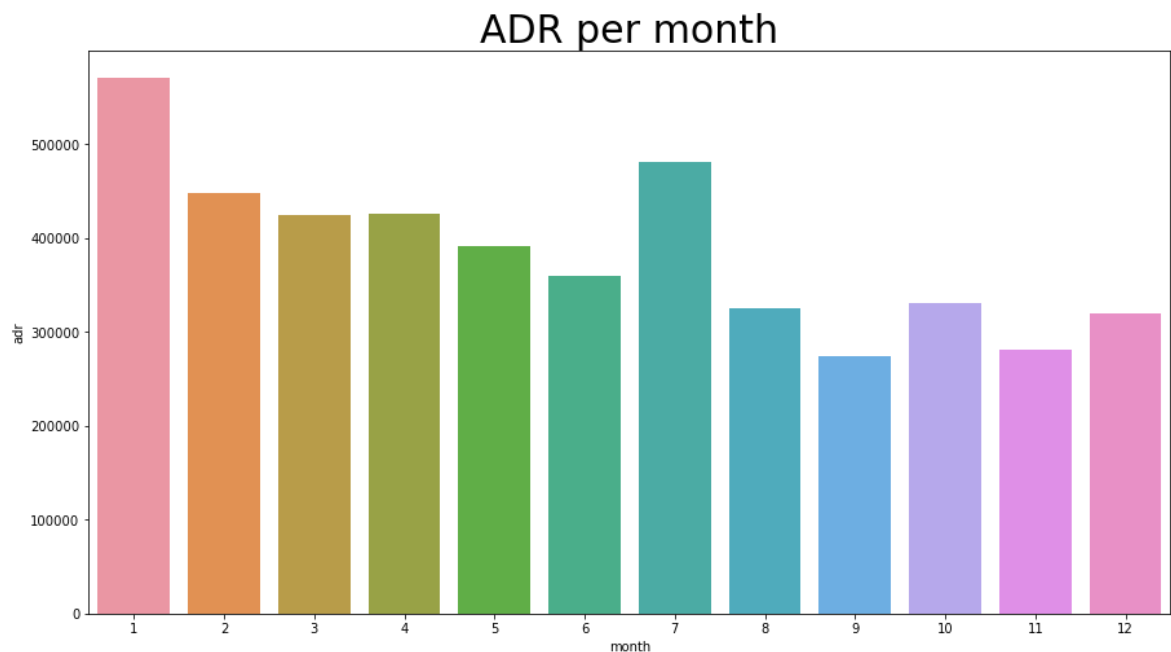
In comparison to resort hotels, city hotels have more bookings. It's possible that resort hotels are more expensive than those in city hotels.



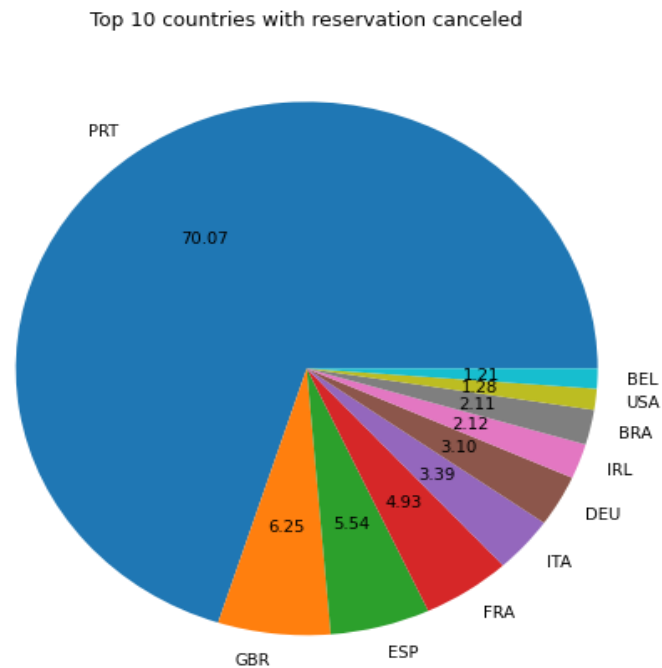
The above line graph shows that, on certain days, the average daily rate for a city hotel is less than that of a resort hotel, and on other days, it is even less. It goes without saying that weekends and holidays may see a rise in resort hotel rates.



This grouped bar graph is used to analyse the months with the highest and lowest reservation levels based on reservation status. We can see that the both the number of confirmed reservations and the number of not cancelled reservations are largest in the month of August, whereas January is the month with the most cancelled reservations.



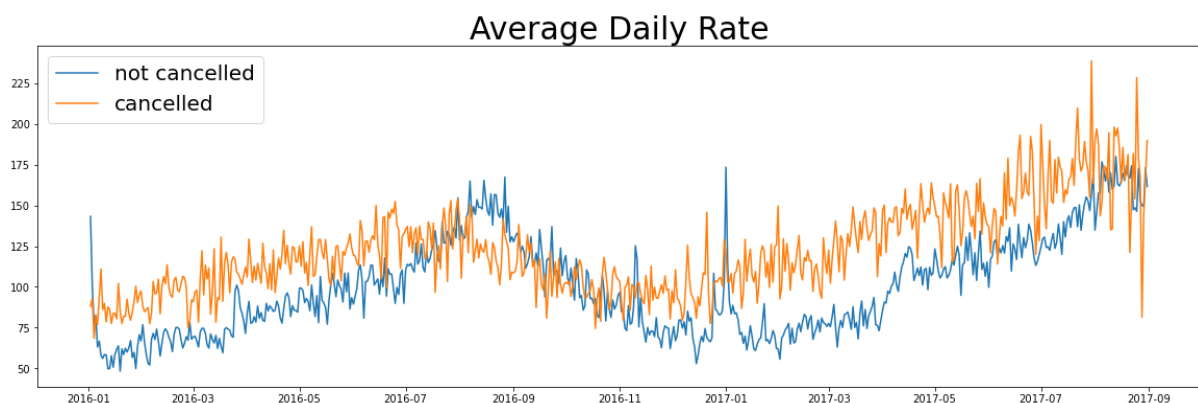
The above bar graph demonstrates that cancellations are the most common when prices are highest and are least common when they are lowest. Therefore, the cost of the accommodation is solely responsible for the cancellations.



This pie chart shows the top 10 countries with reservations being cancelled.

The country with highest number of cancellations is Portugal.

Let's check the area from where guests are visiting the hotels and making reservations. Is it coming from Direct or Groups, Online or Offline Travel Agents? Around 46% of the clients come from online travel agencies, whereas 27% come from groups. Only 4% of clients book hotels directly by visiting them and making reservations.



As seen in the graph, reservations are cancelled when the average daily rate is higher than when it is not cancelled. It clearly proves all the above analysis, that the higher price leads to higher cancellations.

SUGGESTIONS

1. Cancellation rates rise as the price does. In order to prevent cancellations of reservations, hotels could work on their pricing strategies and try to lower the rates for specific hotels based on locations. They can also provide some discounts to the customers.
2. As the ratio of the cancellation and not cancellation of the resort hotel is higher in the resort hotel than the city hotels. So, the hotels should provide a reasonable discount on the room prices on weekends or on holidays.
3. In the month of January, hotels can start campaigns with a reasonable amount to increase their revenues as the cancellation is the highest in this month.
4. They can also increase the quality of their hotels and their services mainly in Portugal to reduce the cancellation rate.