



OPTIMIZING REVENUE LEAKAGE IN HOSPITALITY SECTOR

Presented By **Devyani**

Executive Summary

Business performance Overview

This project analyzes over 130,000 booking records across multiple Indian cities to assess profitability and uncover revenue leakages in the hospitality sector. Despite a healthy ADR of ₹5,346.74 and total revenue realized of ₹170.9 Cr, the occupancy rate remains moderate at 61.3%, with only 39.1% of room inventory utilized (Room Fill %).

ADR

₹5,346.74

revenue_realized

₹1,708,771,229.00

CancellationRate

24.83%

RoomFillPercentDecimal

39.16%

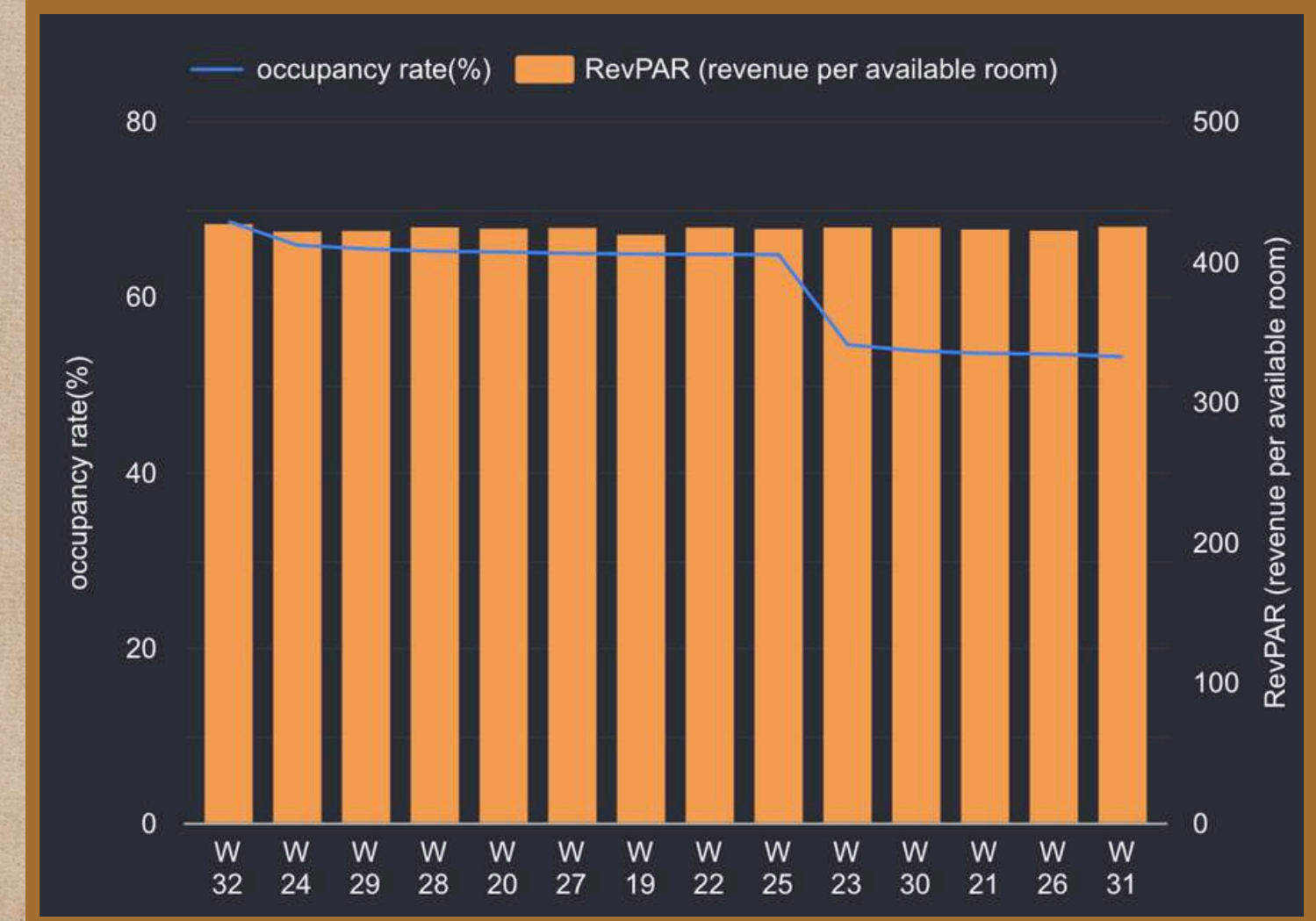
RevPAR (revenue per available room)

₹422.76

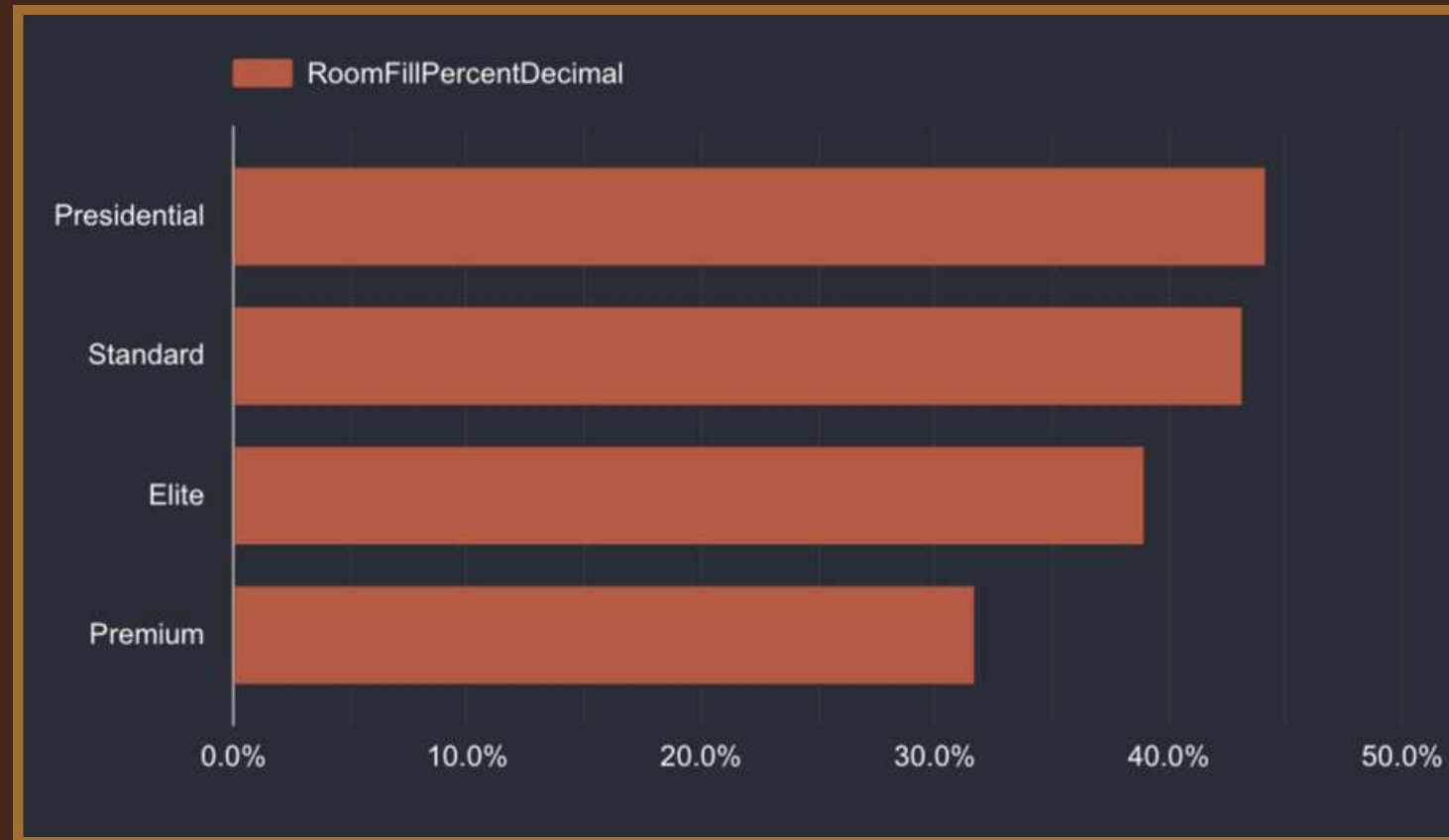
OccupancyRate_Calc

61.29%

The analysis revealed a significant revenue gap of ₹981.5 Cr caused by underutilized capacity and service underuse. High cancellation rates (24.83%) and low ancillary revenue further reduce profitability. This summary sets the foundation for identifying root causes and recommending pricing, bundling, and operational improvements.



Root Cause by Room Class



Room Fill % by Room Class

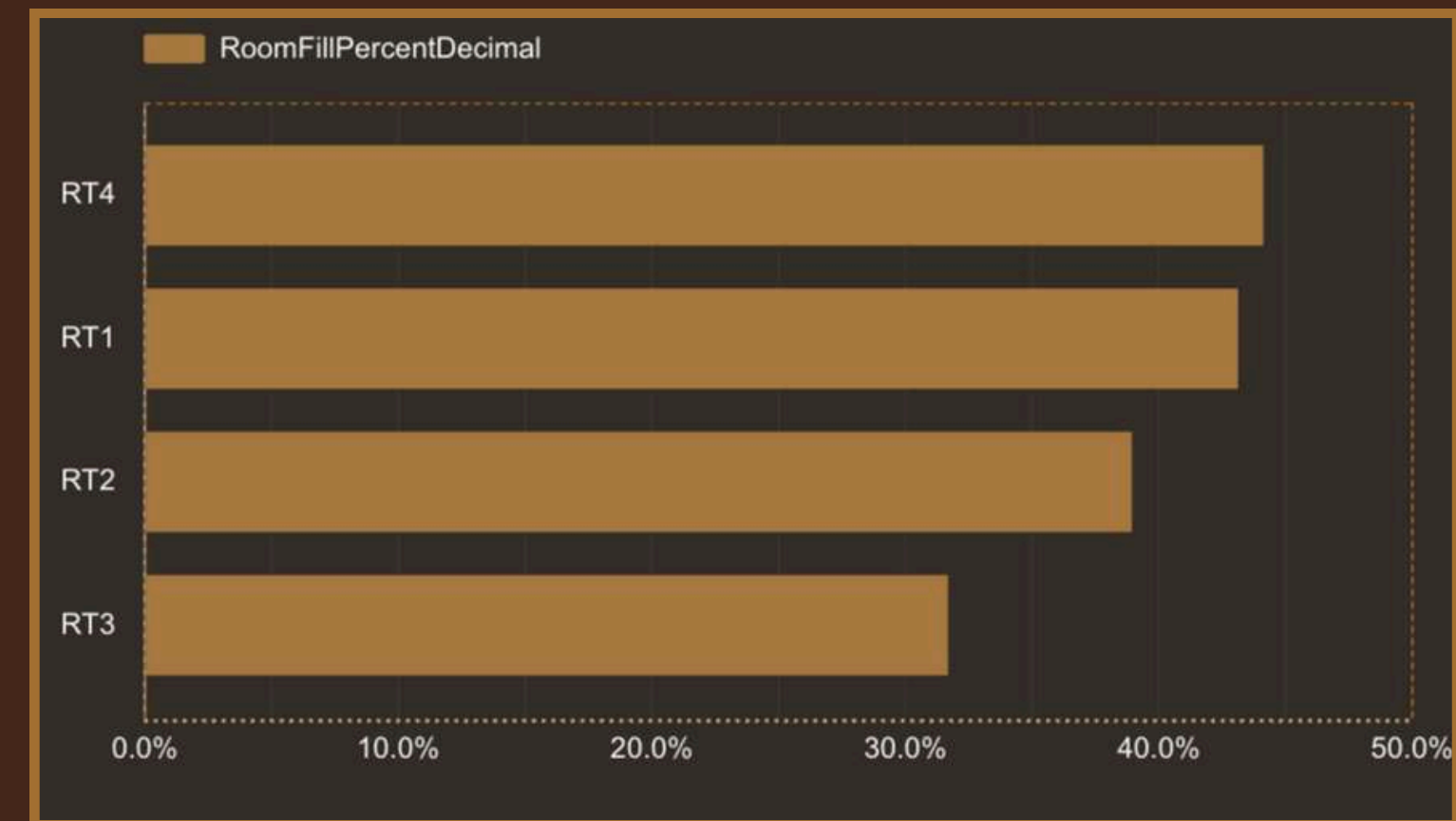
The charts reveal that Premium and Elite room classes have the lowest Room Fill %, at around 30% and 37% respectively, compared to the highest at ~45% for Presidential rooms. This indicates that high-potential categories like Premium rooms are not utilized effectively, contributing significantly to the volume of unsold rooms.

unsold_rooms
1,562,511

Room Types RT3 and RT2 show noticeably lower fill rates than RT1 and RT4, suggesting specific layout or pricing mismatches in these categories.

These insights highlight the need to repurpose underutilized room classes—such as Premium and RT3—for weekday demand through alternate uses (e.g., day-use, co-working) or improve their performance via targeted discounts and packaging strategies.

While room underutilization is a major leakage driver, a closer look at cancellation behavior reveals additional root causes...



Room Fill % by Room Type

Root Cause – Cancellations & Last-Minute Patterns



BookingLeadTime
3.71

CancellationRate
24.83%

The bar chart shows that cancellation rates are uniformly high across all platforms, averaging around 24–25%, with no platform significantly outperforming others. This suggests a system-wide issue, possibly driven by flexible cancellation policies or weak payment commitments at booking stage.

While cancellations shrink revenue from booked inventory, unused ancillary services further limit guest revenue potential...

These patterns reflect the urgent need to implement stricter cancellation policies, especially for OTA channels, and incentivize direct bookings via advance payment discounts or loyalty perks.

The line chart breaks this further down by booking lead time, and shows that shorter lead times (0–2 and 3–5 days) do not significantly reduce cancellations, contradicting the expected behavior. In fact, even longer lead times (10+ days) maintain a similar cancellation rate, indicating that guest intent or booking source plays a larger role than timing.



Last-Minute Discount Pattern Analysis



Key Finding:

Bookings made within 0-3 days of check-in show a much higher incidence of discounts compared to early bookings.

Implication:

Reliance on deep last-minute discounts indicates weak yield control.

Hotels may be training customers to wait for discounts instead of booking early, damaging long-term revenue per room.

Action:

Introduce capped last-minute discounts (e.g., max 10%), or replace with value-adds (late checkout, spa voucher) instead of price drops.

Discounting vs Lead Time – Last-minute bookings (0-3 days) show a disproportionately high discount usage, leading to revenue dilution close to check-in.

Competitor Analysis

Insights

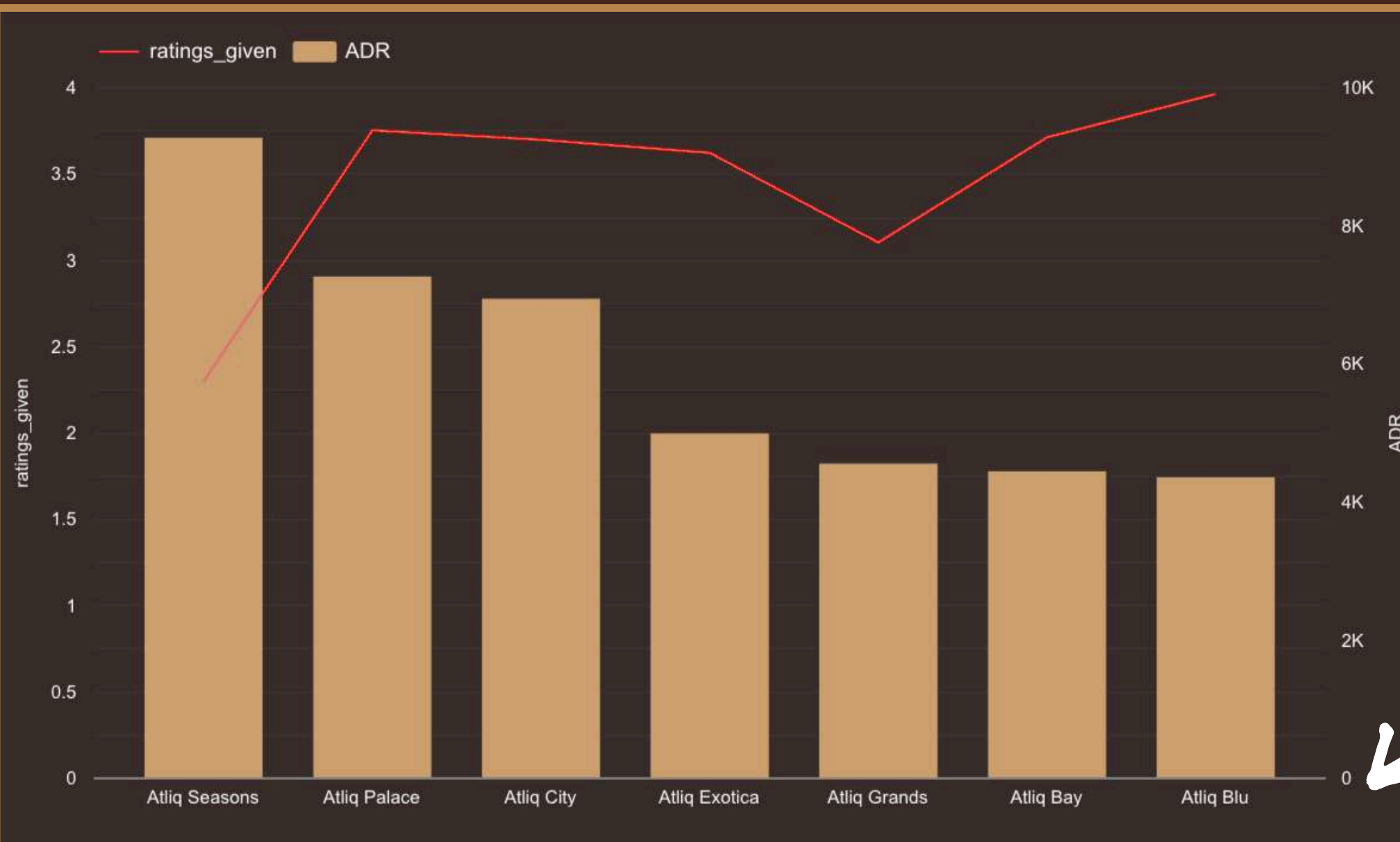
When plotted against each other, some hotel properties (e.g. "Aliq Seasons") show premium pricing (ADR ₹8K–₹10K) while having only below average customer ratings (~2-2.5★). This creates a pricing mismatch – customers may skip these hotels in OTA listings where better-rated properties are available at similar or slightly lower prices. Conversely, properties like "Aliq City" and "Aliq Palace" maintain both high ADR and ratings, justifying their premium positioning.

Recommendation:

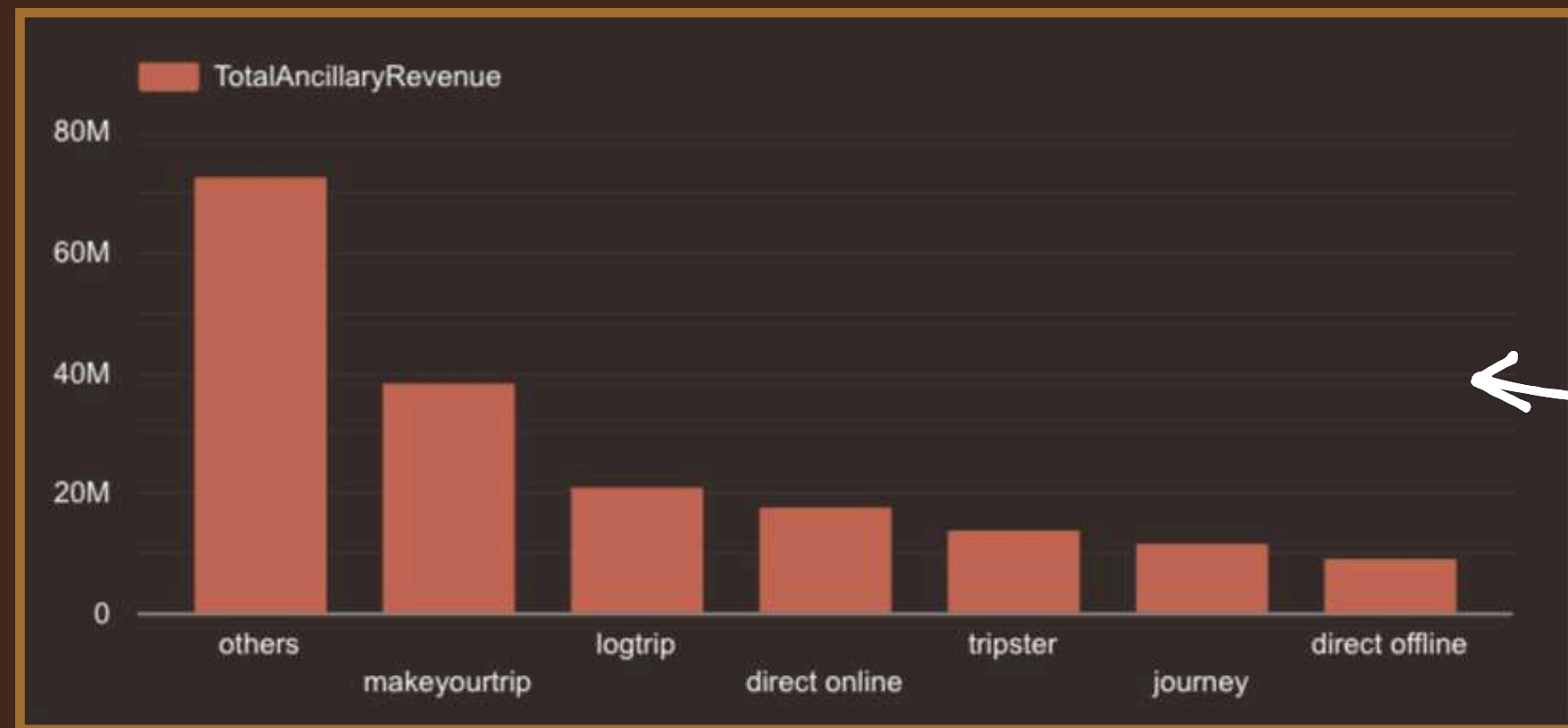
For properties with high ADR and low ratings:

- Focus on visible service quality improvements (e.g. room cleanliness, staff courtesy)
- Use value-based bundling (free breakfast, spa voucher) instead of discounts
- Introduce customer feedback loops to increase post-stay review scores on OTAs

Property-wise Positioning – Comparison of Average Ratings vs ADR across hotel properties.



Root Cause: Ancillary Revenue Underuse



Total Ancillary Revenue by Booking Platform

SpaRevenue
73,755,500

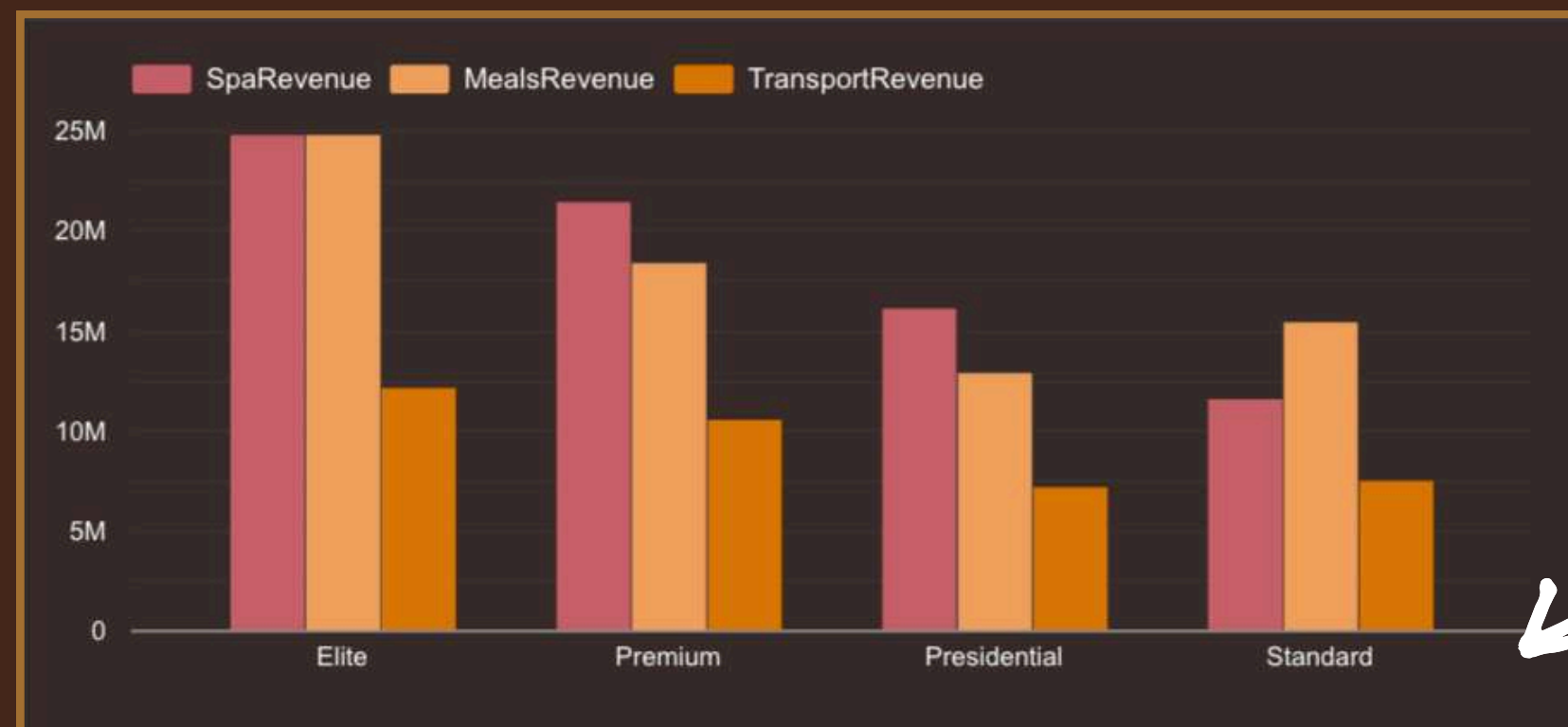
MealsRevenue
71,328,900

TransportRevenue
37,205,900

TotalAncillaryRevenue
182,290,300

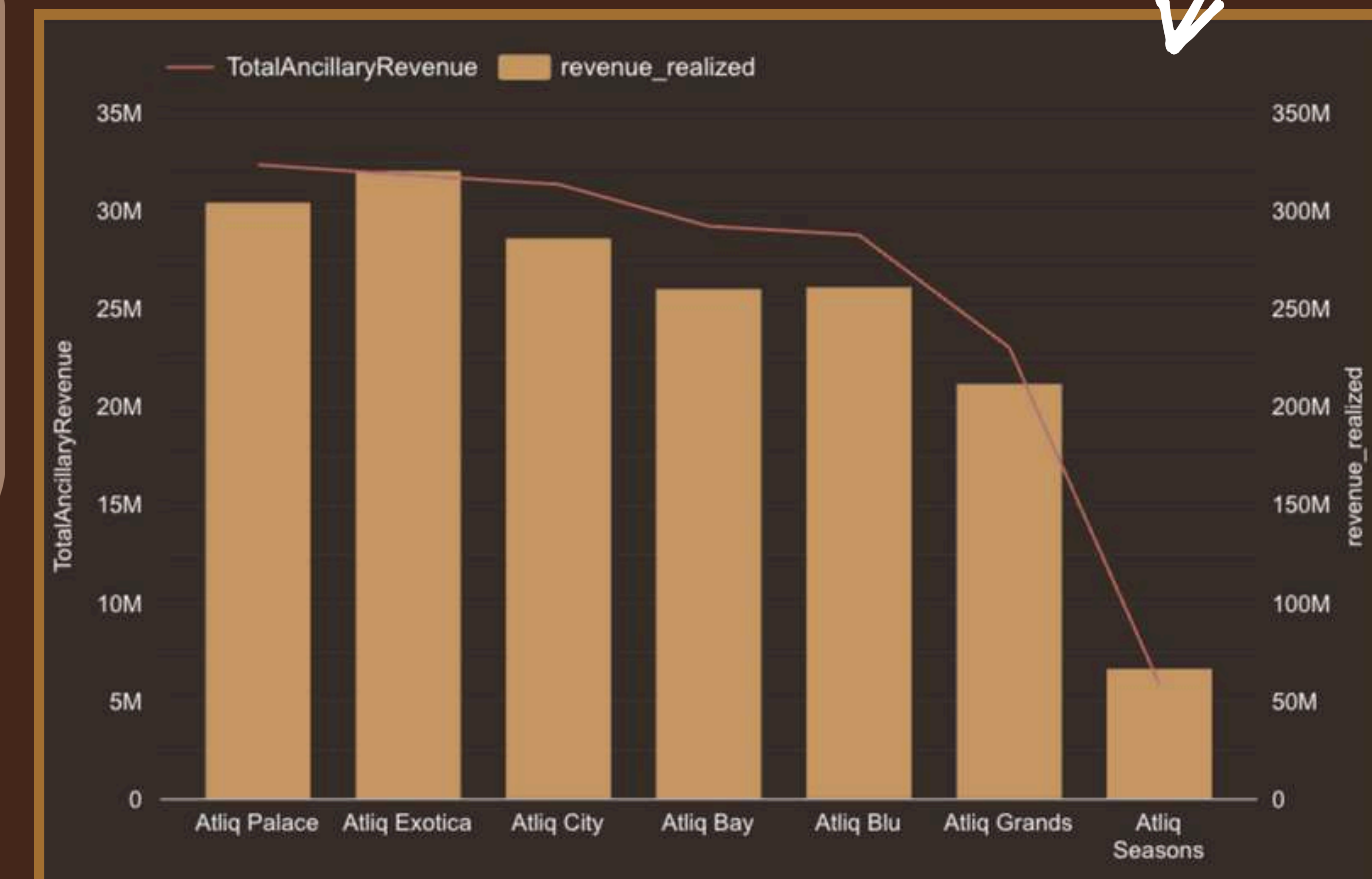
Platforms like Makeyourtrip and Tripster bring in large booking volumes but generate relatively low ancillary revenue per booking. The bulk of Total Ancillary Revenue is concentrated under "Others," indicating a lack of structured upselling on mainstream platforms.

Even high-revenue properties like Aliq Exotica underperform on service monetization. For example, while Aliq Bay generates ₹250M+ in room revenue, it lags behind in ancillary services.



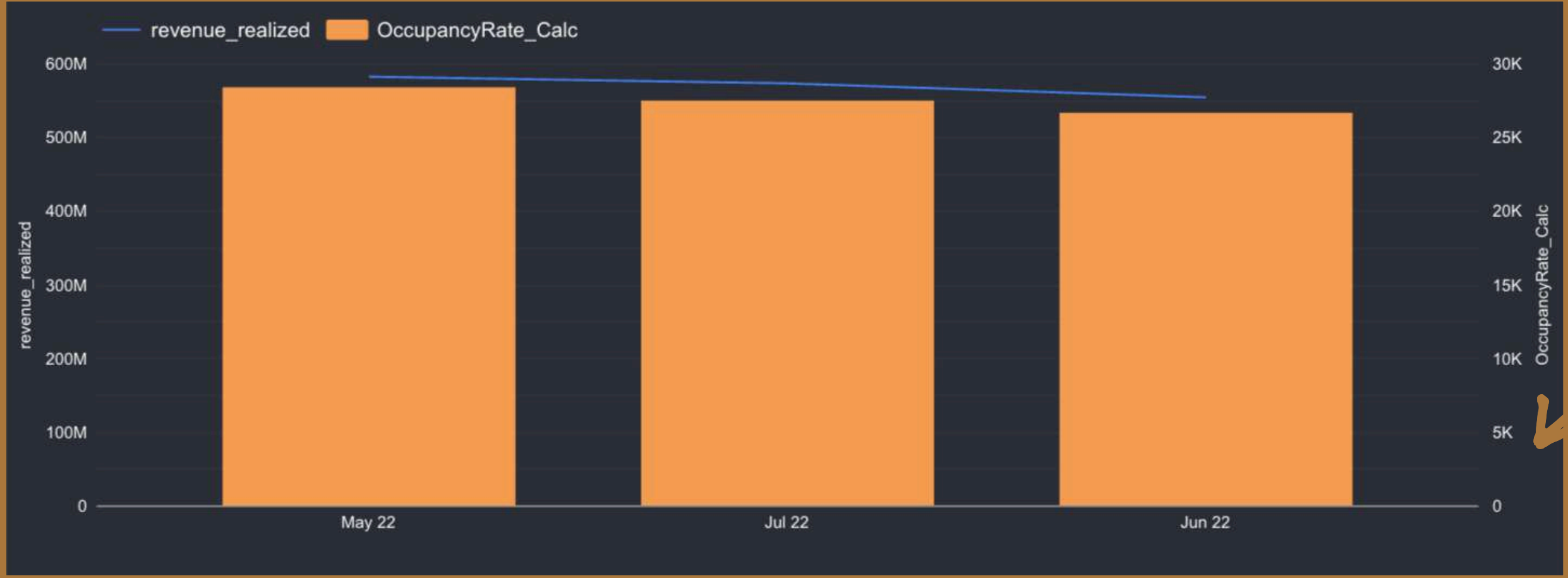
Ancillary Revenue Split by Room Class

Elite and Premium room classes drive the highest Spa and Meals revenue, while Standard rooms show the lowest uptake, despite being the most booked – revealing a gap in cross-selling strategy for lower-tier guests.



Room Revenue vs Ancillary Revenue (by Property)

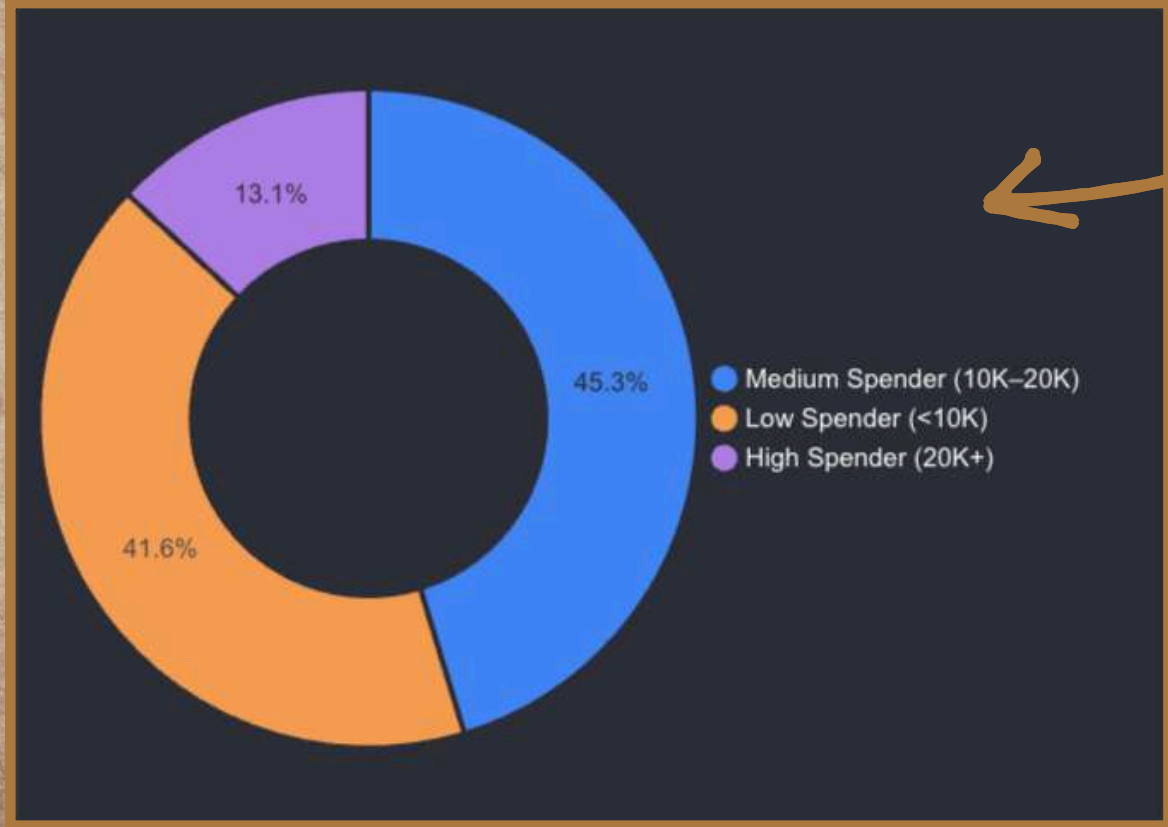
Customer Segmentation: Spending Behavior & Booking Patterns



While revenue remains strong across May, June, and July 2022, occupancy shows signs of softening, particularly in July, indicating a potential mismatch between demand and inventory or overdependence on a few high-paying segments.

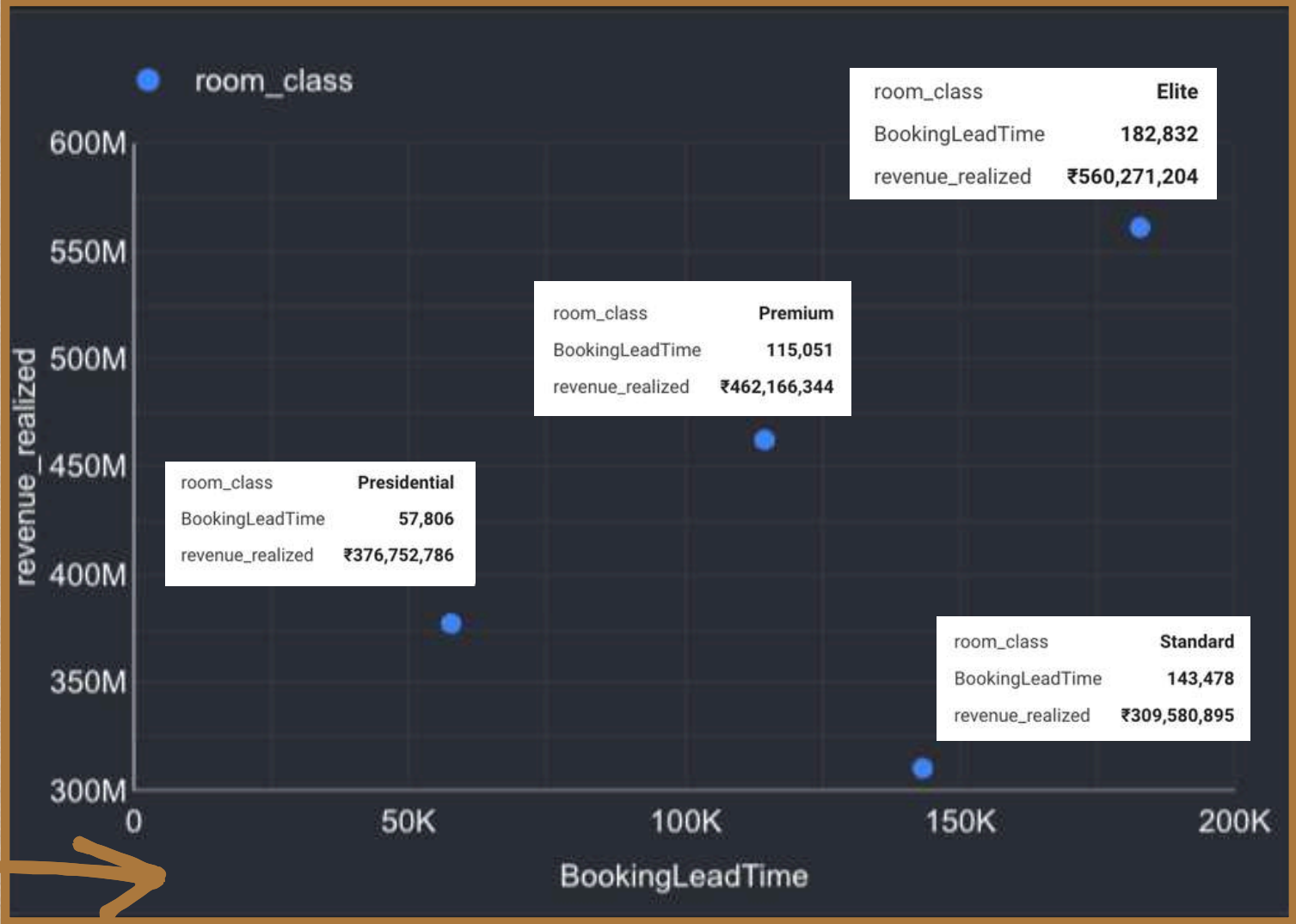
Booking Lead Time vs Revenue by Room Class

Revenue vs Occupancy Trends by Month-Year



Nearly 45% of bookings fall into the Medium Spender segment, while Low Spenders still form 41.6%, revealing a large guest base with limited monetization. High Spenders only make up 13.1%, suggesting an opportunity to expand or retain premium guests through bundling or loyalty initiatives.

Elite guests not only book far in advance (~183K lead time in seconds) but also generate the highest room revenue. Standard and Premium bookings also show strong advance patterns.



Guest Segmentation by Spend Category

Recommendations: Pricing & Product Packages

Couple Packages for Weekend Getaways

Launch a 2-night package for weekend stays (Friday to Sunday) in Premium or Elite rooms bundled with breakfast + spa service at a fixed price (e.g., ₹8,499).

Why: Slide 3 shows low room fill in Premium rooms; Slide 5 shows underused spa services.

Corporate Stays for Weekday Business Travelers

Offer discounted weekday packages for solo travelers (Presidential/Standard rooms) with 1-night stays, including breakfast and airport pickup.

Why: Slide 6 shows longer booking lead times

Family Meal Plans for Budget Travelers

Bundle Standard or Premium room with 3-meal inclusive plans at a flat rate (e.g., ₹5,999/night for 2 adults, 1 child).

Why: Slide 6 shows low-spending segments dominate (41.6% Low Spenders); Slide 5 shows meals are underused.

Festival Season Bundles

Offer limited-time promotions during peak occupancy months (e.g., May–July) with 10% off on bundled services like room + meals or room + spa.

Why: Slide 5 shows peak seasonal occupancy but declining Occupancy trends in June/July.

“These pricing and product packages directly target segments with low room fill (Slide 3), low ancillary service usage (Slide 4), and mid-spender opportunity groups (Slide 6).”

“With smart pricing structures defined, the next lever is aligning operations – from staffing to housekeeping – with demand fluctuations and stay patterns.”

Operational Fixes

Occupancy & Revenue by Day Type

Dynamic Staffing by Day Type

Adjust staffing levels in spa, dining, and housekeeping based on day-of-week demand.

For example, reduce weekday staff in Spa and Meals, and increase on weekends.

Why: Weekend occupancy and revenue are significantly higher especially in Elite/Premium.

For stays under 2 nights, implement “opt-in cleaning” or alternate-day cleaning models. Apply especially to bookings from platforms with avg LOS < 2.0 (e.g. Tripster, LogTrip).

Why: This Slide shows short average LOS; saves much% in cleaning costs.

Limited Housekeeping for Short-Stay Guests

Predictive Service Scheduling

Forecast fill % by day and room class to determine when to open/close services (spa, meals).

Weekday lunch or spa slots could be skipped or merged.

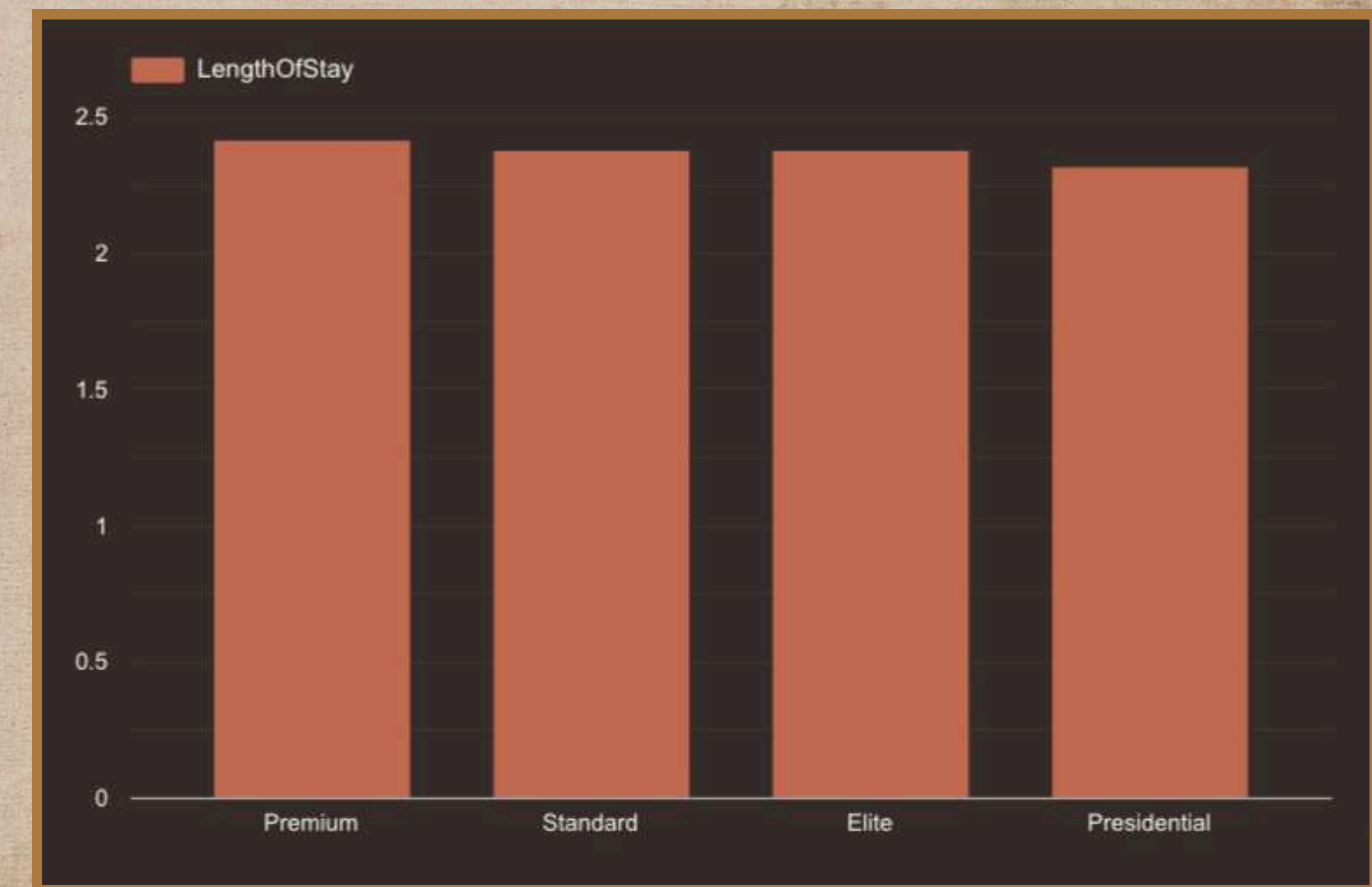
Why: RoomClass occupancy trends show fluctuating fill on weekdays (Slide 2).

These operational fixes reduce unnecessary resource usage without impacting service quality.

Weekend-heavy demand and short-stay guests offer natural opportunities for efficiency through flexible staffing, cleaning opt-outs, and smarter scheduling.



LOS by Room Class



Room Repurposing Strategy

Hybrid Family Room “Leisure Lounge”

Reposition lowest-fill Premium rooms (e.g., Premium room fill < 35%) as shared leisure spaces with lounge seating + spa offers during weekday gaps.

Promote in-app or at check-in.

Why: Ancillary services underused (Slide 5); low fill rate means weekday pivoting is viable.

Workation Packages for Midweek

Offer extended-stay work-from-hotel packages (Tue–Thur) with stable Wi-Fi, workspace, and late checkout. Target corporate platforms or influencers.

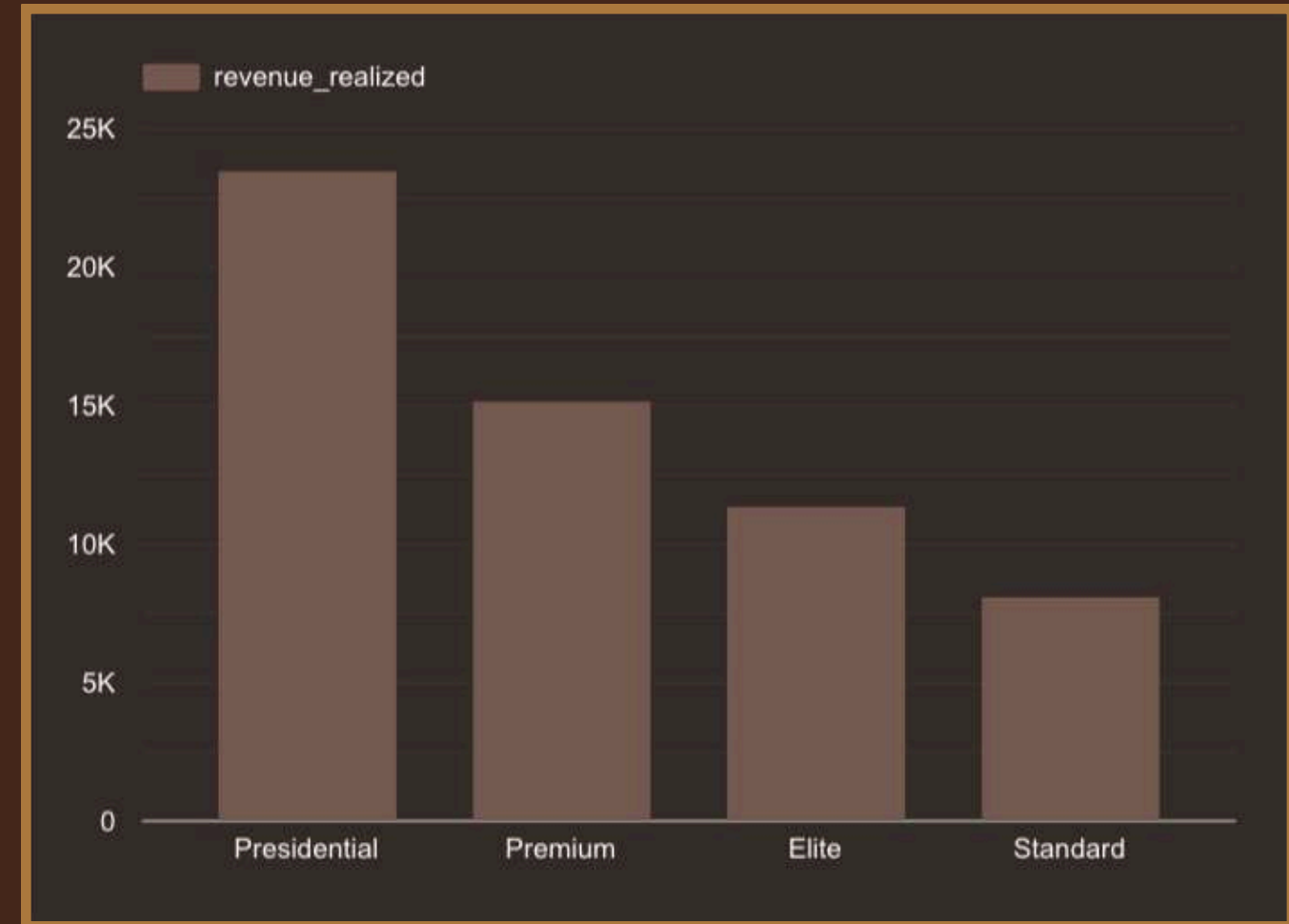
Why: BookingLeadTime shows early planning for midweek stays (Slide 5), this helps fill off-peak slots.

Day-Use Room Promotions on Booking Platforms

List low-demand rooms for 6-hour day slots on online travel portals (Tripster, LogTrip).

Focus especially on Monday to Thursday availability.

Why: DayUse captures daytime travelers and maximizes unused inventory.



Strategic Initiatives Timeline

Standard rooms show the lowest average revenue per stay (₹7–8K), despite accounting for a large portion of total inventory. In contrast, Presidential and Premium rooms command significantly higher per-stay revenue (₹15K–₹20K+), making them strategically valuable for premium monetization.

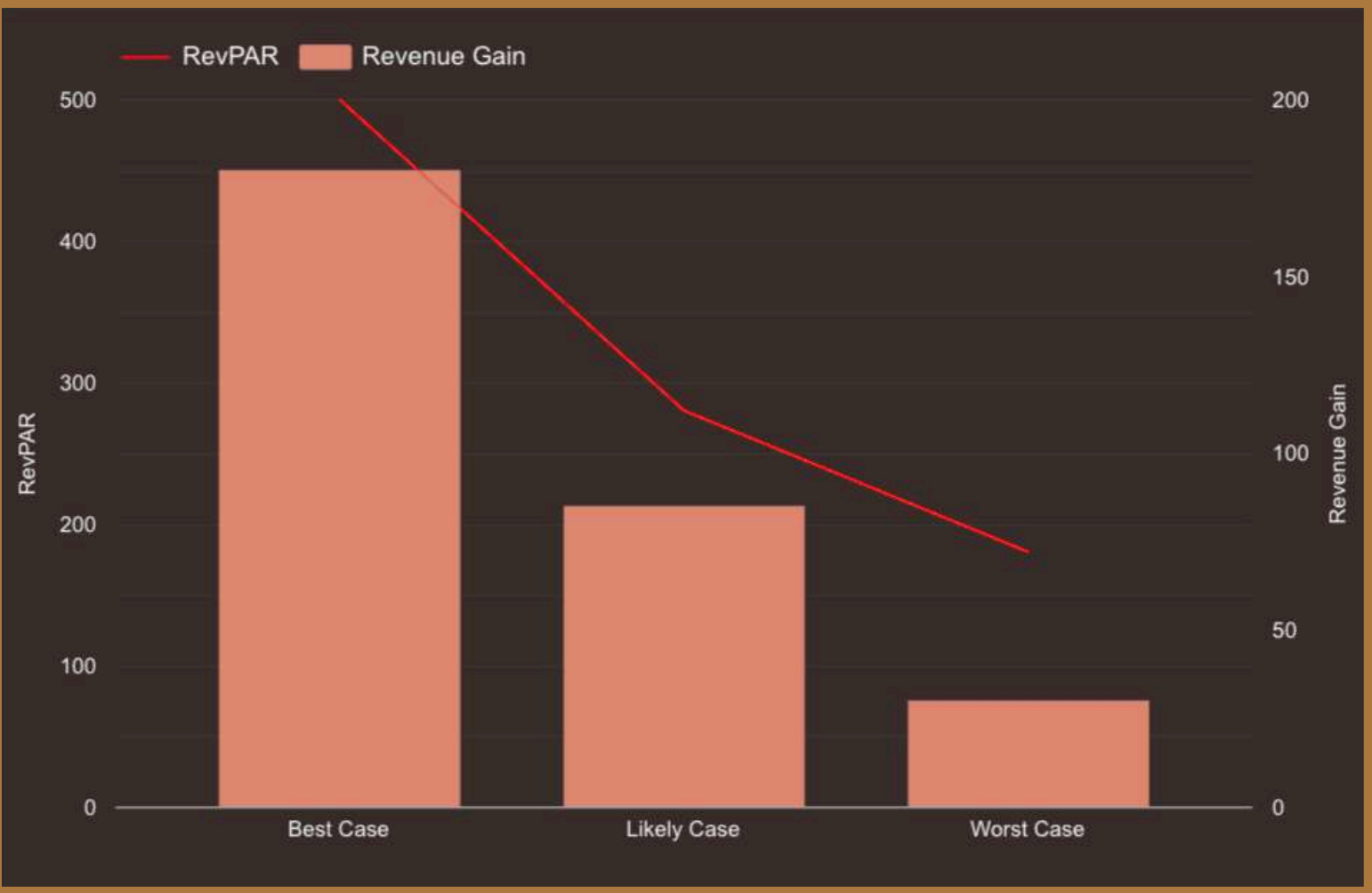
These repurposing strategies are grounded in actual usage gaps seen across weekdays, short stay behavior, and platform-based patterns. They enable revenue recovery with minimal structural changes.

Business Justification: ROI & Scenario Analysis

Scenario	Utilization Uplift	RevPAR Growth (₹)	Revenue Gain (₹ Cr)	Payback Time
Best Case	+15%	₹500	₹180 Cr	6 months
Likely Case	+8%	₹280	₹85 Cr	9–12 months
Worst Case	+3%	₹180	₹30 Cr	15+ months

With revenue realized reaching ₹170 Cr, these improvements reflect <10% incremental growth that is achievable with strategic tweaks (room repurposing, bundling, and dynamic staffing).

The payback period ranges from just 6 months (Best Case) to around 12–15 months in conservative estimates, making these initiatives both low-risk and high-impact.



Even modest operational and pricing improvements deliver meaningful ROI.

A 3% uplift in utilization results in a ₹30 Cr gain, while a likely scenario of 8% uplift can deliver over ₹85 Cr.

Prioritize initiatives with short payback and clear monetization potential:

Pricing Packages(Couple, Corporate, Family Meals)

Repurposing low-fill rooms for Day-Use/Co-working

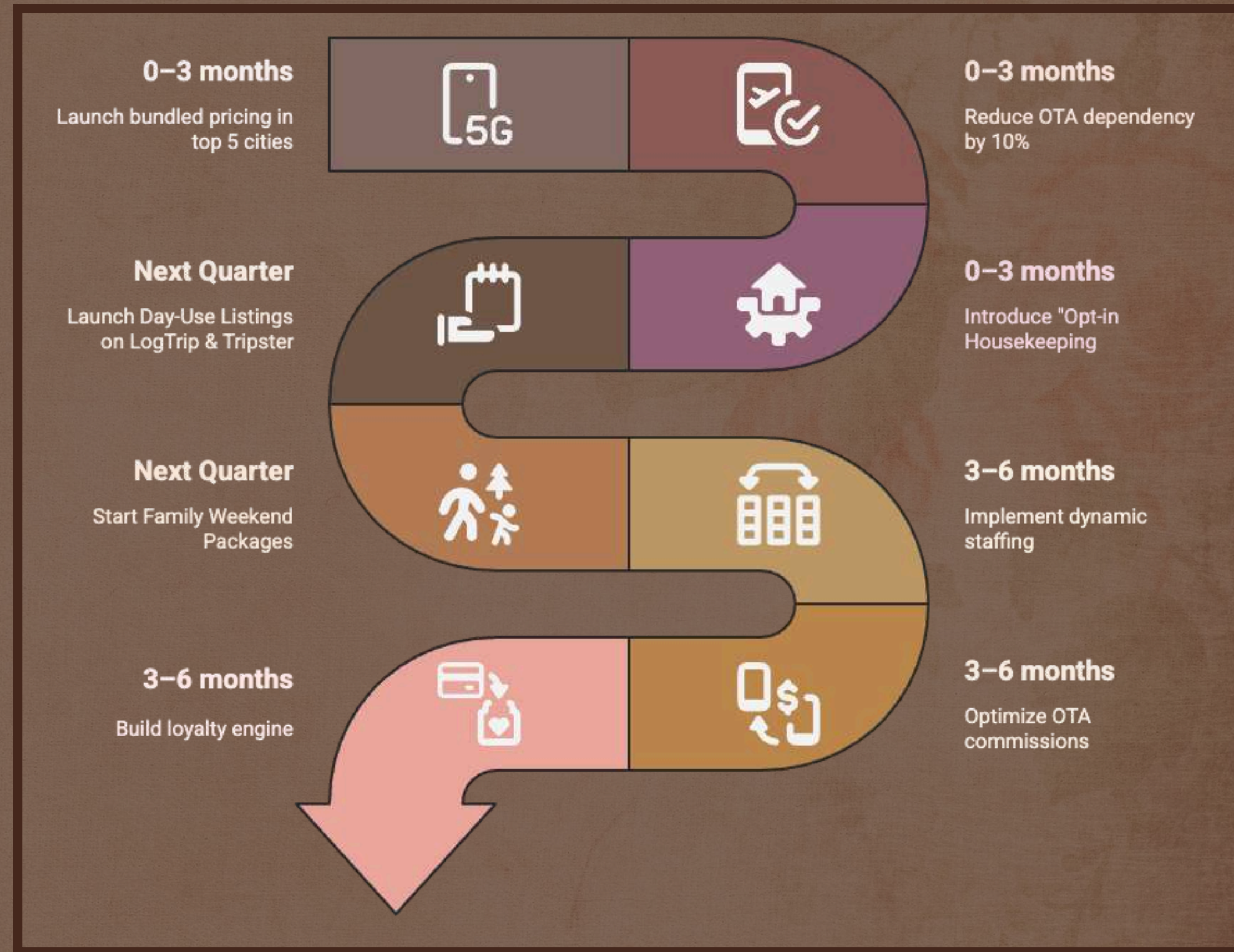
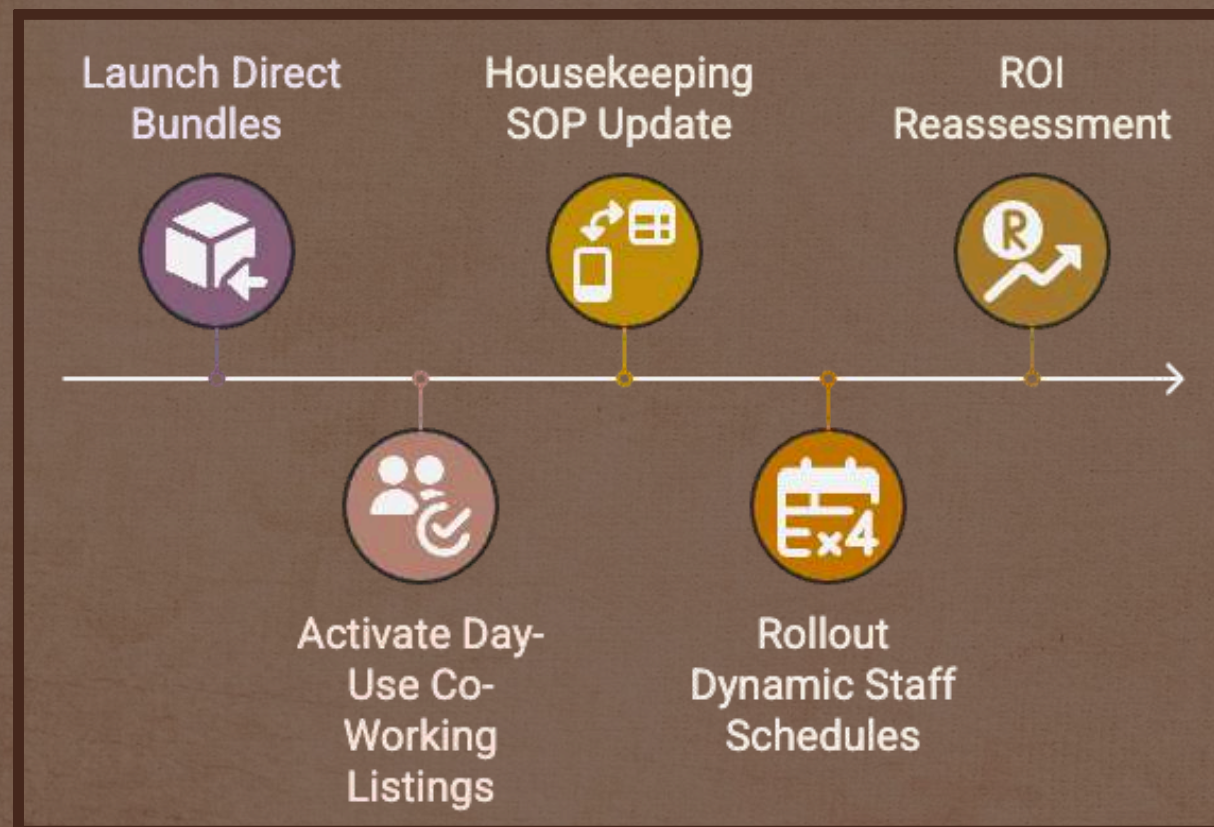
Dynamic staffing based on Day Type

Ancillary upsells during booking and check-in

Conclusion & Action Plan – Unlocking Revenue and Efficiency

Summary of Insights

- RoomFill% remains below 40% for Standard/Presidential rooms on weekdays
- Ancillary services like Spa/Meals are significantly underutilized on OTAs
- 60%+ of bookings have Length of Stay < 2 nights
- Weekend RevPAR significantly higher than weekday showing mismatch in capacity vs demand
- Strategic bundles and operational tweaks can unlock up to ₹180 Cr in added revenue



Strategic Initiatives Timeline

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THANK YOU