

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 cancellations rates is both hotels' 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 that have no bearing on their business and yearly revenue generation are the main topics of this report



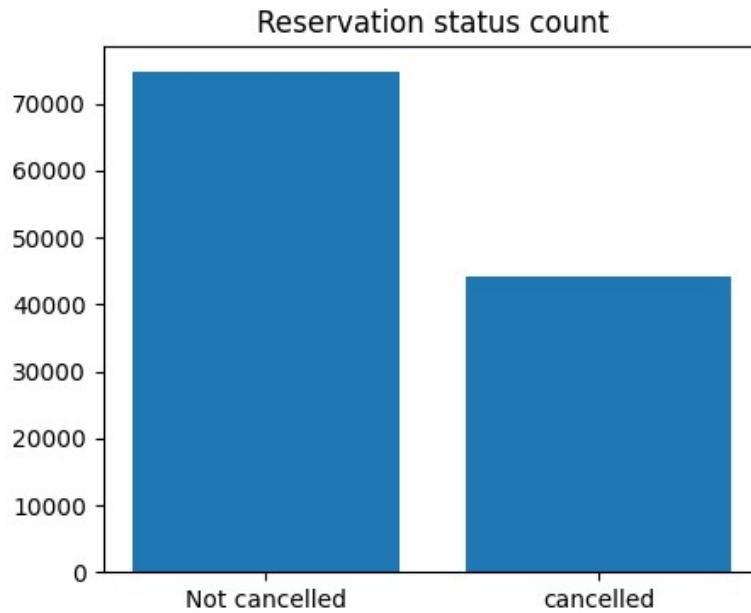
Research Question

1. What are the variables that affect hotel reservation cancellation?
2. How can we reduce hotel reservation cancellations?
3. How will hotel be assisted in making pricing and promotional changes?

Hypothesis

1. More cancellation occur when price are higher.
2. More reservations are canceled during weekdays than weekends.
3. The majority of clients are coming from offline travel agents to make their reservations.

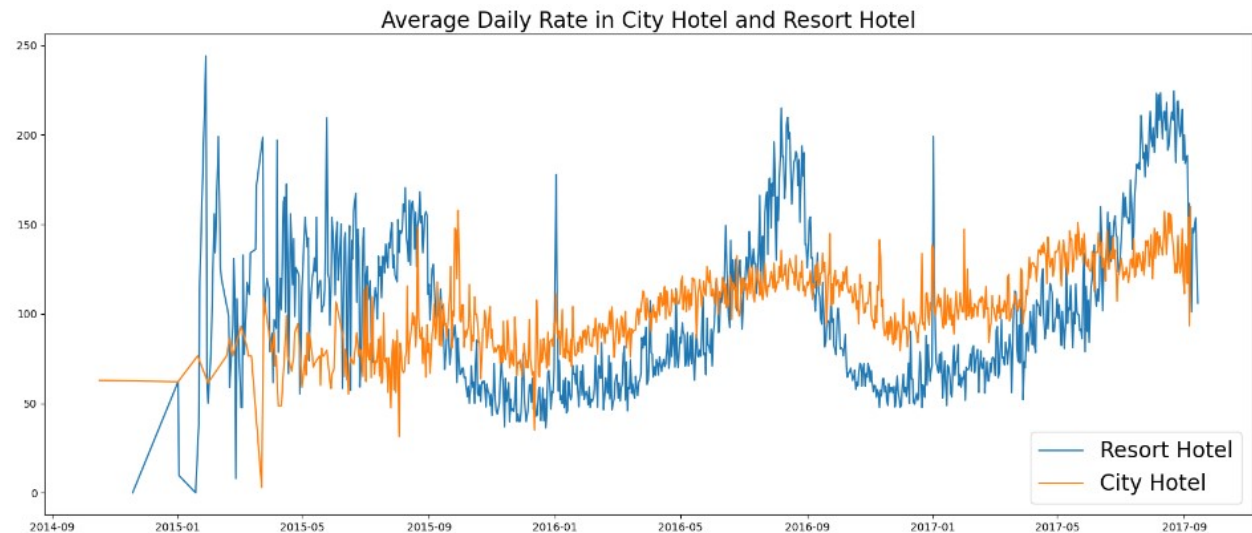
Analysis and findings



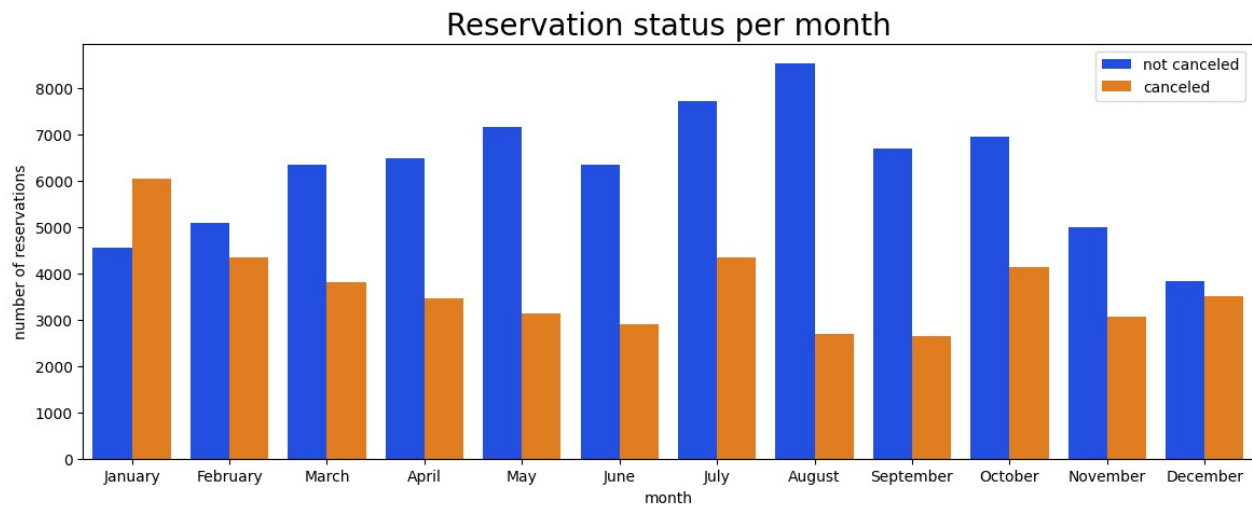
The accompanying bar graph shows the percentage of reservations that are canceled and those that are not. It is obvious that there are higher numbers of reservations that have not been canceled. There are still 37% of clients who canceled their reservations, which has significant impact on hotel earnings.



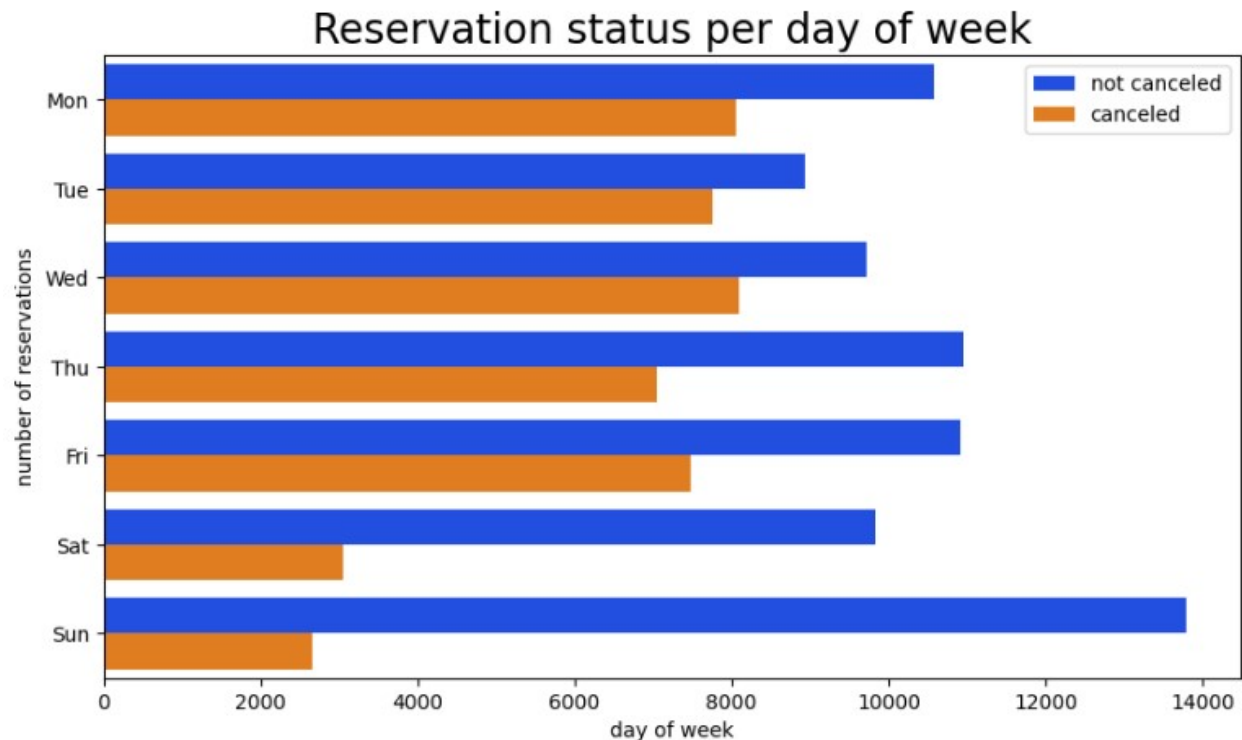
In comparison to Resort hotel, City hotel has more booking. However, the cancellation rate is also higher for the city hotel.



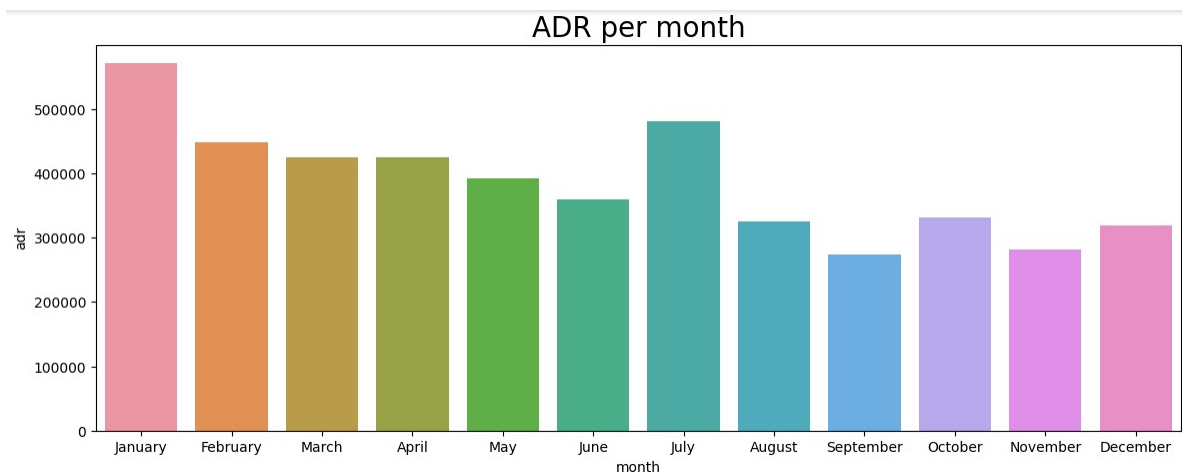
The line graph above shows that the average daily rate for City hotel is higher than of Resort hotel. This could be the reason of high cancellation rates of City hotel. While only on certain days there is spike in rates of resort hotel.



The given bar chart describes total number of canceled and not canceled reservations for each month. As we can see, the highest number of cancellations is in the month of January and the least is in the month of August as well as in September. Maximum number of reservations is also in the month of August.



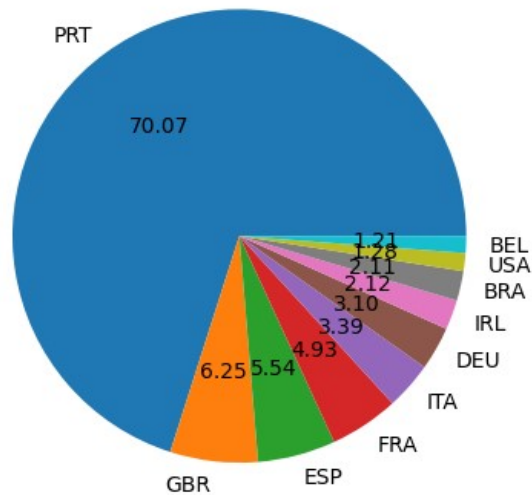
As shown in above bar graph, the highest number of reservations are canceled during the weekdays. While cancellations on weekends are very minimal



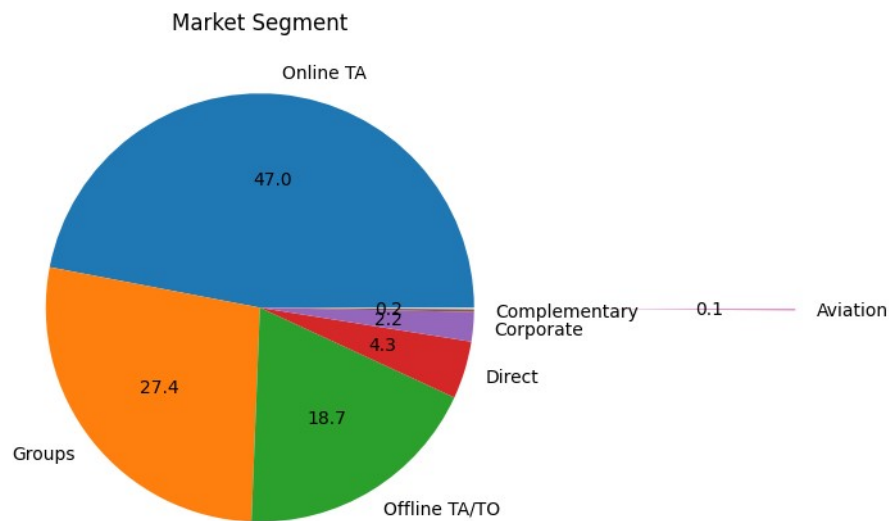
This bar chart represents that cancellations are most common when the prices are maximum and are least when prices are lowest. Therefore, the cost of an accommodation is significant reason for the cancellation.

Now, let's see which country has the highest reservation canceled. The top country is Portugal with the largest number of cancellations.

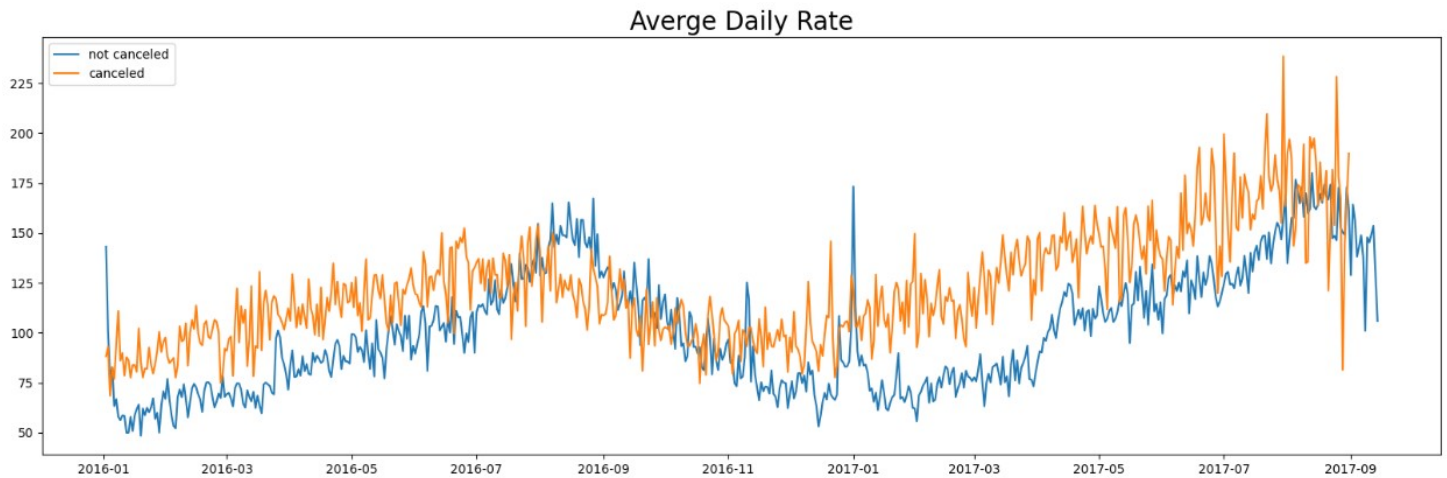
Top 10 countries with cancelled reservation



Let's check the area from where guests are visiting the hotels and making reservations. Is it coming from direct, groups, online or offline travel agents?



Around 47% of the clients book hotel using online travel agent, whereas 27% come from groups. Only near 4% of clients book hotels directly by visiting them.



As seen in the graph above, reservations are canceled when the average daily rate is higher and not canceled when average daily rate is low. It clearly proves all the above analysis, that the higher price leads to higher cancellation.

Suggestions

1. Cancellation rates rise as price does. In order to prevent cancellations of reservations, hotels could work on their pricing strategies and try to lower the rates of specific hotels based on locations. They can also provide some discounts to customers.
2. In the month of January hotel can start campaigns or marketing with a reasonable amount to increase their revenue as the cancellation is highest as the cancellation is highest in that month.
3. They can also provide special discounts on weekdays, as large number of cancellation take place on weekdays.
4. They can also highly focus on improving quality of hotels in Portugal to reduce large amount of cancellations rates.