

City Hotel and Resort Hotel Business Problem

The business problem at hand is the **high cancellation rates experienced by both City Hotel and Resort Hotel** in recent years. This issue has led to various challenges for the hotels, such as reduced revenues and suboptimal utilization of hotel rooms. Therefore, the primary objective for both hotels is to reduce cancellation rates to enhance revenue generation efficiency. Our aim is to provide comprehensive business advice to tackle this problem effectively.

This report will focus on analysing hotel booking cancellations as well as considering other factors that may not directly impact the hotels' business and yearly revenue generation but could still be relevant or influential in understanding the overall situation.

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 unanticipated 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.

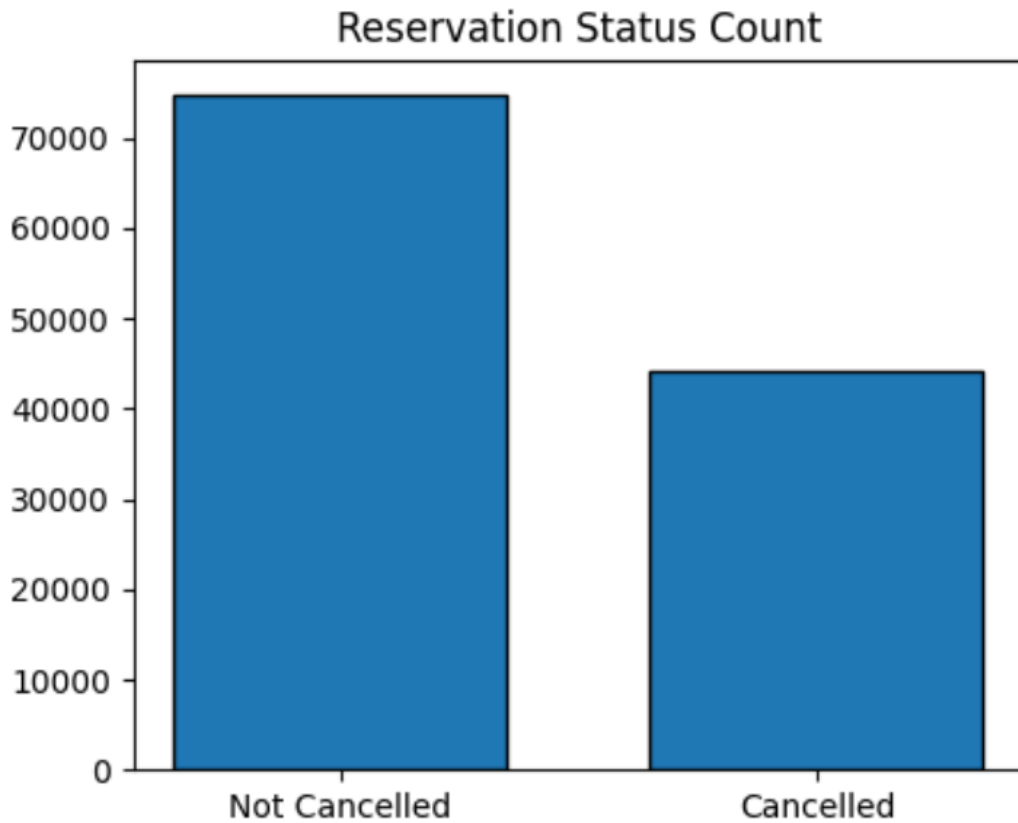
Research Questions

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?

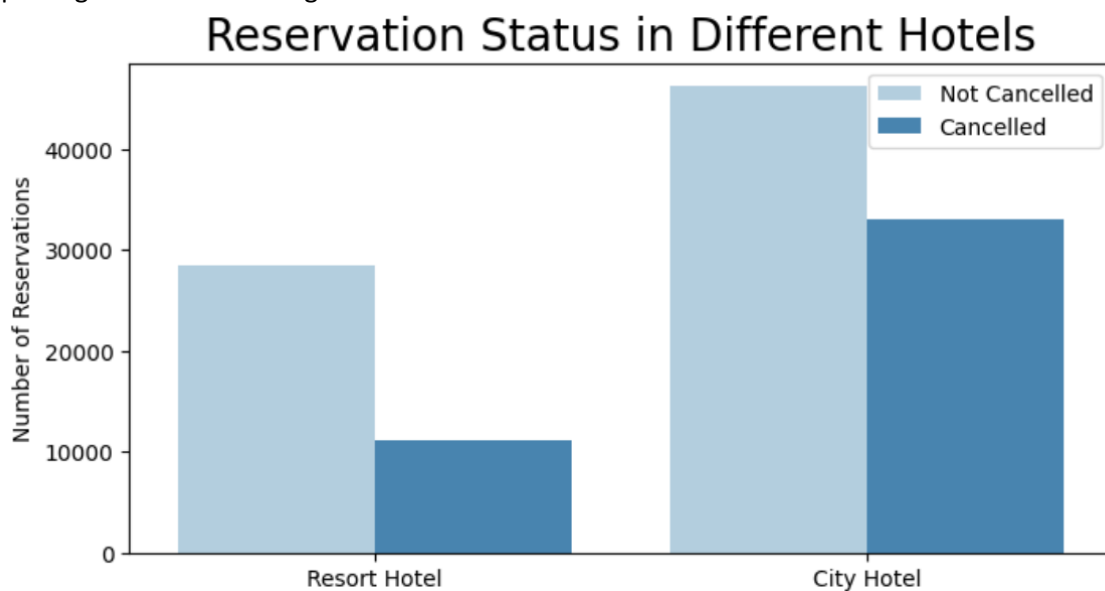
Hypothesis

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.

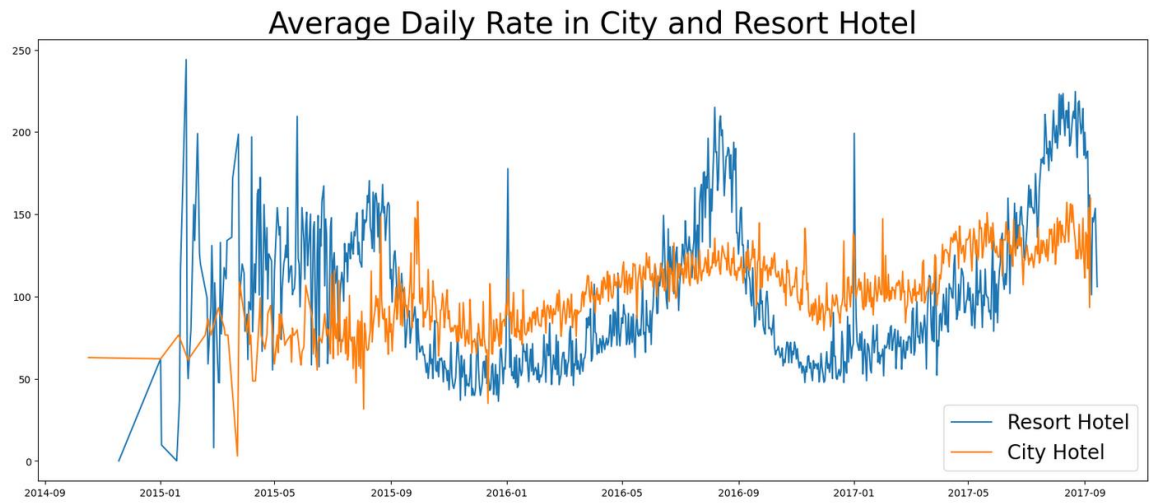
Analysis and Findings



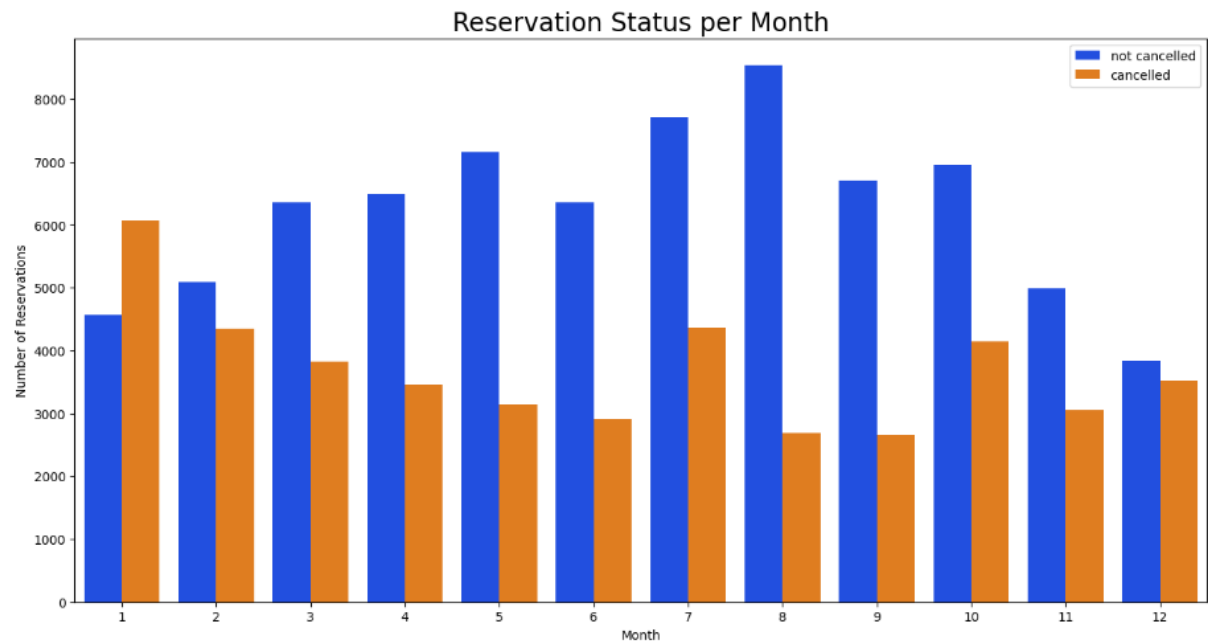
The accompanying bar graph illustrates the percentage of cancelled and non-cancelled reservations. Despite a significant number of reservations remaining unaffected, 37% of clients have cancelled, impacting the hotels' earnings.



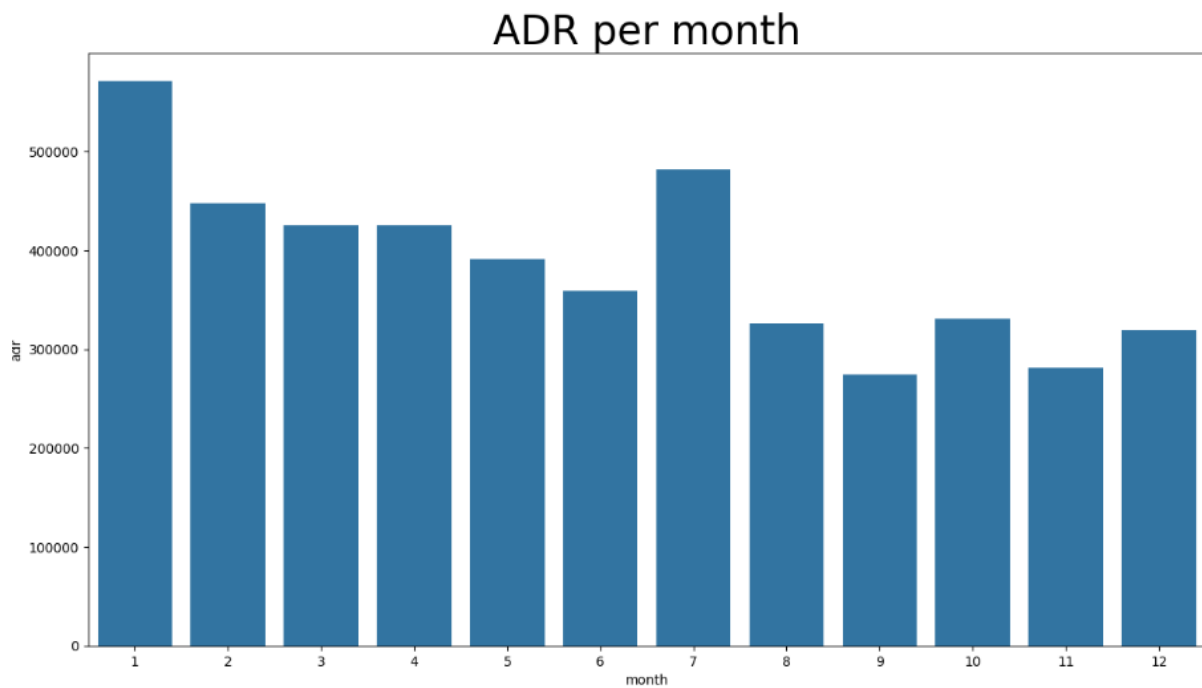
Comparatively, city hotels exhibit higher booking rates than resort hotels, possibly due to differences in pricing.



The line graph displays fluctuations in average daily rates between city and resort hotels, with potential increases during weekends and holidays.

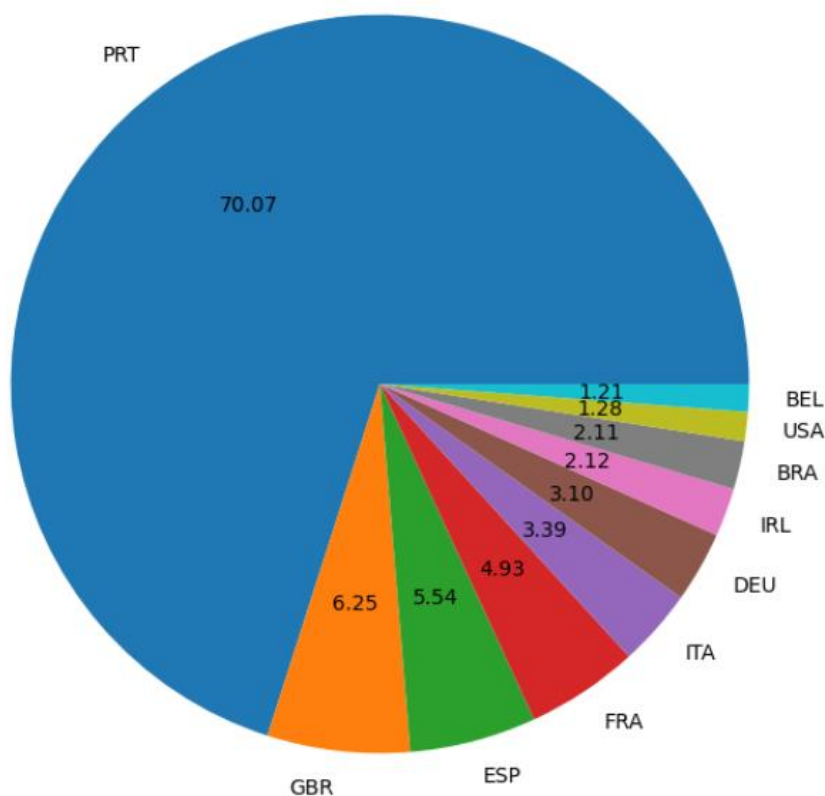


A grouped bar graph identifies August as the month with the highest reservation levels, while January records the highest cancellations.

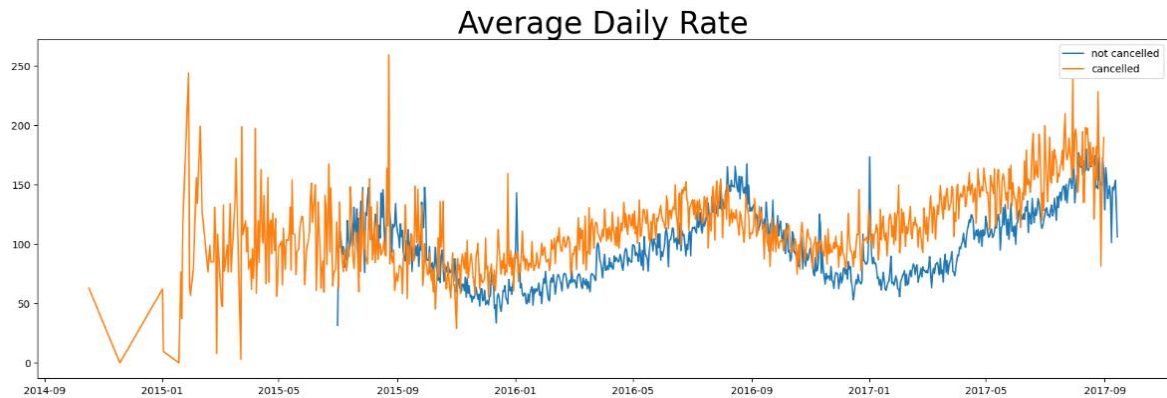


A correlation is observed between higher prices and increased cancellation rates, particularly evident in Portugal, which registers the highest number of cancellations.

Top 10 Countries with Reservations Cancelled



Analysis of booking sources reveals online travel agencies as the primary channel, accounting for 46% of bookings.



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 cancellation.

Suggestions

1. To mitigate cancellations, hotels could adjust pricing strategies, offering discounts and promotions tailored to specific locations.
2. Resort hotels could consider offering discounts during weekends and holidays to balance the cancellation ratio.
3. Campaigns and marketing efforts in January could help counteract high cancellation rates during this month.
4. Enhancing hotel quality and services, particularly in Portugal, could reduce cancellation rates.