

Problem Statement

In recent years City Hotels and Resort Hotels have seen high cancellation rate. 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 hotels primary goal in order to increase their efficiency in generating revenue, and for us to offer through 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.



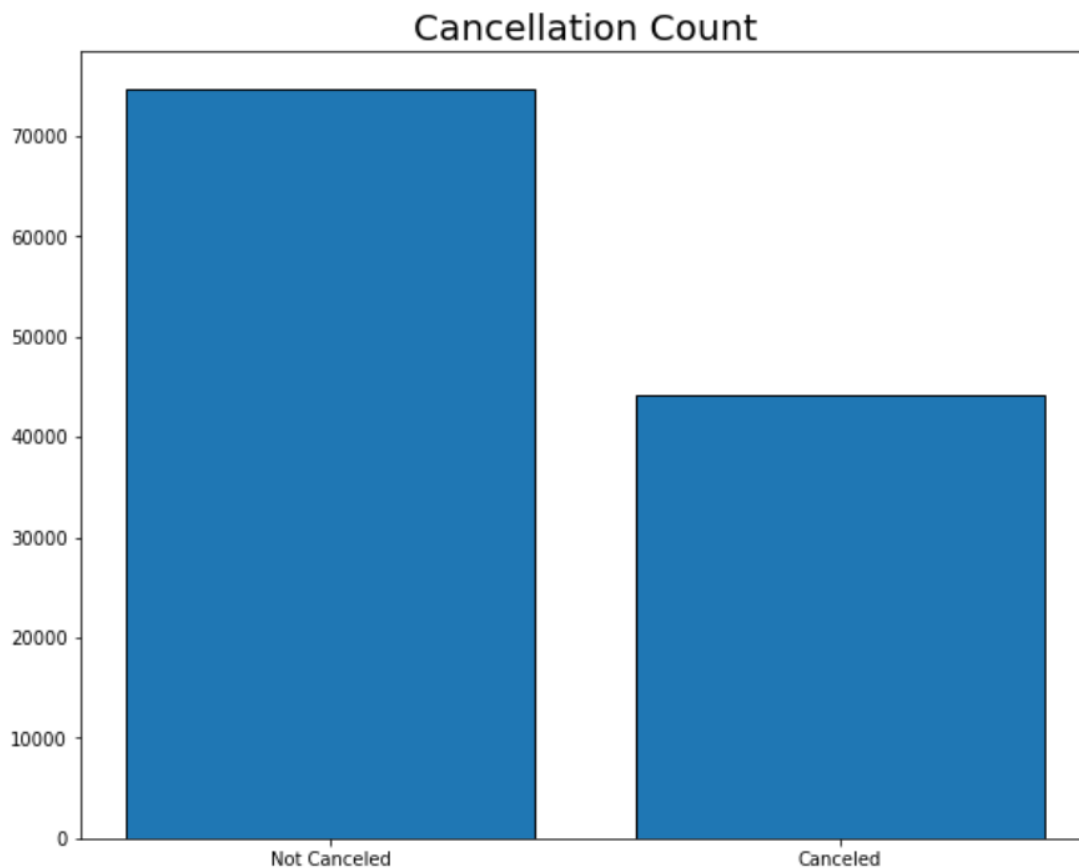
Research Question

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

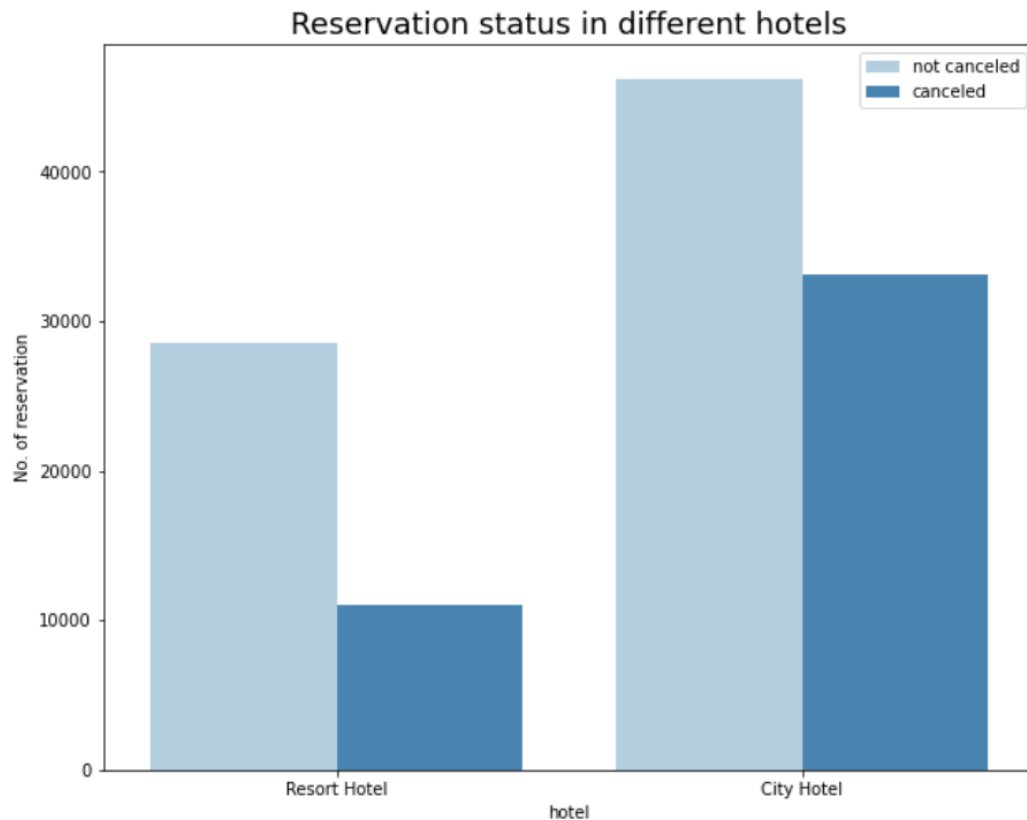
Hypothesis

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 reservation.

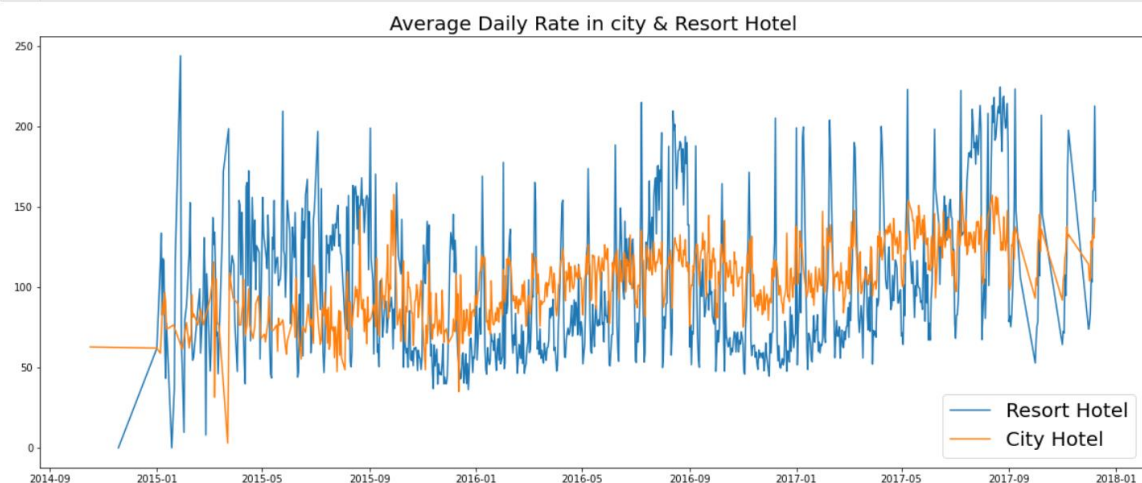
Analysis & Findings



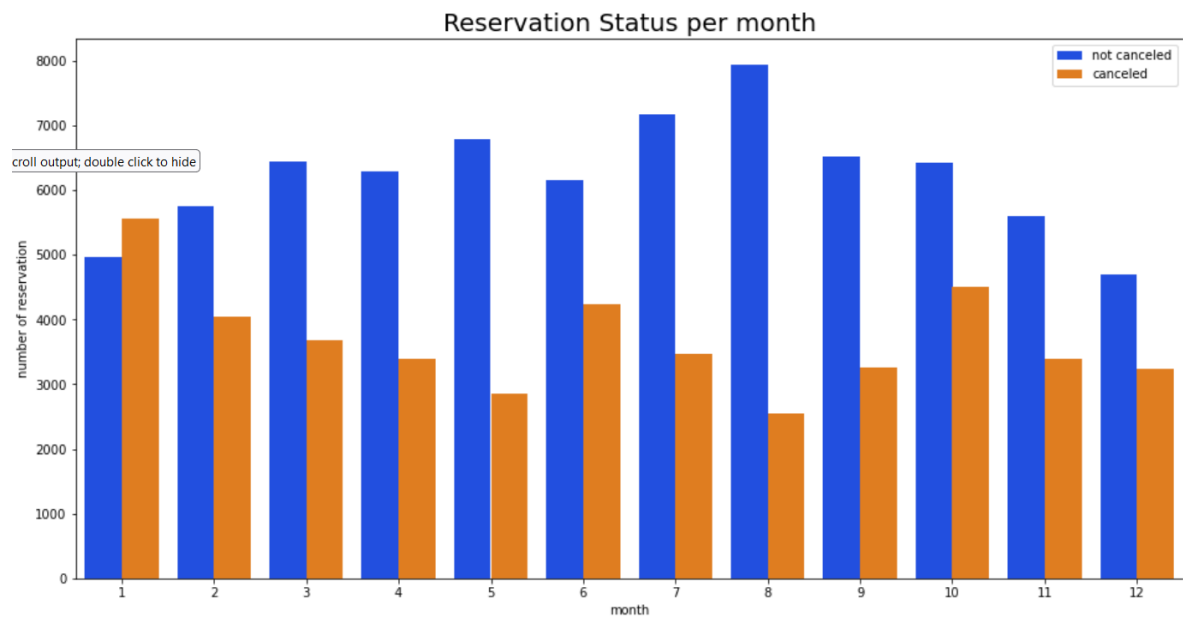
The accompanying bar graph shows that percentage of reservations that are cancelled and those that are not. It is obvious that there are still a significant number of reservations that have not been cancelled. There are still 37% of clients who cancelled their reservation, which has a significant impact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



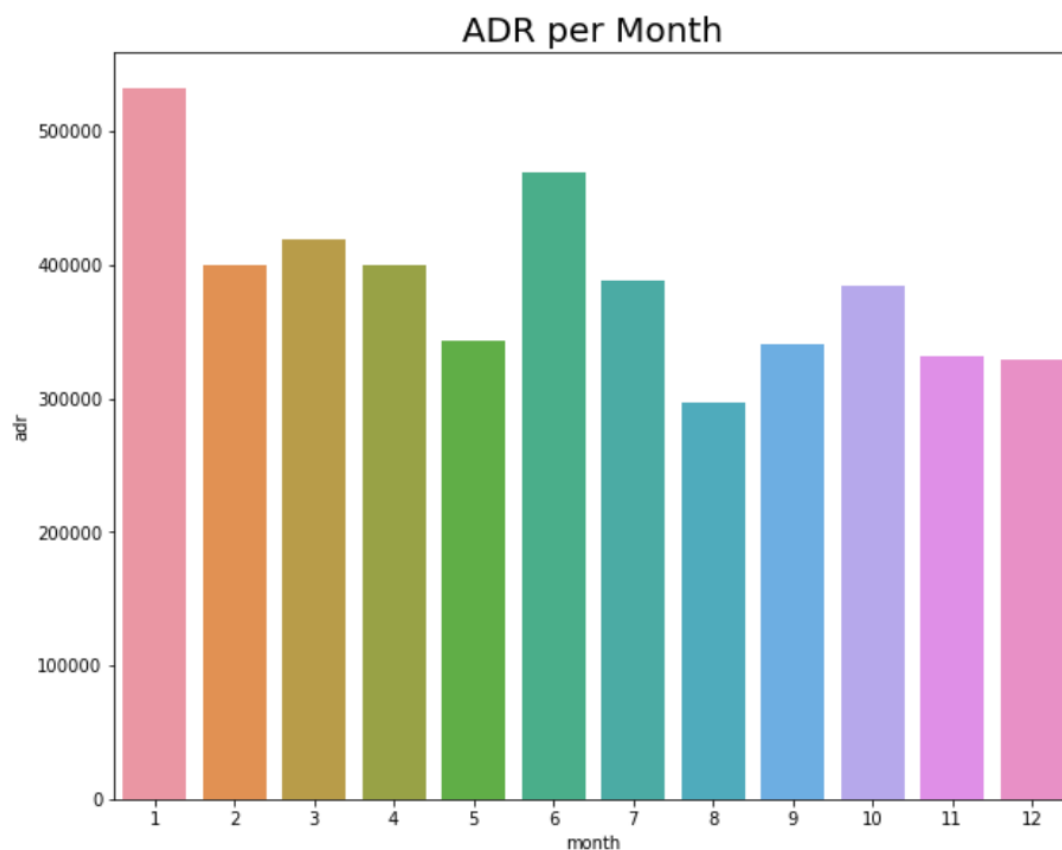
In comparison to resort hotels, city hotels have more bookings. It's possible that resort hotels are more expensive than those in cities.



The line graph above shows that, on certain days, the average daily rate for a city hotel is less than 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 hotels rates.

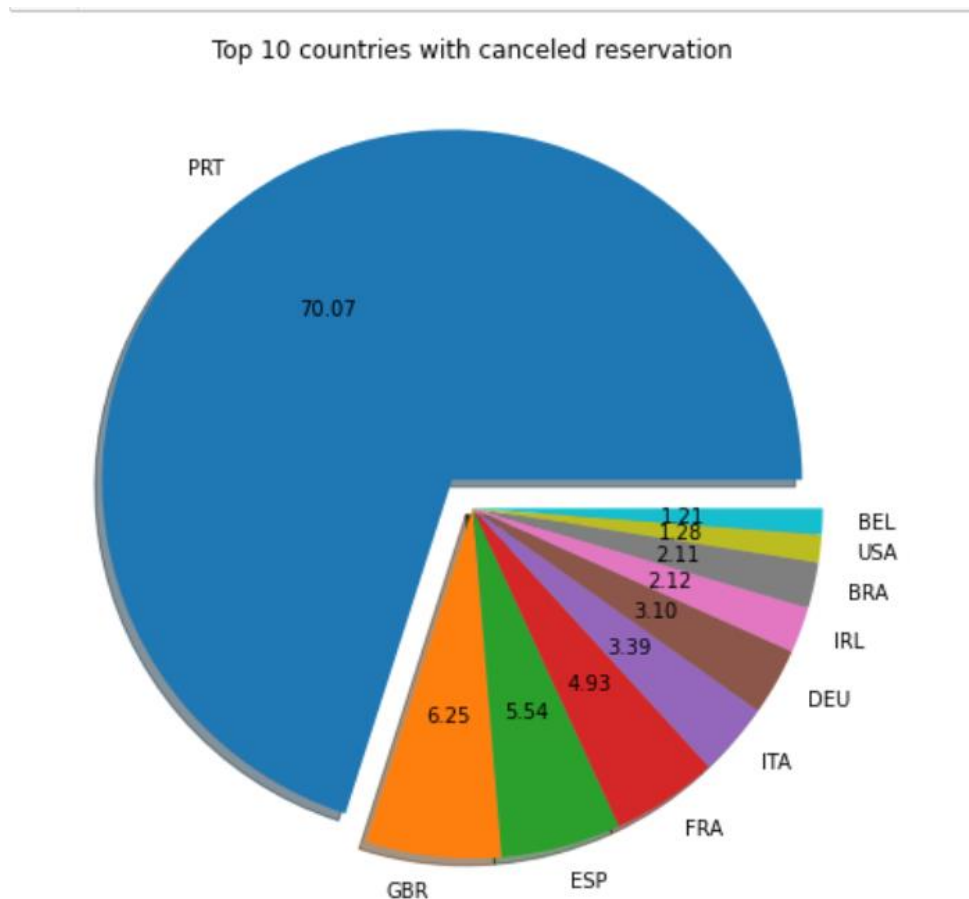


We have developed that bar graph to analyze the months with the highest and lowest reservation levels according to reservation status. As can be seen, both number of confirmed reservations and the number of not canceled reservations are largest in the month of August. Whereas January is the month with the most canceled reservation.

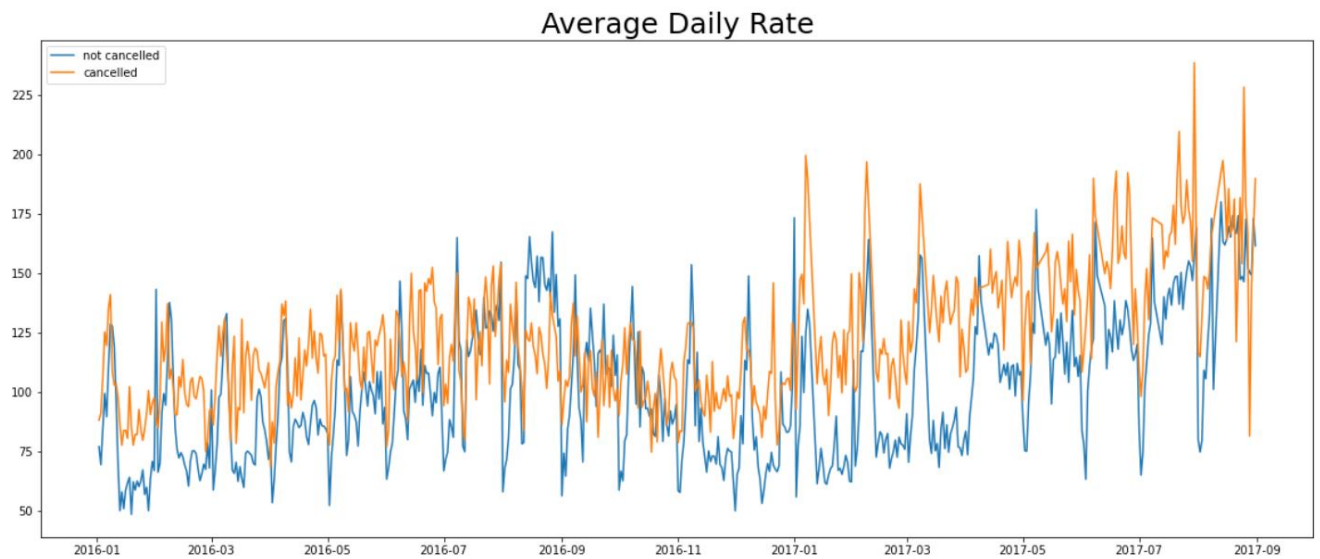


The above bar graph demonstrates that cancellations are most common when prices are greatest and are least common when the are most lowest. Therefore, the cost of the accommodations is solely responsible for the cancellation.

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



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 the online travel agencies, whereas 27% come from groups. Only 4% of the clients book hotels directly by visiting them and making reservations.



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

Suggestions

1. Cancellation rates rises as the price does. In order to prevent cancellation of reservations, hotels could work on their pricing strategies and try to lower the rates for specific hotel based locations. They can also provide some discounts to the consumers.
2. As the ratio of the cancellation and not cancellation of 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 or marketing with a reasonable amount to increase their revenue 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 rates.

