



PROJECT ON HOTEL BOOKING



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Introduction

This dataset contains 119390 observations for a City Hotel and a Resort Hotel. Each observation represents a hotel booking between the 1st of July 2015 and 31st of August 2017, including booking that effectively arrived and booking that were canceled.

Acknowledgements

I would like to extend my special thanks and sincere appreciation to Ayushi Mishra for her invaluable guidance and instruction on preparing business reports. Her expertise and insights have been instrumental in enhancing my understanding of this critical aspect of business communication. I am truly grateful for her support, and I look forward to applying the knowledge and skills I've gained under her mentorship in my future endeavors.

Business Problem

In recent years, both City Hotel and Resort Hotel have experienced elevated cancellation rates. Consequently, both establishments are confronted with several challenges, such as reduced revenue and suboptimal utilization of their hotel rooms. As a result, a paramount objective for both hotels is to reduce cancellation rates, thereby enhancing their revenue-generating efficiency. Our aim is to provide comprehensive business recommendations to address this issue.

The central focus of this report pertains to the analysis of hotel booking cancellations and other factors that may impact their business operations and annual revenue generation.

Assumptions

1. There were no significant anomalies recorded between 2015 and 2017 that would exert a substantial influence on the data in use.
2. The data remains contemporarily relevant, making it amenable for an efficient analysis of potential hotel strategies.
3. There are no unforeseen adverse consequences associated with the adoption of any recommended methods by the hotel.
4. The suggested solutions have not been implemented by the hotels at the present moment.
5. The most prominent determinant influencing income generation efficiency is the occurrence of booking cancellations.
6. Cancellations lead to unoccupied rooms for the duration originally reserved.
7. Customers typically make hotel reservations within the same year as when they initiate cancellations.

Research Question

1. What are the factors that influence the cancellation of hotel reservations?
2. What strategies can be employed to enhance the management of hotel reservation cancellations?
3. In what ways can hotels receive support in optimizing pricing and promotional decision-making?

Hypothesis

1. An increase in cancellation rates is observed when pricing is set at a higher level.
2. A larger waiting list tends to correlate with higher customer cancellation rates.
3. The predominant source of reservations for most clients is offline travel agencies.

Analysis and Findings

1. Reservation Status:

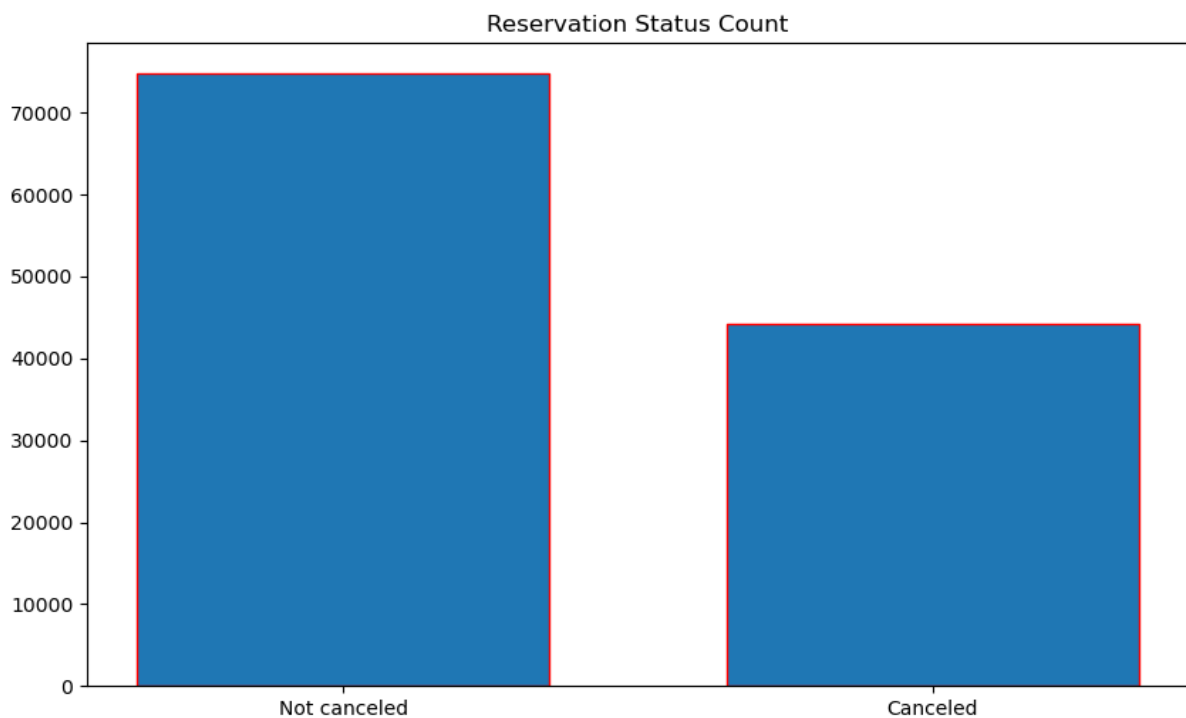


Figure : 1

The provided bar graph illustrates the distribution of reservation cancellations and non-cancellations, highlighting a noteworthy proportion of reservations that remain unaffected. Notably, 37% of clients have opted to cancel their reservations, signifying a considerable influence on the hotels' revenue.

2. Reservation Status in Resort and City Hotel:

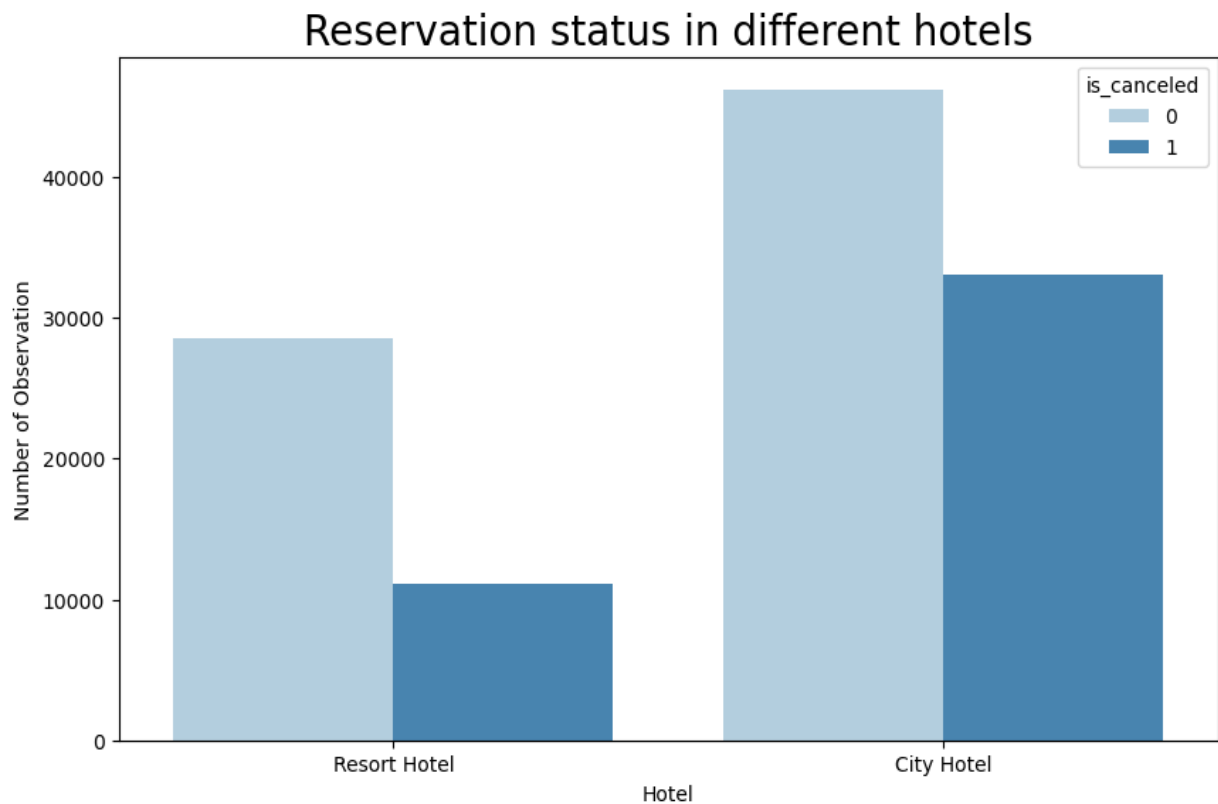


Figure : 2

When juxtaposed with resort hotels, city hotels exhibit a higher volume of bookings. This discrepancy may be attributed to the potential difference in pricing, with resort hotels often being perceived as more upscale and consequently pricier than their urban counterparts.

3. Daily Rate Between City and Resort Hotel:

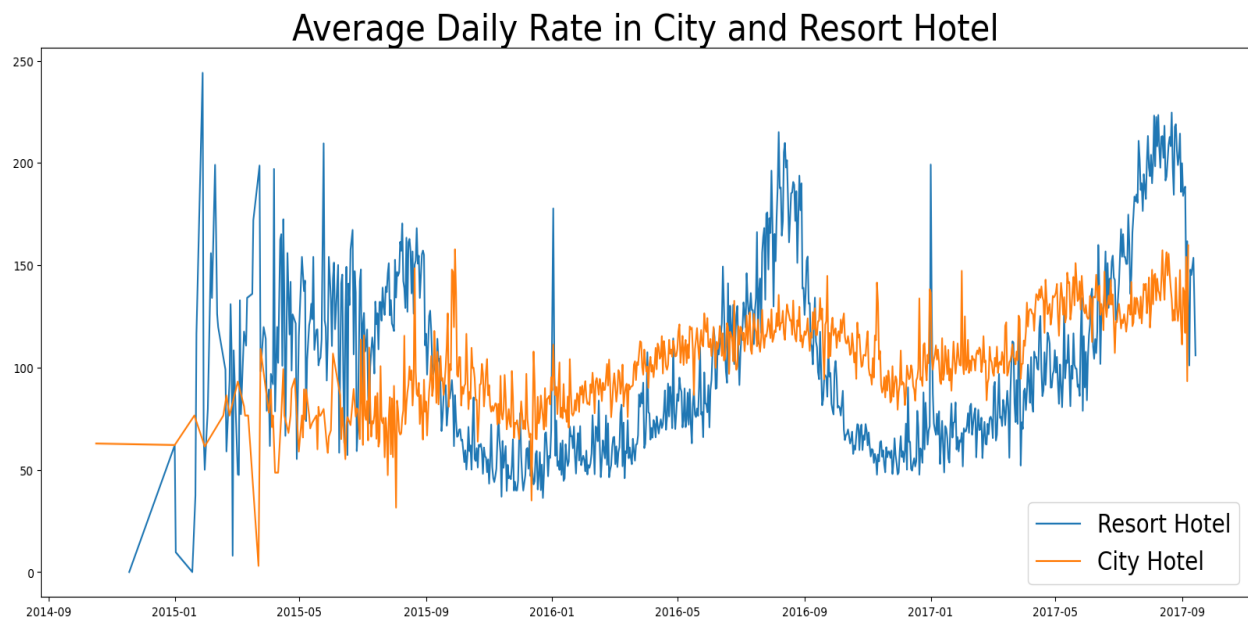


Figure : 3

The presented line graph illustrates fluctuations in the average daily rates between city hotels and resort hotels. It is evident that, on specific days, the average daily rate for city hotels is lower than that of resort hotels, and there are instances when it is even notably lower. It is apparent that weekends and holidays tend to coincide with an upsurge in rates for resort hotels.

4. Monthly Reservation:

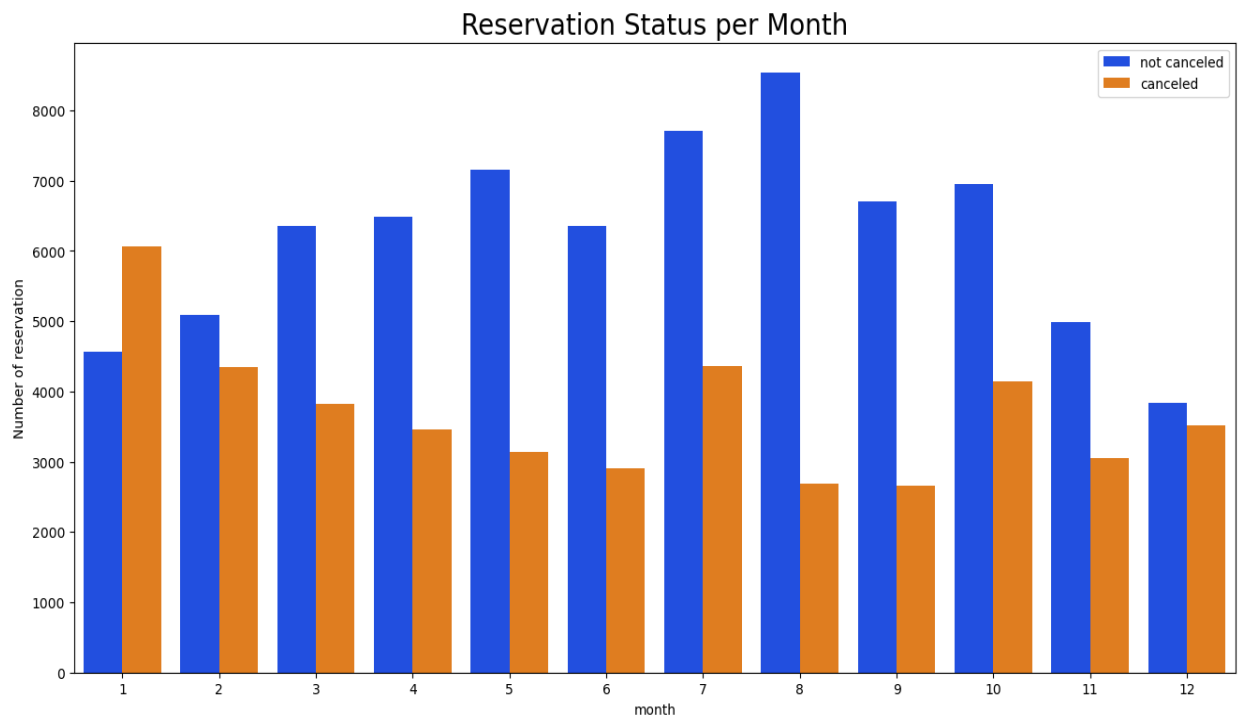


Figure : 4

We have created a grouped bar graph to assess the monthly variations in reservation levels based on their status. It is evident that the month of August stands out with the highest count of both confirmed and canceled reservations. On the other hand, January records the highest number of canceled reservations among all the months.

5. Average Monthly Rate:

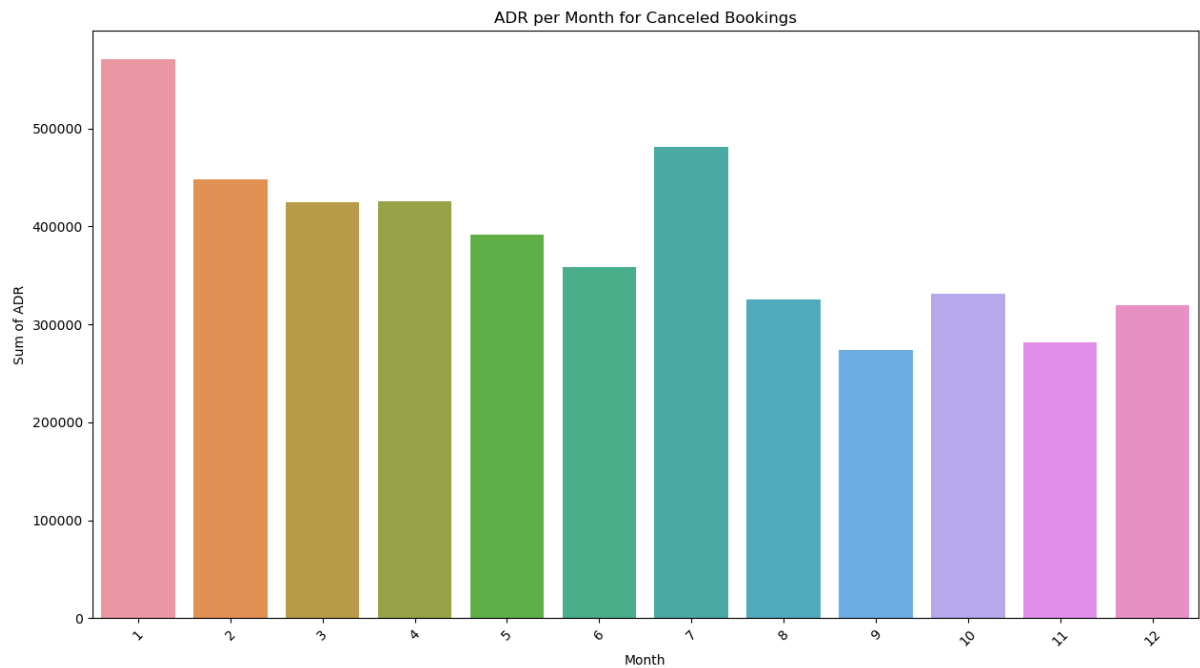


Figure : 5

This bar graph illustrates a clear pattern where cancellations are most frequent when accommodation prices are at their highest and least common when prices are at their lowest. Hence, it becomes apparent that the cancellation rate is primarily influenced by the cost of the accommodation.

6. Countries Reservation:

Top 10 countries with reservation canceled

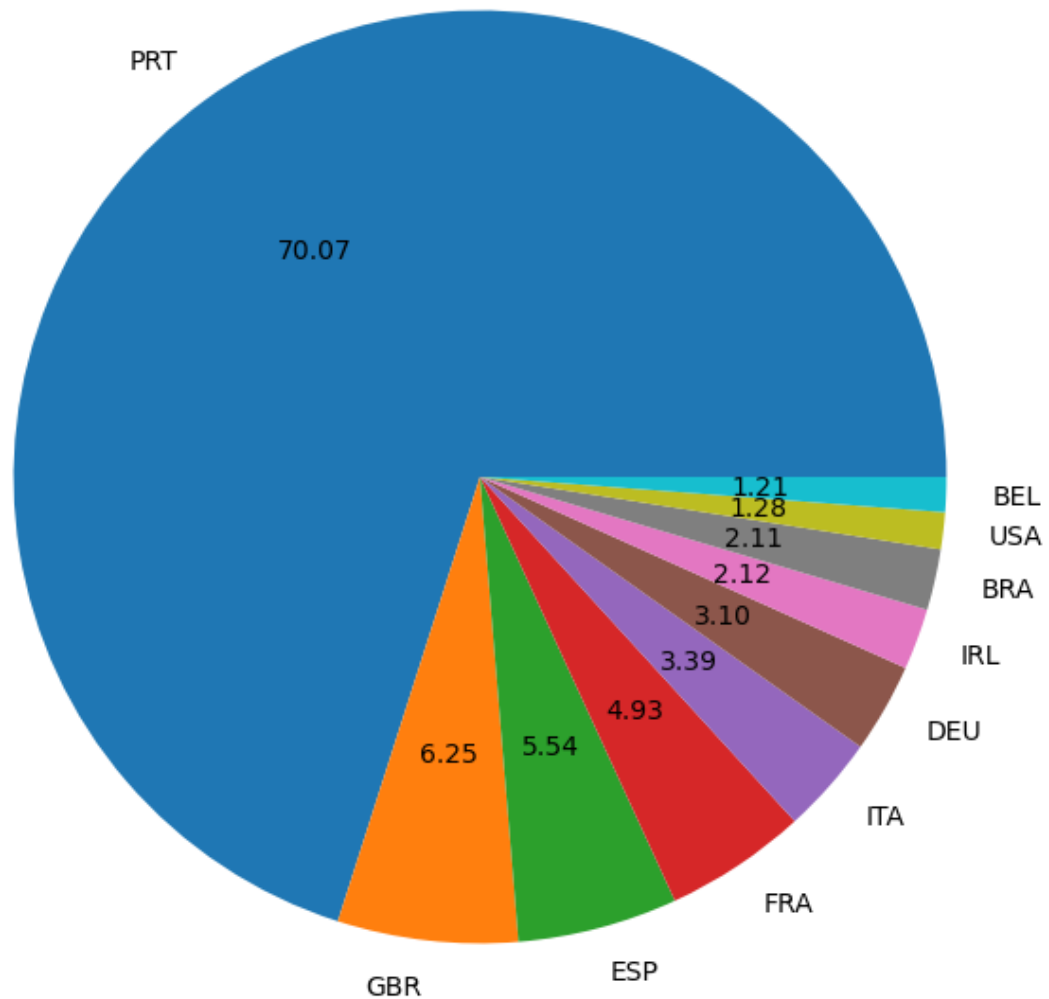


Figure : 6

Let's now examine the country that registers the highest number of reservation cancellations. Portugal leads the way with the highest count of cancellations.

7. Client Segment:

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.

8. Average Daily Rate:

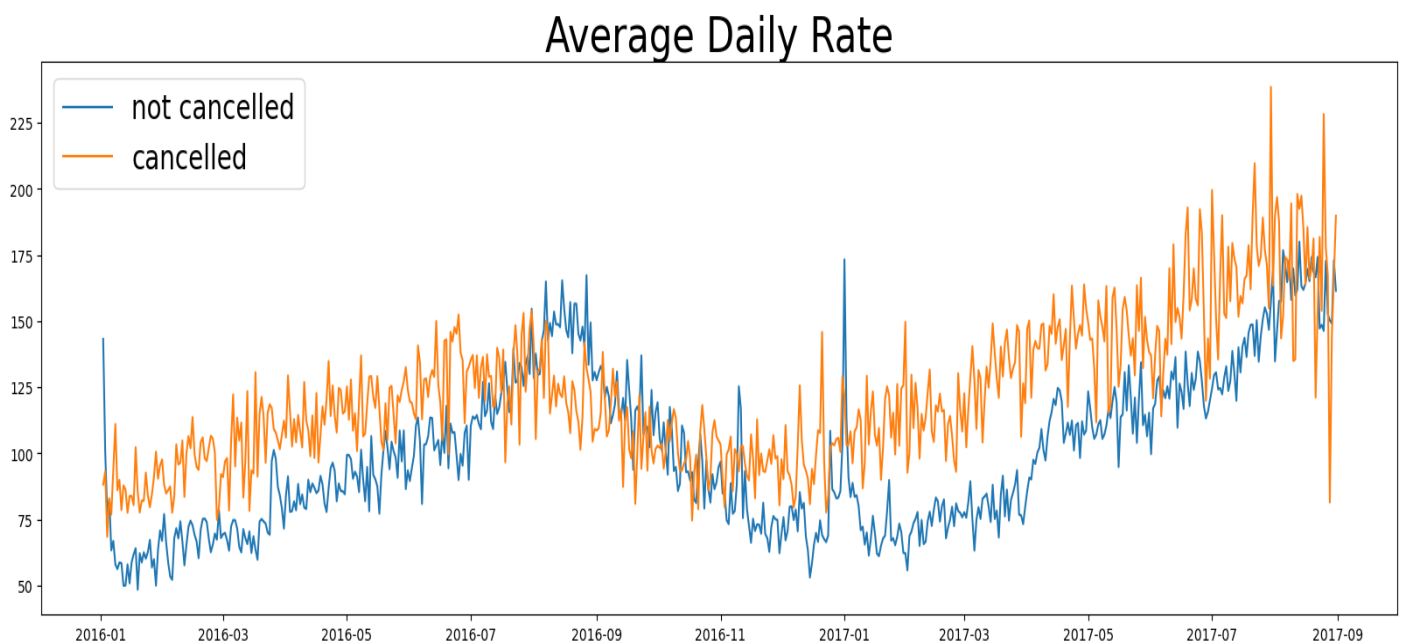


Figure : 7

As seen in the 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. To mitigate the increase in cancellation rates that correlates with higher pricing, hotels can focus on refining their pricing strategies. Tailoring rates based on location and offering discounts to customers are potential approaches to discourage reservation cancellations.
2. Given that the resort hotel's cancellation-to-non-cancellation ratio is notably higher than that of city hotels, it may be prudent for hotels to implement reasonable discounts on room prices during weekends and holidays to incentivize bookings.
3. In the month of January, hotels have the opportunity to launch targeted marketing campaigns and promotional efforts with competitive pricing, aiming to bolster revenue streams, particularly considering that cancellations are most prevalent during this period.
4. Elevating the quality of hotels and their services, with a particular focus on Portugal, can serve as a strategic measure to curtail cancellation rates. This enhancement in service quality is poised to enhance guest satisfaction and reduce the likelihood of cancellations.

The End.