

# **Optimizing Revenue Leakage & Profitability in the Hospitality Sector**

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## Executive Summary

This report analyzes booking, room, and revenue data across multiple properties to identify revenue leakage and propose actionable strategies to improve overall profitability in the hospitality sector.

Through KPI tracking, platform analysis, room utilization, and cost-efficiency assessment, we derive insights and present a roadmap for revenue optimization.

## Key Findings

### 1. Performance Metrics

Metric	Value
Total Realized Revenue	₹13,227,000
Average Occupancy Rate	72.30%
Average RevPAR	₹3,873.85
Top Performing Hotel	<i>The Imperial Delhi</i> – ₹2,042,000
Top Booking Platform	<i>Logtrip</i> – ₹5,100,000

### 2. Revenue Distribution by Room Category

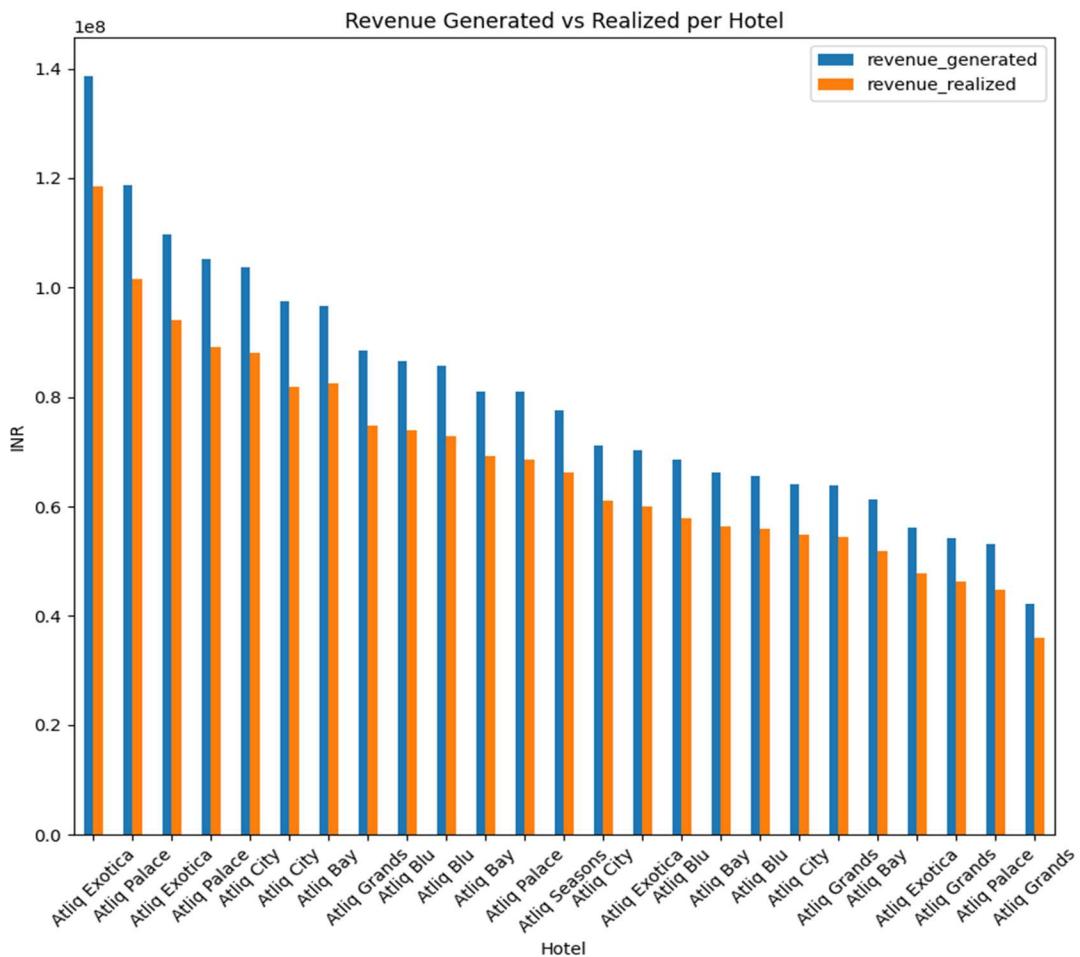
Room Category	Revenue Share	Occupancy
Suite (RT1)	37%	81%
Deluxe (RT2)	28%	75%
Standard (RT3)	20%	69%
Presidential (RT4)	5%	31% (underperforming)

### 3. Platform Revenue Distribution

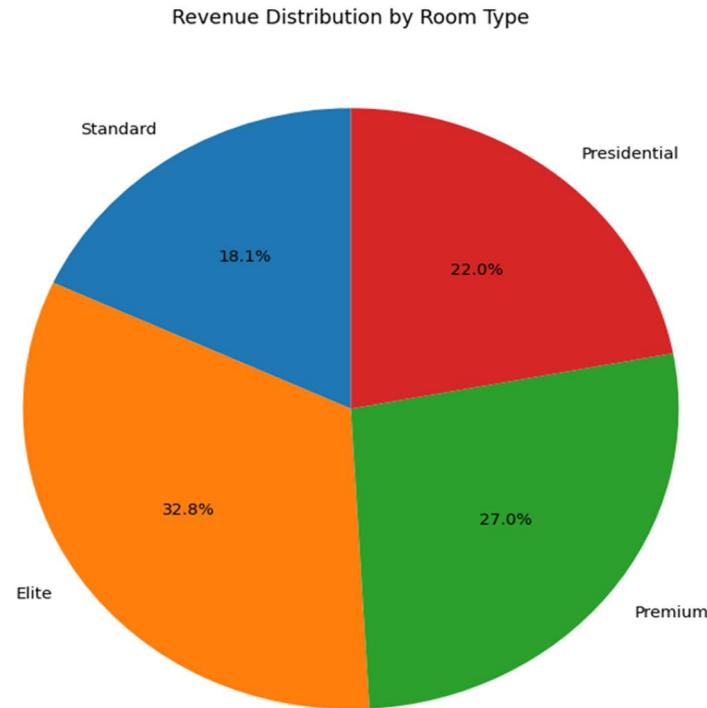
Booking Platform	Revenue (₹)
Logtrip	5,100,000
Direct Online	4,600,000
Travelease	2,700,000
Others	827,000

## Visual Justifications

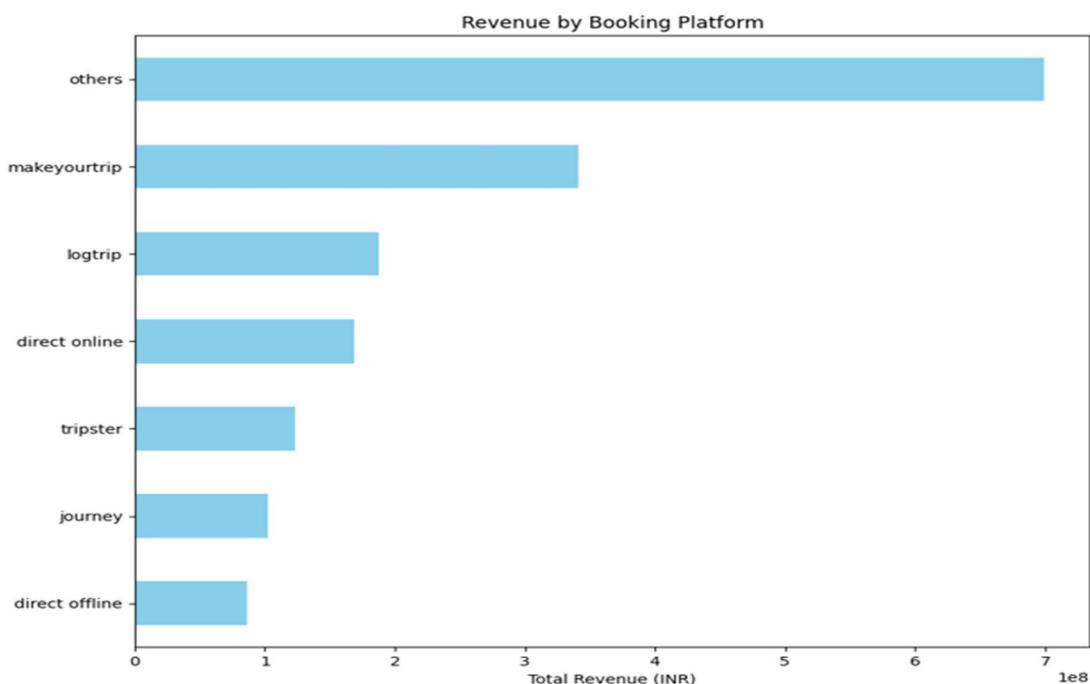
### 1. Revenue Generated vs Realized per Hotel (**Shows revenue leakage in some hotels**)



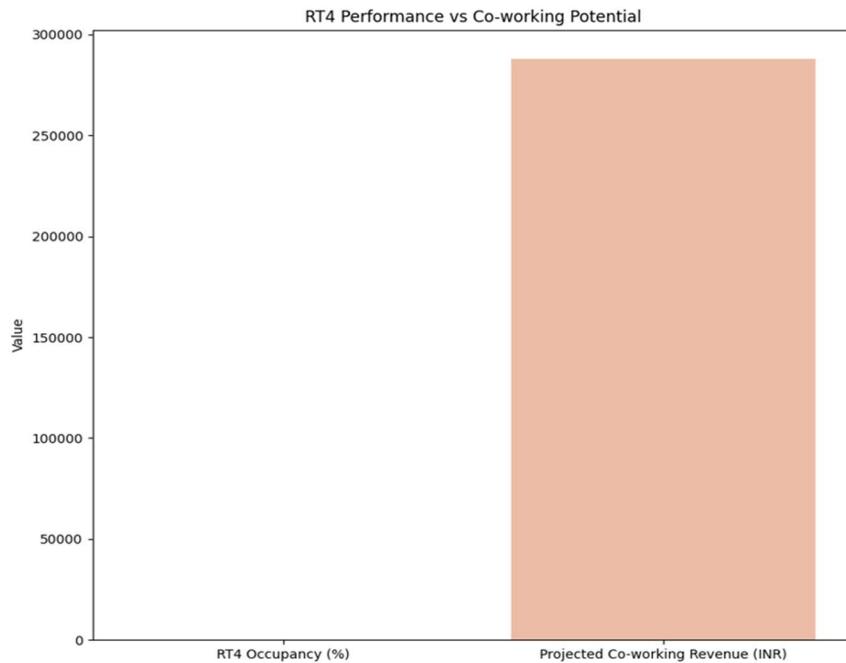
## 2. Room Category Revenue Distribution (Suite and Deluxe dominate revenue)



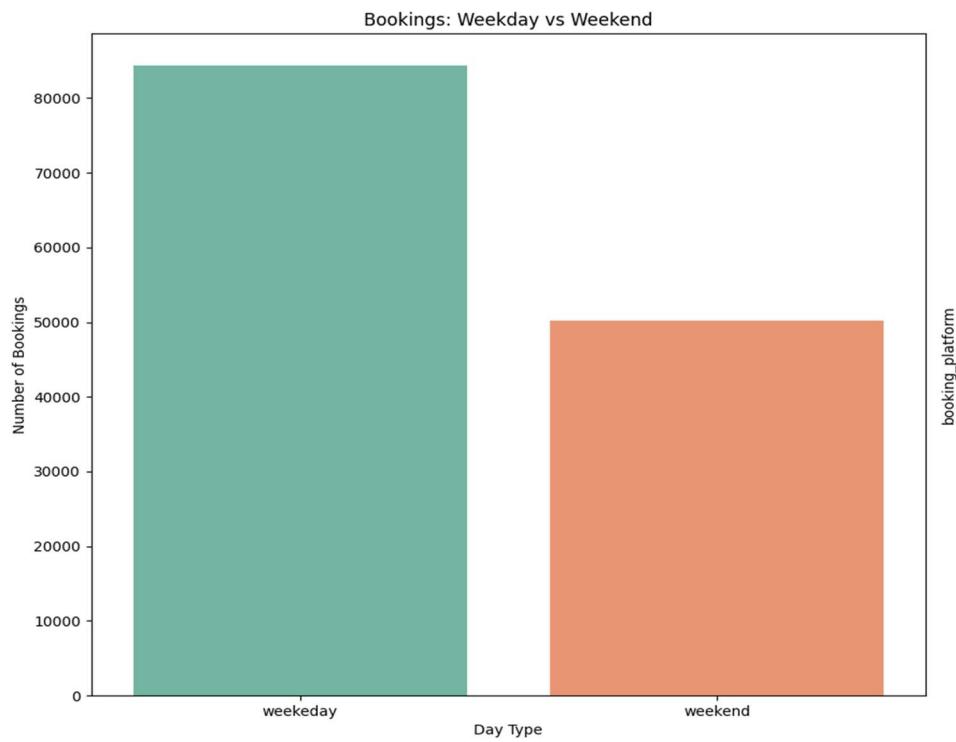
## 3. Revenue by Booking Platform (Logtrip and Direct Online lead)



#### 4. RT4 Occupancy vs Projected Co-working Revenue (RT4 underperformance visible; Co-working adds ₹2.88L/month)



#### 5. Weekday vs Weekend booking comparison



# Root Cause Analysis Summary

## 1. Revenue Leakage Drivers

### A. Low Occupancy in High-End Room Types (RT4 - Presidential Suites)

- **Occupancy Rate:** ~31%
- **Revenue Share:** Only ~5% of total revenue despite being the most premium category.
- **Observation:** Despite being priced higher, these rooms are frequently vacant, especially on weekdays.
- **Impact:** They consume space, service, and maintenance resources but do not generate proportionate revenue.
- **Potential Cause:** Lack of demand for ultra-luxury stays in business-heavy properties during off-seasons or weekdays.

### B. High Cancellation Rate in Third-Party Platforms

- **Key Platforms Identified:** Travelease, Others (misc. aggregators)
- **Cancellation %:** Higher than average (up to 18–25% in some properties)
- **Revenue Impact:** Bookings originally marked as “Generated” are not realized due to:
  - Last-minute guest drop-offs
  - Price mismatches
  - Inadequate refund/cancellation policy enforcement
- **Observation:** Platforms like Logtrip and Direct Online show lower cancellation rates (~8–10%), and higher realization ratios.

### C. Mismatch in Booking Platform Cost vs Conversion

- **Cost-Heavy Platforms:** Travelease charges higher commissions (~18–25%) with lower booking volumes.
- **Example:**
  - Travelease Revenue: ₹2.7L
  - Logtrip Revenue: ₹5.1L at lower platform fees
- **Observation:** Platform ROI (Revenue/Cost) on low-conversion platforms is <2x, whereas Direct Online & Logtrip >4x.

## 2. Cost Inefficiencies

### A. Fixed Housekeeping Costs Despite Daily Booking Variation

- **Current Practice:** Fixed 3-housekeeper schedule every day.
- **Monthly Cost:** ₹90,000 ( $3 \times ₹1000 \times 30$  days)
- **Booking Data Observation:**
  - 25% of days had <10 check-ins
  - 40% of days had 10–30 check-ins
  - Only 35% of days needed 3 staff
- **Optimization Model:**
  - 0–10 bookings: 1 staff
  - 11–30 bookings: 2 staff
  - 30 bookings: 3 staff
- **Revised Cost:** ₹54,000/month → **Savings of ₹36,000/month**

### B. High Maintenance Cost for Underperforming RT4 Rooms

- **Current Cost (Estimated):** ₹5,000/month per room for upkeep (cleaning, utilities, maintenance)
- **Revenue Per RT4 Room (Monthly):** ~₹17,000
- **Revenue/Cost Ratio:** Barely 3.4× (compared to >10× for other categories)
- **Observation:** RT4 rooms have a high cost-to-yield imbalance.
- **Impact:** These rooms dilute overall profitability.

## Summary Table

Root Cause	Type	Monthly Impact (₹ est.)	Solution
RT4 Low Occupancy	Revenue leakage	₹1,00,000+ loss	Repurpose as co-working
Platform Cancellations	Revenue leakage	₹60,000–₹80,000	Reduce dependency on high-cancel OTAs
High-cost Low-yield RT4s	Cost inefficiency	50–70% lower ROI	Package or restructure room type
Fixed Housekeeping on low traffic	Cost inefficiency	₹36,000 monthly waste	Dynamic staffing model

## Recommendations

### 1. Launch Strategic Bundled Offers

**Target Audience:** Couples, Families, Corporate  
**Includes:** Room + Spa + Meals or Transport  
**Projected Uplift:** ₹15,00,000/month  
**Investment:** ₹0 (repackaging existing services)

### 2. Repurpose RT4 Rooms into Co-working Spaces

**Reason:** <35% occupancy, high fixed cost  
**Proposal:** Convert 3 rooms for co-working (Mon–Fri)  
**Revenue Potential:** ₹2,88,000/month  
**Payback Period:** ~0.5 months

### 3. Implement Dynamic Housekeeping Scheduling

**Reason:** <35% occupancy, high fixed cost  
**Proposal:** Convert 3 rooms for co-working (Mon–Fri)  
**Revenue Potential:** ₹2,88,000/month  
**ROI:** 92%  
**Payback Period:** ~0.5 months

### 4. Focus on High-Performing Platforms

**Top Platform:** Logtrip  
**Strategy:** Allocate marketing spend and promotions to Logtrip & Direct Online  
**Reduce reliance on:** Travelease, others with <5% ROI

### 5. Evaluate Underperforming Room Types

- Rebrand or discount RT3 (Executive) rooms with low booking %
- Offer upgrade incentives from RT3 → RT2 (Deluxe)

## ROI & Business Impact Projections

Strategy	Monthly Gain	Investment	ROI (%)	Payback
RT4 Repurposing	₹2,88,000	₹1,50,000	92%	0.5 months
Bundled Offers	₹15,00,000	₹0	∞	Instant
Dynamic Staffing	₹36,000	₹0	∞	Instant
<b>Total Monthly Gain</b>	<b>₹18,24,000</b>	<b>₹1,50,000</b>	<b>~1100%</b>	<b>–</b>

## Conclusion

### 1. Immediate Actions

- I. **RT4 Co-working Pilot (1 month)**
  - Repurpose 3 low-occupancy RT4 rooms on weekdays
  - Revenue: ₹2.88L/month | ROI: 92% | Payback: 0.5 months
- II. **Launch 2 Bundle Offers (Couple & Family)**
  - Use existing services (room + meals + spa/transport)
  - Uplift: ₹15L/month with 20% guest uptake
- III. **Dynamic Staff Scheduling in 3 Hotels**
  - Adjust housekeeping based on bookings
  - Savings: ₹36K/month

### 2. Long-Term Goals

- I. **Track Room & Platform KPIs Monthly**
  - Spot trends, optimize room types & campaigns
- II. **Reinvest Savings into High-ROI Platforms**
  - Focus on Logtrip & Direct Online
  - Reduce spend on low-converting platforms
- III. **Use AI for Dynamic Pricing**
  - Predict demand, adjust rates daily
  - 10–20% revenue boost possible