

# **REPORT**

## **Business Problem**

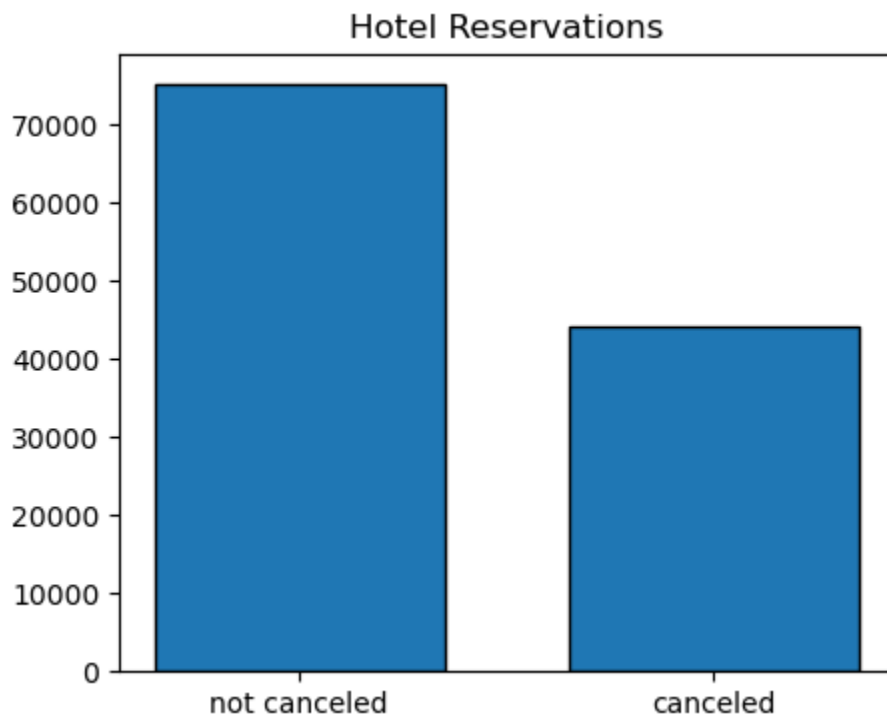
High Cancellation rates lead to less revenue

## **Research Question**

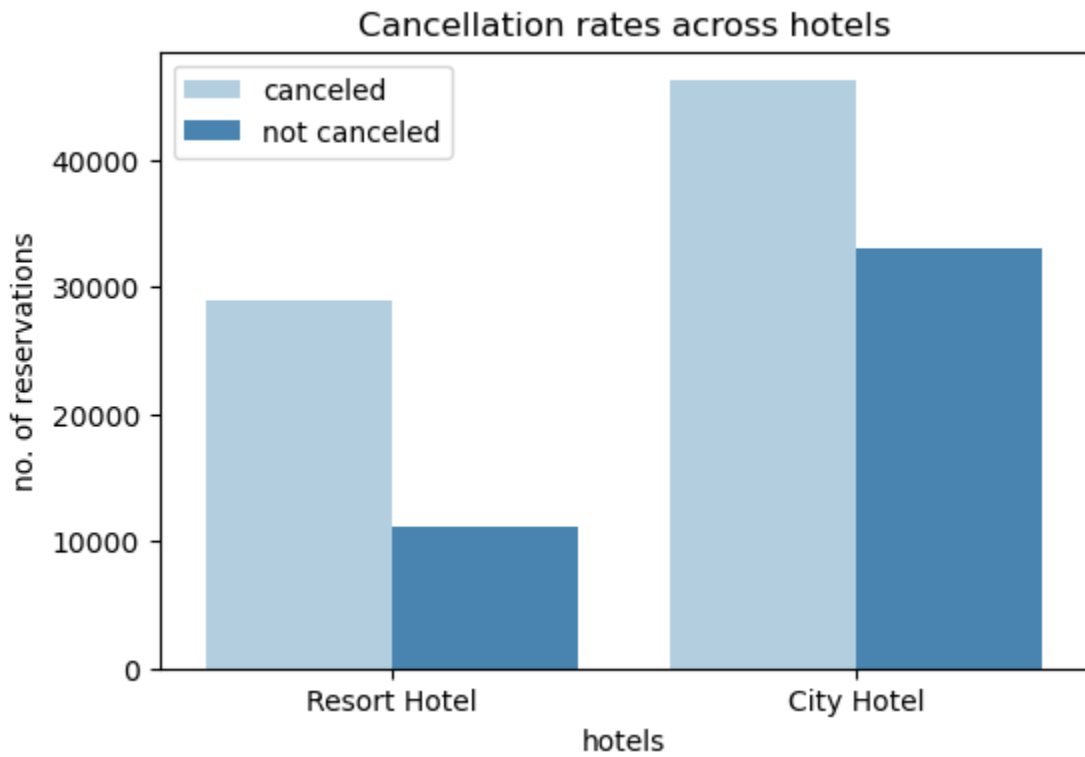
1. What are the variables that affect hotel cancellation rates?
2. How can we reduce Hotel cancellation rates?
3. How will hotels be assisted in making pricing and promotional decisions?

## **Hypothesis**

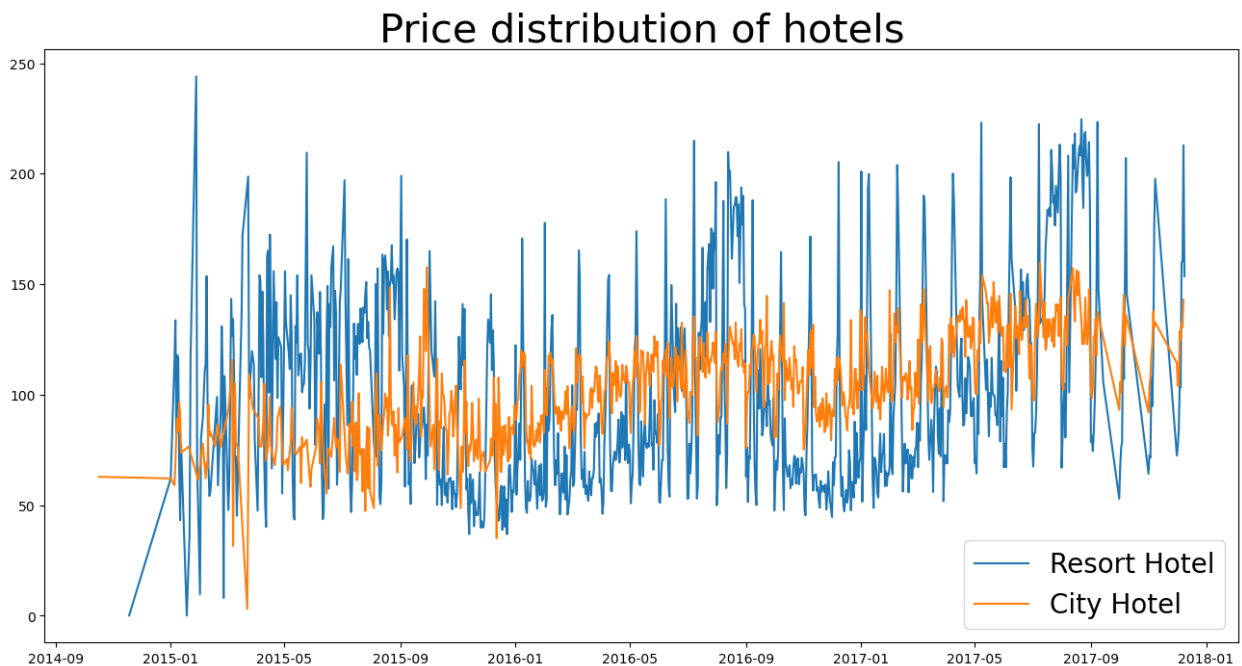
1. More cancellations occur when prices are higher
2. Longer waiting list- leads to more cancellations
3. The majority of clients are coming from offline travel agents



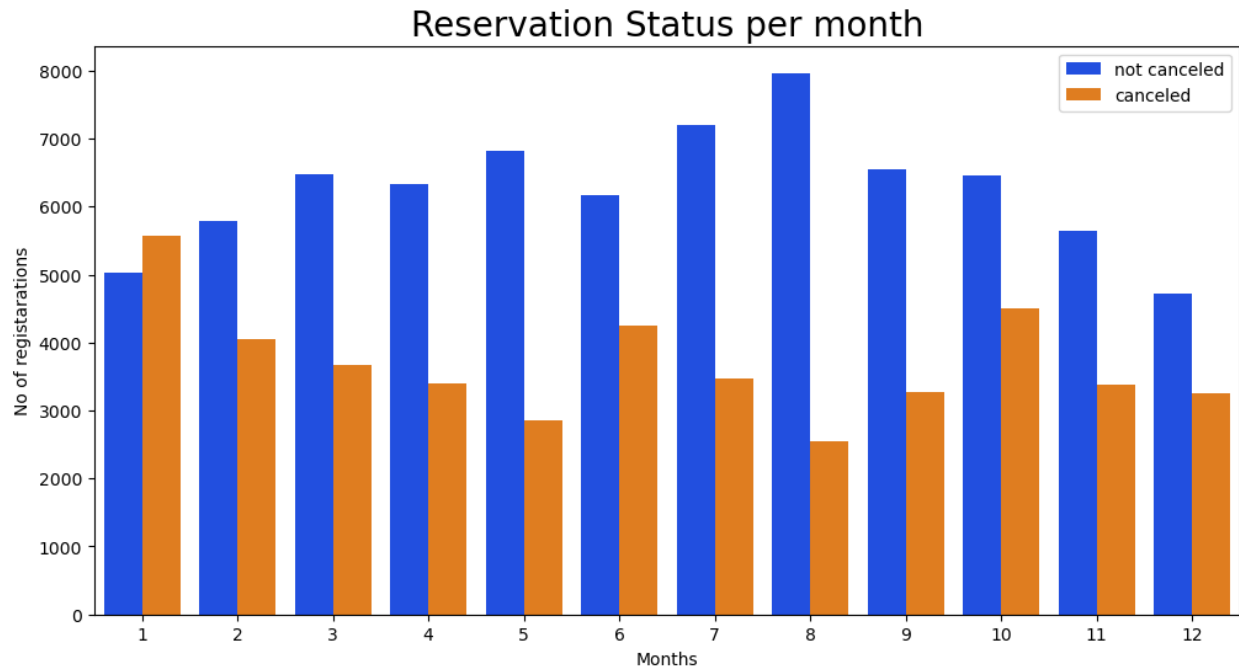
The accompanying bar graph shows the number of reservations that were canceled and not canceled. It is obvious that there are significant reservations that were not canceled. But there are still around 37% of reservations that were canceled, which has a significant impact on hotels' earnings.



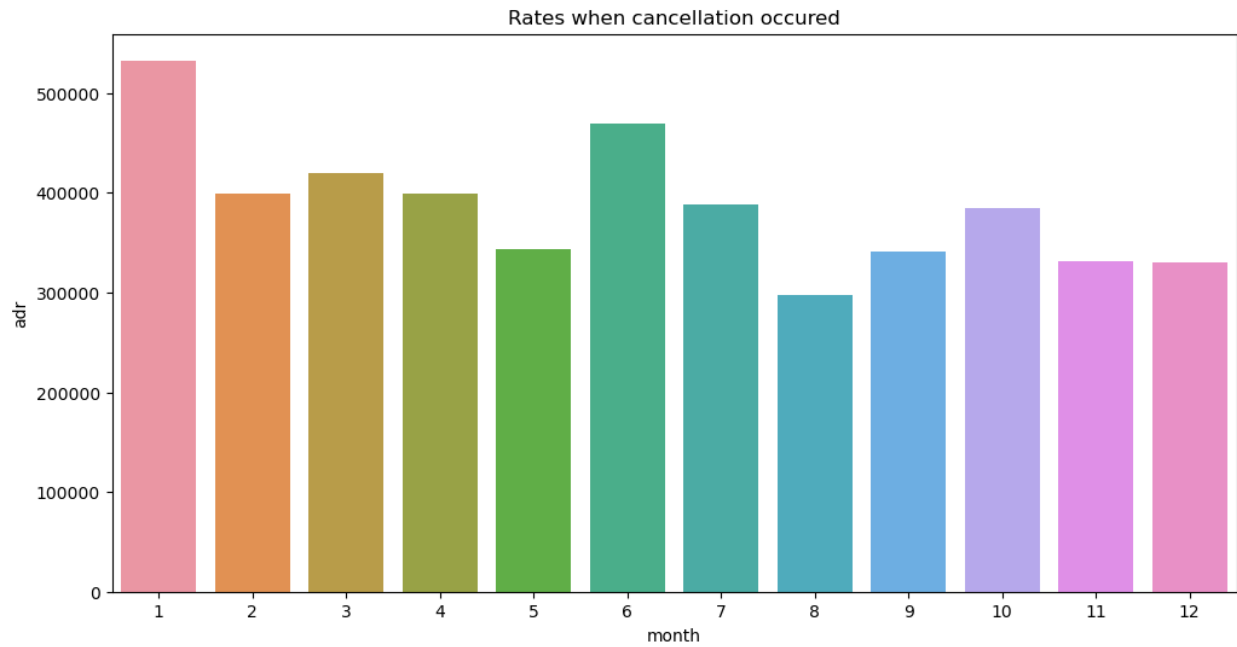
In comparison to Resort Hotels, City hotel has more bookings. It could be possible that resort hotels are costlier than city hotels



It can be seen here that City Hotel has a lesser price range on most days than Resort Hotels. On weekends and holidays there may be price rise in resort Hotels.



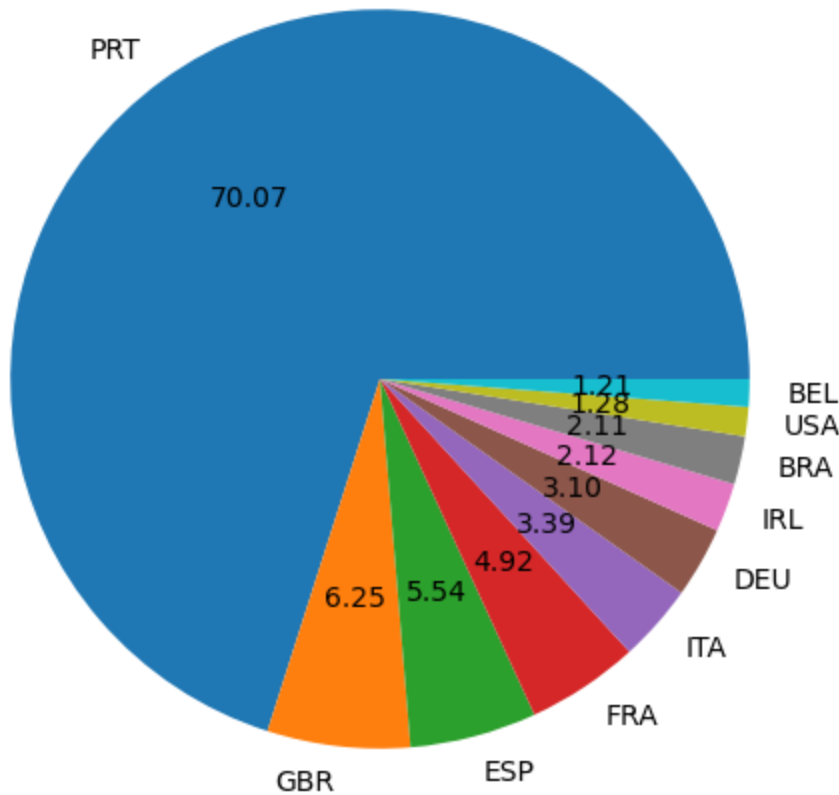
It can be seen that maximum number of reservations were done in August and it had the least amount of cancellations. January & December had the lowest reservations and highest amount of cancellations.



This bar graph shows that cancellations are most common when prices are greatest and least common when prices are low. Therefore the cost of accommodation is solely responsible for cancellations.

Now let's see which country has highest cancellations %

This pie chart shows that Portugal had the highest cancellations of 70.7%



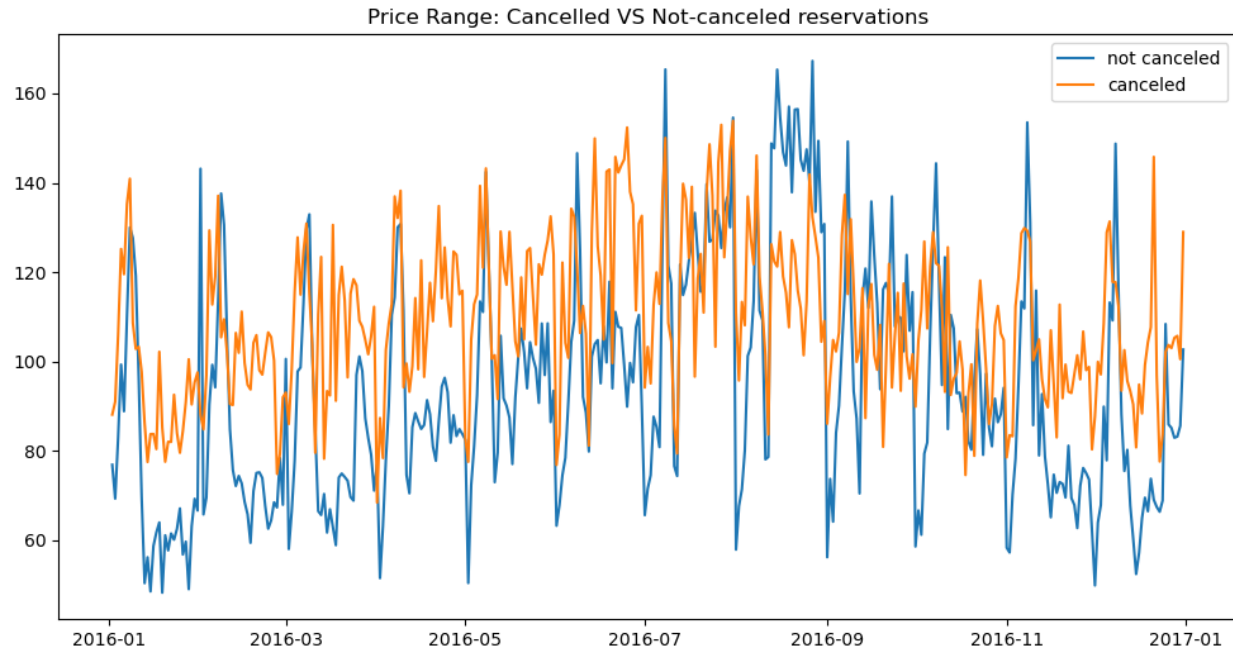
Also:

47% of reservations come from online travel operator and  
20% come from Offline Tour Operator

Of the reservations that were canceled 47% came from Online Travel Companies and  
27% came from Groups

This shows that when a person books a hotel online there are high chances of them canceling  
may be because of:

1. Not- a- true representation of the property online- leads to rejections when they reach  
the on-site



Reservations seem to be 'canceled' when the ADR is higher than compared to 'not-canceled'

## **Suggestions**

1. As a high cancellation rate is clearly dependant on the higher prices: hotels should work on their pricing:
  - a. Providing more amenities/ value proposition for the price range
  - b. Reduce price range
2. As resort hotels has a higher ratio of cancellation: reservations, they should look at providing discounts over weekends/ holidays.
3. The hotels can start some campaigns for attracting clients who will book and sustain compared as the cancellations are highest around january and bookings the lowest.
4. Portugal hotels' quality can be improved for retaining more customers