Hotel Performance Analysis Report

Reporting Period: January 2023 – December 2024
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Distribution: Executive Management, Operations, Revenue Management

Executive Summary

This analysis examines hotel performance metrics across a 24-month period spanning 2023-2024. Total revenue reached $7.47M, with room revenue accounting for the majority of income at 77.2%. The property demonstrates strong pricing power with an ADR of $245.32 and shows consistent year-over-year growth.
However, the cancellation rate of 19.26% represents a significant revenue leakage, with 1,926 canceled reservations translating to approximately $1.78M in lost revenue opportunity. Addressing cancellation behavior should be a strategic priority.

Key recommendations include implementing tiered cancellation policies, strengthening off-season demand generation, and developing ancillary revenue streams, particularly spa services which remain underutilized.

Revenue Analysis

Total Revenue Composition

Total revenue for the period: **$7,468,396.30**

Revenue Stream	Amount	Percentage
Room Revenue	$5,764,282.59	77.2%
Food & Beverage	$1,683,211.12	22.5%
Spa Services	$20,902.59	0.3%

Analysis: The revenue mix reflects a traditional dependency on rooms, with F&B providing meaningful secondary income. Spa revenue represents less than 1% of total revenue, indicating substantial untapped potential for additional revenue growth.

Monthly Revenue Trends

Revenue exhibits clear seasonality with consistent patterns across both years:

Peak Periods:

- July and August generate the highest monthly revenue, aligning with peak leisure travel demand
- December shows a secondary peak, likely driven by holiday travel

Low Periods:

- January and February represent the weakest performance months
- Q1 shows vulnerability to seasonal demand shifts

Year-over-Year Performance: Revenue growth is evident across comparable periods in 2024 vs 2023, with July 2024 reaching $438,286 compared to July 2023's $433,505, a 1.1% increase. This growth trend is consistent across most months, suggesting effective pricing strategies and market demand strength.

Demand & Occupancy Metrics

Booking Volume by Month

Monthly check-in volume analysis reveals the following distribution:

1. **July:** 815 bookings
2. **August:** 801 bookings
3. **December:** 737 bookings

These peaks require appropriate staffing levels and inventory planning. The concentration of demand in summer months (July-August) accounts for approximately 16% of annual bookings in just two months.

Average Length of Stay (ALOS)

ALOS remains consistent across room types at approximately **3.9 nights**. Standard rooms show marginally longer stays, though the variance is negligible (less than 0.2 nights). This uniformity suggests that ALOS is driven more by guest purpose of visit than by room type selection.

Key Performance Indicators

Average Daily Rate (ADR)

ADR: $245.32

This metric indicates strong rate integrity and effective revenue management practices. The ADR positions the property competitively within its market segment.

Revenue Per Available Room (RevPAR)

Daily RevPAR shows significant variance, ranging from $252.90 to $2,000.63, with a mean of $961.98. This variance demonstrates successful dynamic pricing execution, with rate optimization responding appropriately to demand fluctuations.

Note: Current RevPAR calculation methodology divides revenue by occupied rooms rather than total available rooms. For true RevPAR accuracy, the denominator should reflect total room inventory regardless of occupancy status.

Cancellation Impact

Cancellation Rate: 19.26%, **Total Cancellations: 1,926 bookings, Estimated Revenue Loss: $1,780,454.68**

The cancellation rate exceeds industry benchmarks (typically 10-15%) and represents 19% of total booking volume. At an estimated average booking value of $924, the revenue opportunity cost is substantial, equivalent to 24% of realized revenue.

Root Cause Considerations:

- Booking channel policies (OTA flexibility vs direct bookings)
- Lead time correlation with cancellation probability
- Seasonal patterns in cancellation behavior
- Lack of deposit requirements or cancellation fees

Findings

1. **Revenue Health:** The property demonstrates solid financial performance with positive YoY growth trends
2. **Revenue Concentration:** Heavy reliance on room revenue (77%) creates vulnerability; ancillary revenue diversification needed
3. **Seasonal Demand Patterns:** Clear peaks (July-August) and troughs (January-February) require strategic response
4. **Cancellation Exposure:** 19.26% cancellation rate significantly impacts revenue realization
5. **Underdeveloped Revenue Streams:** Spa services contribute less than 1% of revenue despite representing a high-margin opportunity

Strategic Recommendations

1. Cancellation Management

Implement Risk-Based Cancellation Policies:

- Introduce non-refundable rate tiers with appropriate discounts (10-15% off flexible rates)
- Require advance deposits for peak-period bookings (July-August, December)
- Differentiate policies by booking window (stricter terms for last-minute bookings)

Data-Driven Approach:

- Analyze cancellation patterns by channel, lead time, and guest segment
- Identify high-risk booking profiles for targeted policy application
- Monitor cancellation reasons through guest communication data

Expected Impact: Reduction of cancellation rate by 3-5 percentage points could recover $300K-$500K annually

2. Off-Season Demand Generation • Tactical Initiatives:

- Develop Q1-specific promotional packages targeting drive market and regional demand
- Establish corporate partnerships for off-peak group business
- Create bundled experiences (spa + dining packages) to increase perceived value

Pricing Strategy:

- Implement strategic rate compression during low-demand periods to stimulate bookings
- Test minimum length-of-stay requirements removal to capture short-stay demand

3. Ancillary Revenue Development

Spa Services:

- Create room-inclusive spa packages to drive attachment rates
- Develop signature treatments to differentiate from competitors
- Train front desk staff on upselling techniques with commission incentives

F&B Optimization:

- Introduce themed dining experiences or special event packages
- Expand in-room dining options and promote convenience factor
- Consider breakfast inclusion strategies to increase perceived value and ADR justification

4. **Revenue Management Refinement • Continue Dynamic Pricing Excellence:**
   - Current RevPAR variance indicates effective yield management
   - Expand forecasting models to incorporate cancellation probability
   - Refine overbooking strategies to compensate for expected cancellations

   Operational Efficiency:
   - Use historical booking patterns for labor scheduling optimization
   - Implement predictive inventory management for F&B and amenities

Methodology & Data Sources

This analysis utilized transactional data from four primary datasets:

- **bookings_clean.csv** - Reservation records including dates, channels, and cancellation status
- **guests_clean.csv** - Guest demographics and segmentation data
- **revenues_clean.csv** - Revenue breakdown by stream and booking
- **rooms_clean.csv** - Room inventory, types, and rate information
- Data aggregation and metric calculations were performed using SQL (hotel_reporting.sql). All financial figures represent actual transacted amounts for the 24-month period analyzed.