

Business Problem

In recent years, City Hotel and Resort Hotel have seen high cancellation rates. 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, end for us to offer through business advice this problem.

The analysis of hotel booking cancellation as well as other factor that have no bearing on their business ans yearly revenue generation are the main topic of this report.



Assumptions

1. No unusual occurrences between 2015 and 2017 will have a substantial impact on the data used.
2. The information is still current and can be used to analyze a hotel's possible plans in an efficient manner.
3. There are no unanticipated negatives to the hotels employing and advised technique.
4. The hotels are not currently using any of the suggested solution.
5. The biggest factor affecting the effectiveness of earning income is booking cancellation.
6. Cancellation result is vacant rooms for the booked length of time.
7. Clients make hotel reservation the same year they make cancellations.

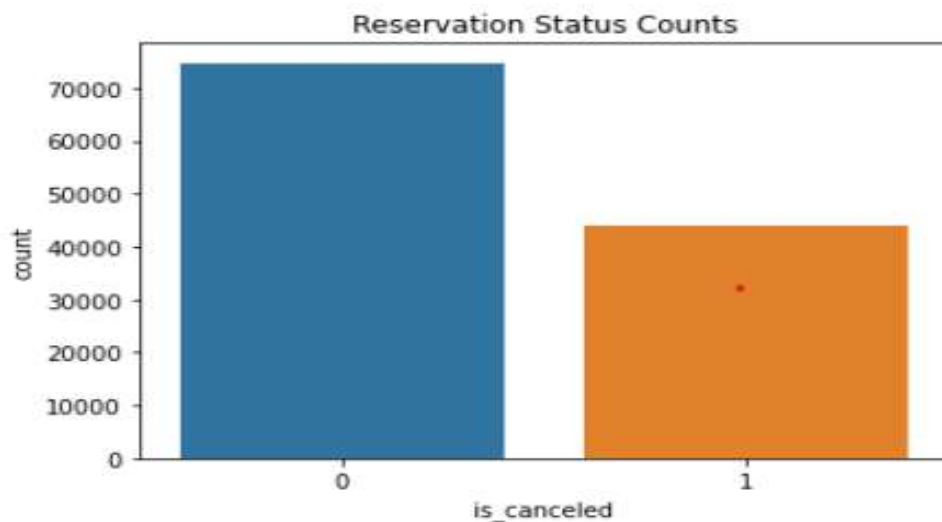
Research Question

1. What are the variable the 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?

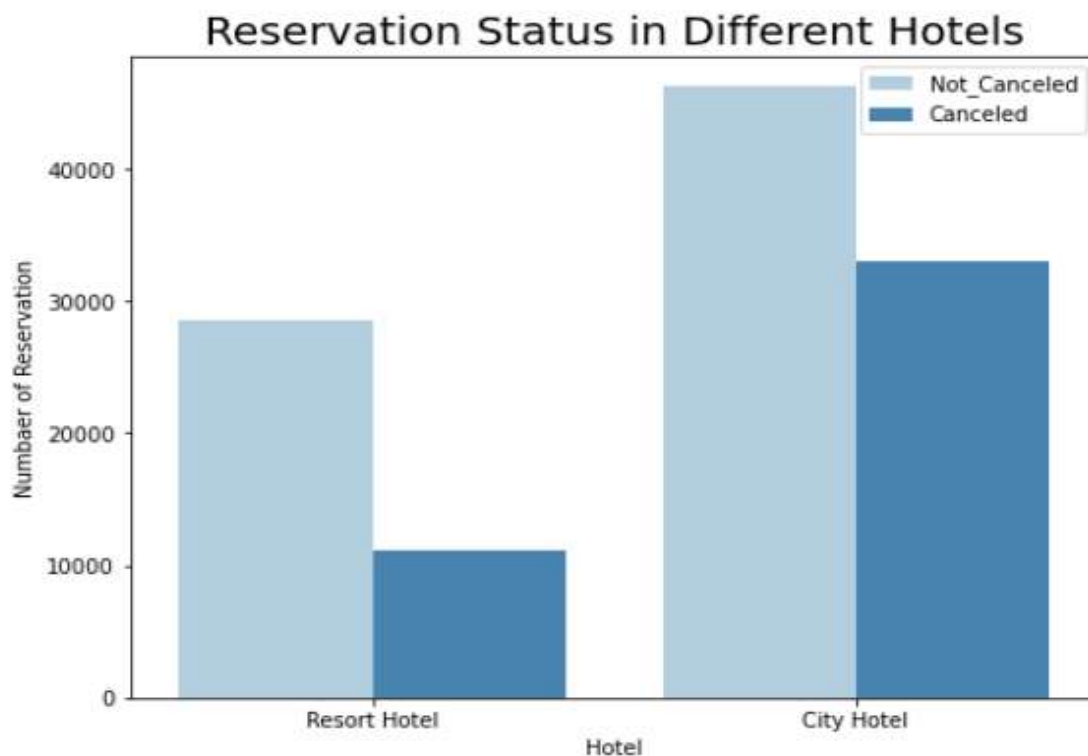
Hypothesis

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 reservations.

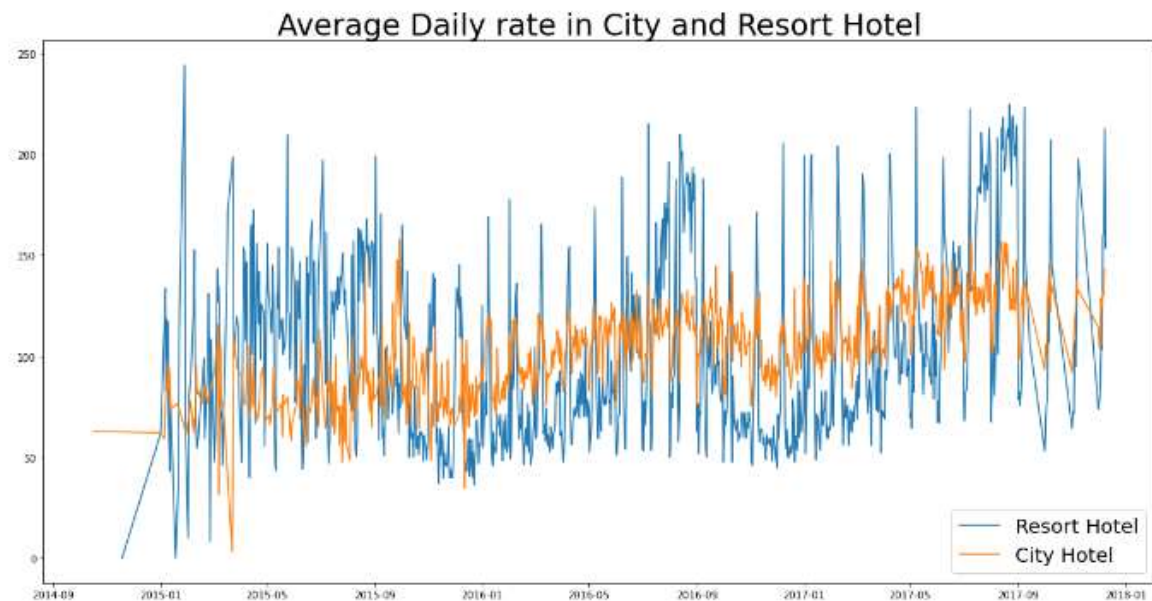
Analysis and Findings



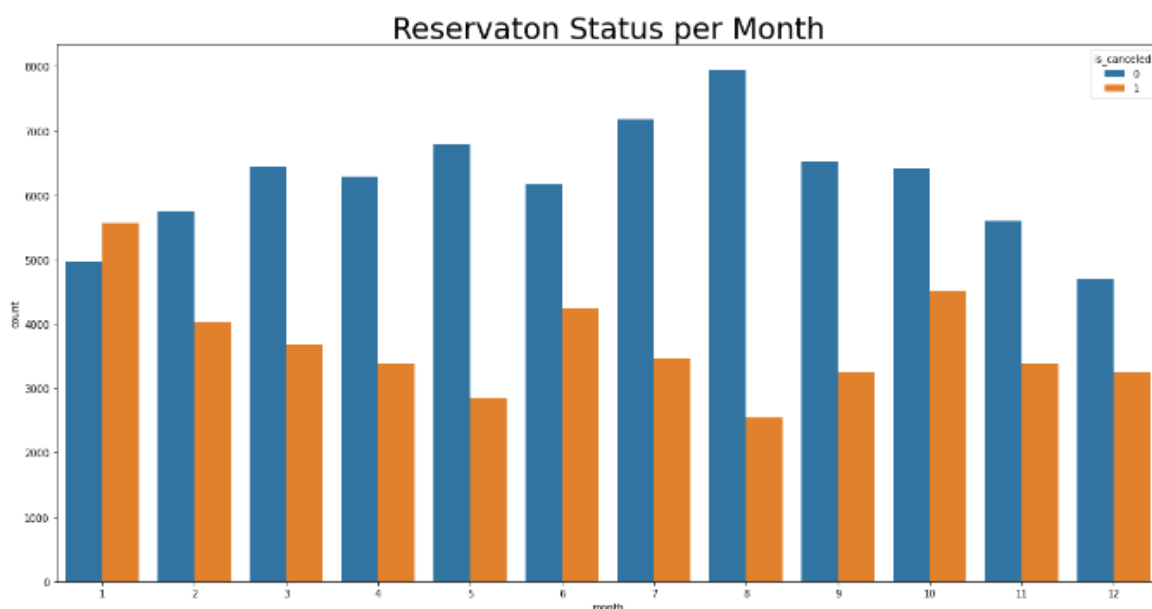
The accompanying bar graph show the percentage of reservations are canceled and those that are not. It is obvious that there are still a significant number of reservations that have not been canceled. There are still 37% of client who canceled their reservation, which has a significant impact on the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



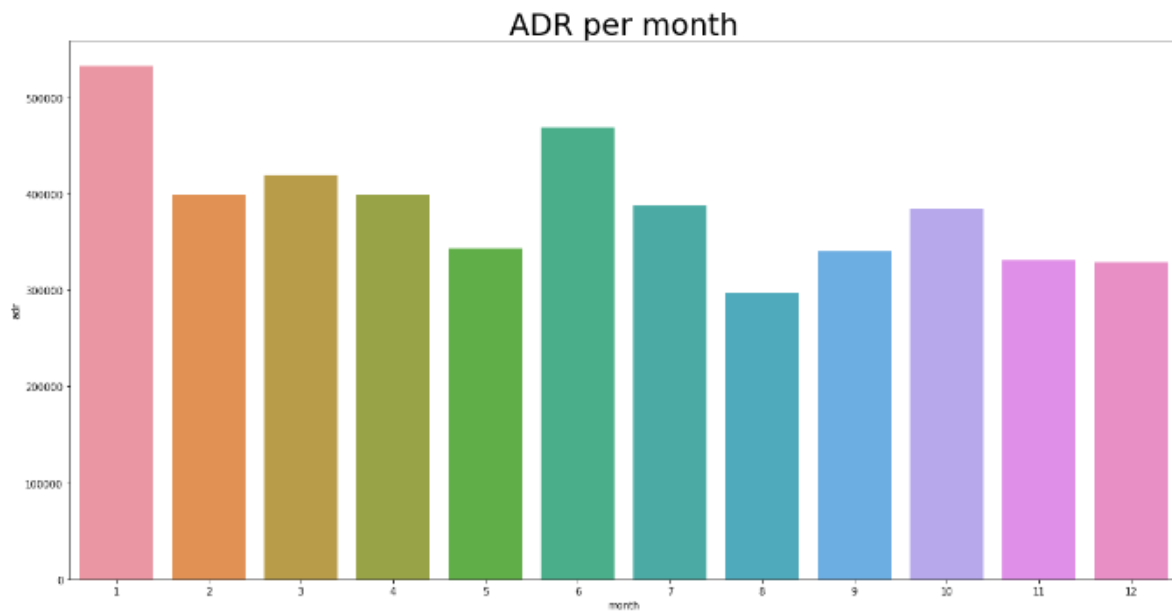
In comparison to resort hotels, city hotels have more bookings. It's possible the resort hotels are more expensive than those in cities.



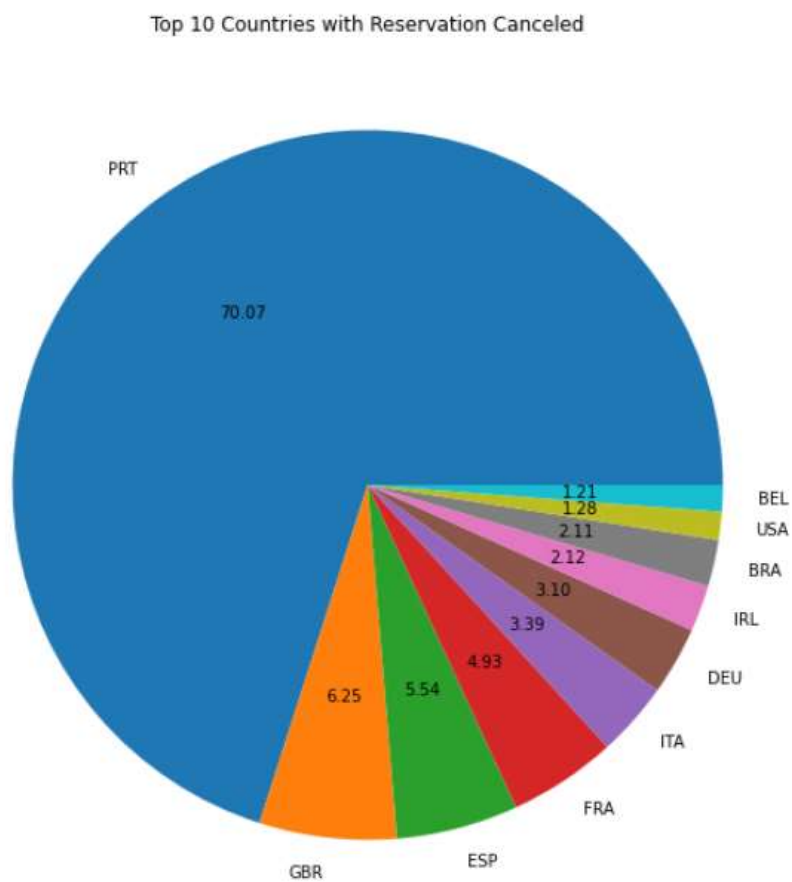
The line graph above that, on certain days, the average daily rate for a city hotel is less than that of a resort hotel, and on other days, it is even less. It does without saying that weekends and holidays may see a rise in resort hotel resort.



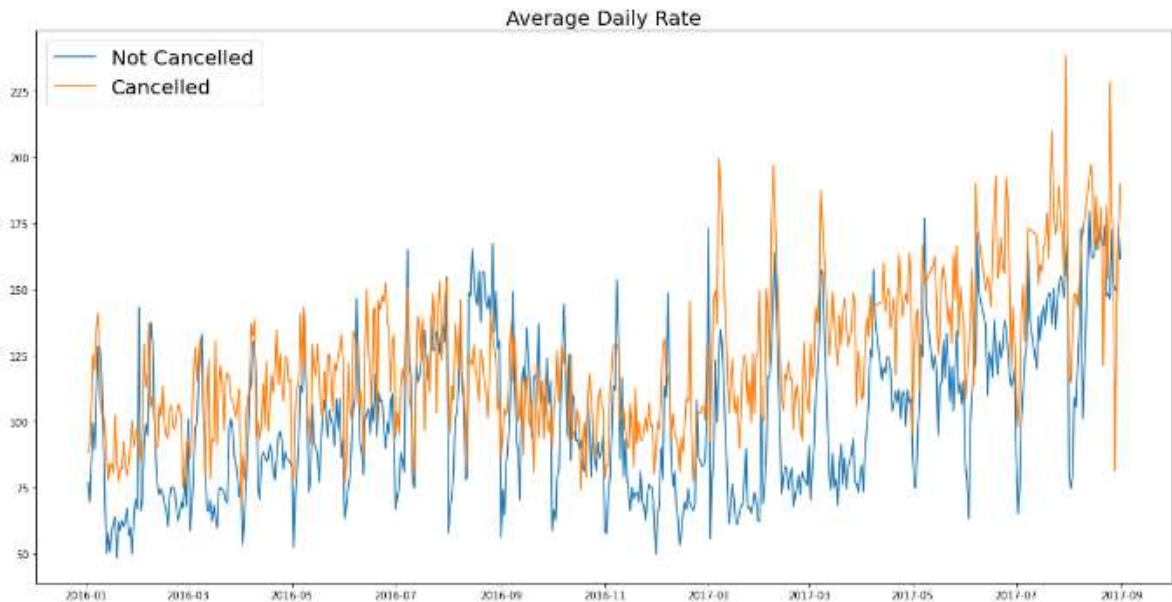
We have developed the grouped bar graph to analyze the month with highest and lowest reservation levels according to reservation status. As can be seen, both the number of confirmed reservation and the number of canceled reservations are largest in the month of August, Whereas January in the month with the most canceled reservation.



This bar graph demonstrates that cancellations are most common when prices are greatest and least common when they are lowest. Therefore, the cost of the accommodation is solely responsible for the cancellations.



Let's check the area from where guests are visiting the hotels and making reservations. Is it coming from Direct or Group, 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 reservation.



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. Cancellation rates rise as the price does. In order to prevent cancellations of reservations, hotels could work on their pricing strategies and try to lower the rates for specific hotels based on locations. They can also provide some discounts to the consumers.
2. As the ratio of the cancellation and not cancellation of the 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 rate.