



HOTEL BOOKINGS PROJECT

Overview: This project aims to address the challenge of high cancellation rates faced by City Hotel and Resort Hotel, leading to reduced revenues and underutilization of hotel rooms. By conducting a thorough analysis of booking cancellations and isolating pertinent business factors, the project intends to offer tailored strategies to optimize revenue generation and enhance operational efficiency.

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Business Problem:

In recent years, City Hotel and Resort Hotel have experienced a substantial surge in cancellation rates, resulting in a multitude of challenges. These include decreased revenues and suboptimal utilization of hotel room inventory. As a consequence, both hotels have identified the reduction of cancellation rates as their primary strategic imperative, aiming to enhance revenue efficiency. The central focus of this report is to conduct a comprehensive analysis of hotel booking cancellations, while also discerning and isolating extraneous factors unrelated to core business operations and annual revenue generation.

Presumptions of Hotel Booking Cancellations

Data Reliability

- No unusual occurrences between 2015 and 2017 significantly impact the data used.
- The information remains current and can be efficiently utilized for hotel analysis and strategic planning.

Implementation Considerations

- There are no unanticipated negatives to the hotels employing any of the advised techniques.
- The hotels are not currently utilizing any of the suggested solutions.

Revenue Impact Factors

- Booking cancellations significantly impact revenue generation as they result in unoccupied rooms for the duration of the initial booking.
- Customers commonly make both hotel reservations and cancellations within the same calendar year.

Analysis and Findings

The data analysis indicates that approximately 37% of reservations are canceled, significantly affecting the hotels' revenue. City hotels exhibit a higher volume of bookings compared to resort hotels, potentially due to more competitive pricing. Fluctuating average daily rates suggest pricing differences between city and resort hotels, particularly noticeable during weekends and holidays. August reflects the highest reservation activity, while January experiences the peak in cancellations, underscoring the correlation between cancellations and higher accommodation costs. Notably, Portugal records the highest number of reservation cancellations, emphasizing the need for tailored strategies in this market. Direct bookings account for around 46% of total reservations, indicating the importance of effective customer engagement.

The findings further emphasize the direct relationship between higher average daily rates and increased cancellation rates, highlighting the pivotal role of pricing strategies in shaping guest decisions within the hospitality industry.

Business Advice: Lowering Cancellation Rates

1 Strategic Pricing

Implement dynamic pricing and location-based discounts to curb the impact of rising cancellation rates associated with higher prices.

2 Weekend & Holiday Discounts

Introduce competitive discounts specifically for resort hotels during weekends and holidays to encourage higher retention rates among guests.

3 Seasonal marketing campaigns

Launch targeted promotional campaigns during January, coupled with strategic marketing initiatives, to counter the typically elevated cancellation rates in this period.

4 Enhanced service quality:

Invest significantly in improving service quality and amenities in the Portugal region to heighten customer satisfaction and effectively reduce cancellation rates.