

## **BUSINESS PROBLEM:**

In recent years City Hotel and Resort Hotel have seen drastic cancellation rates of their respective bookings. Each hotel is thus dealing with a number of issues including fewer revenues and less than ideal hotel rooms to use. Therefore , lowering Cancellation rates is both hotels' primary goal in order to increase their efficiency, boost their revenue and for us to offer thorough business advice to solve this problem.



## **ASSUMPTIONS-**

1. No unusual occurrences between 2015-17 will have substantial effect on data used.
2. The information is still current.
3. There are no unanticipated negatives to the hotel employing advising technique.
4. The hotels are not currently using any suggested solutions.
5. The biggest factor reducing effectiveness of earning income is cancellations.
6. Clients make the hotel reservations the same year as cancellations.
7. Cancellations result in vacant rooms for booked length of time.

## **Research Questions-**

- 1.What are the variables affecting hotel reservation cancellations?
- 2.How can we make reservation and cancellation process better?
- 3.How will hotels be assisted in making pricing and promotional decision?

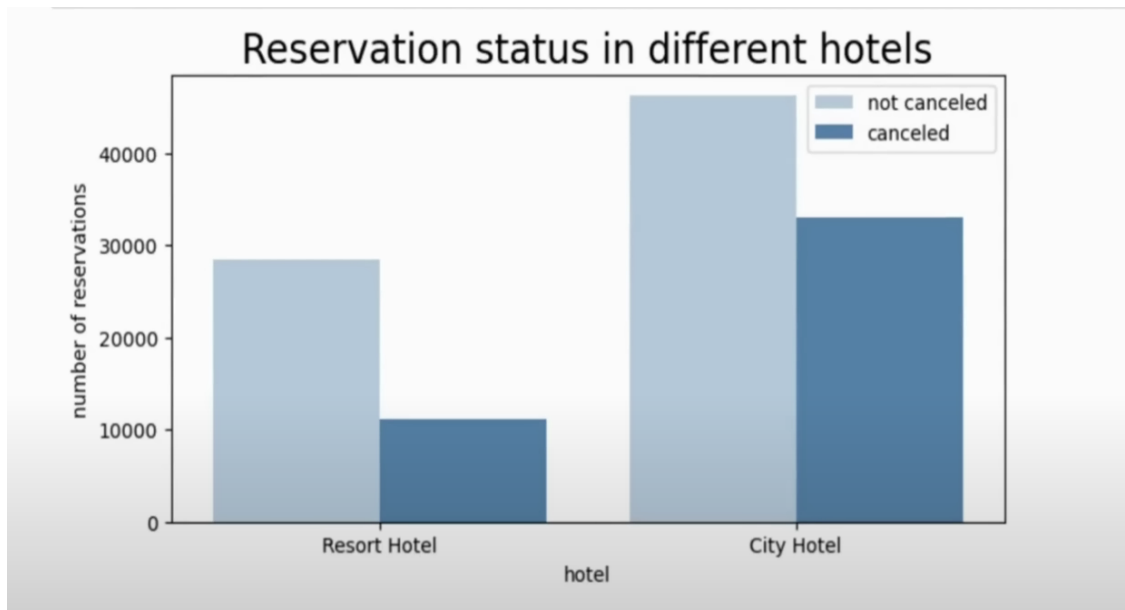
### Hypothesis-

1. More Cancellations occur when prices are higher.
2. Customers cancel more frequently when there is a longer waiting list.
3. The majority of clients are coming from offline travel agents to make their reservations.

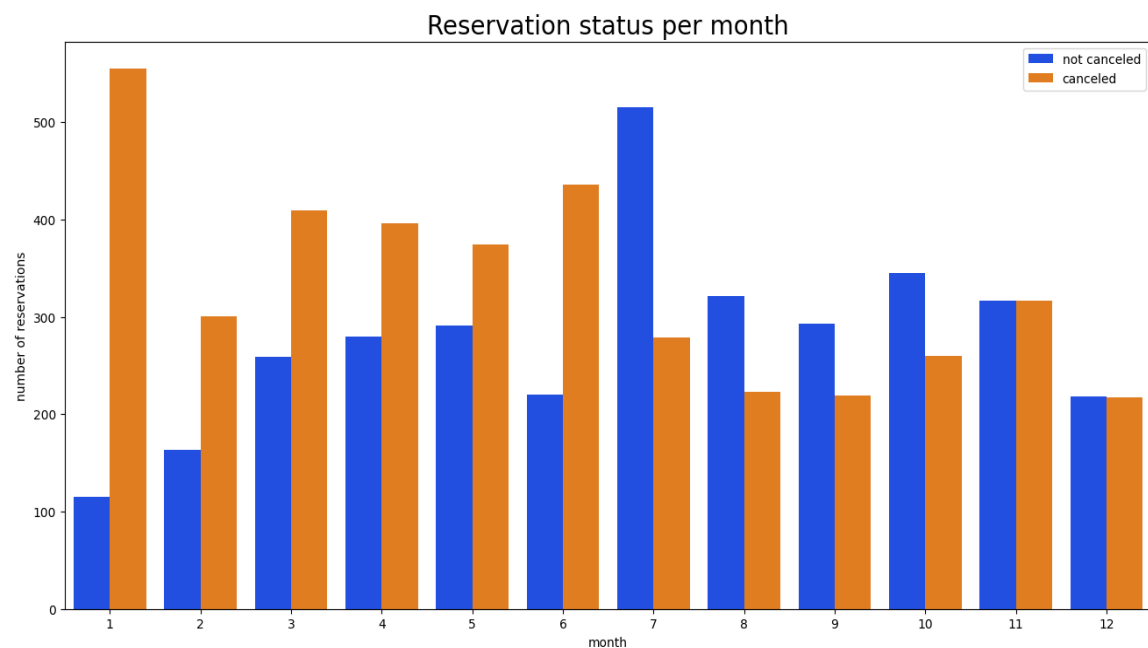
### Analysis and Findings-



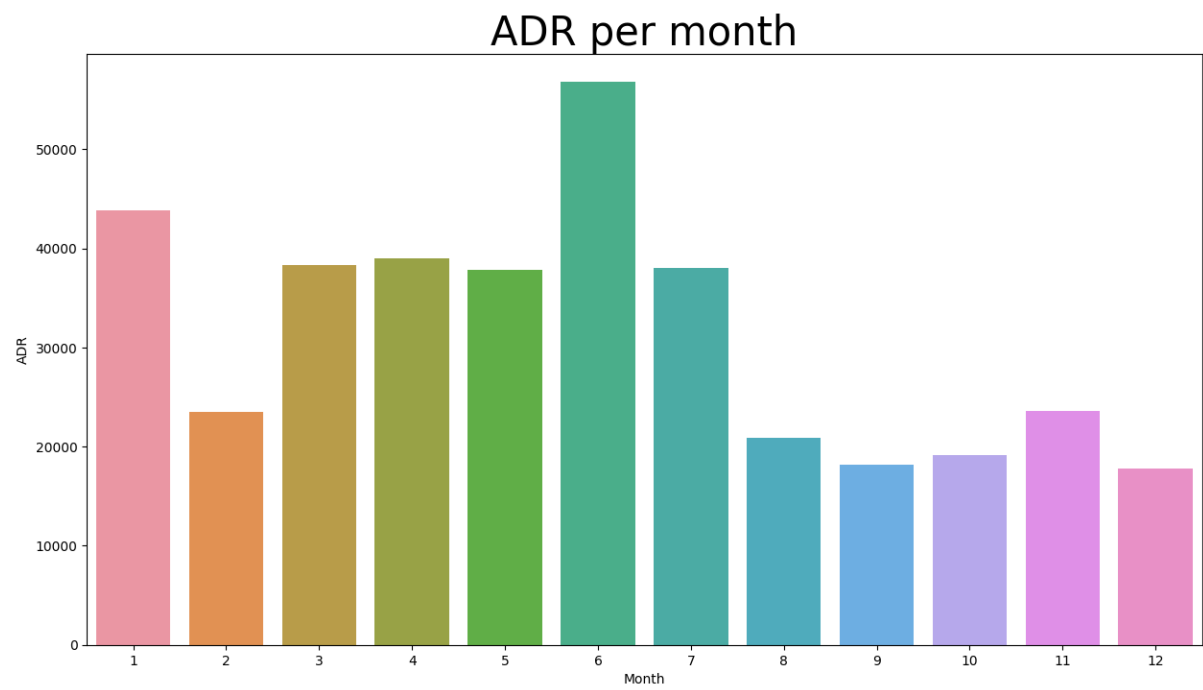
This bar graph shows the number of reservations not canceled and canceled respectively. There are 37% clients who canceled the reservations which is a significantly higher number that will affect Hotel Sales and Profit percentage respectively.



City Hotels have more bookings so we conclude that Resort Hotel is comparatively expensive.

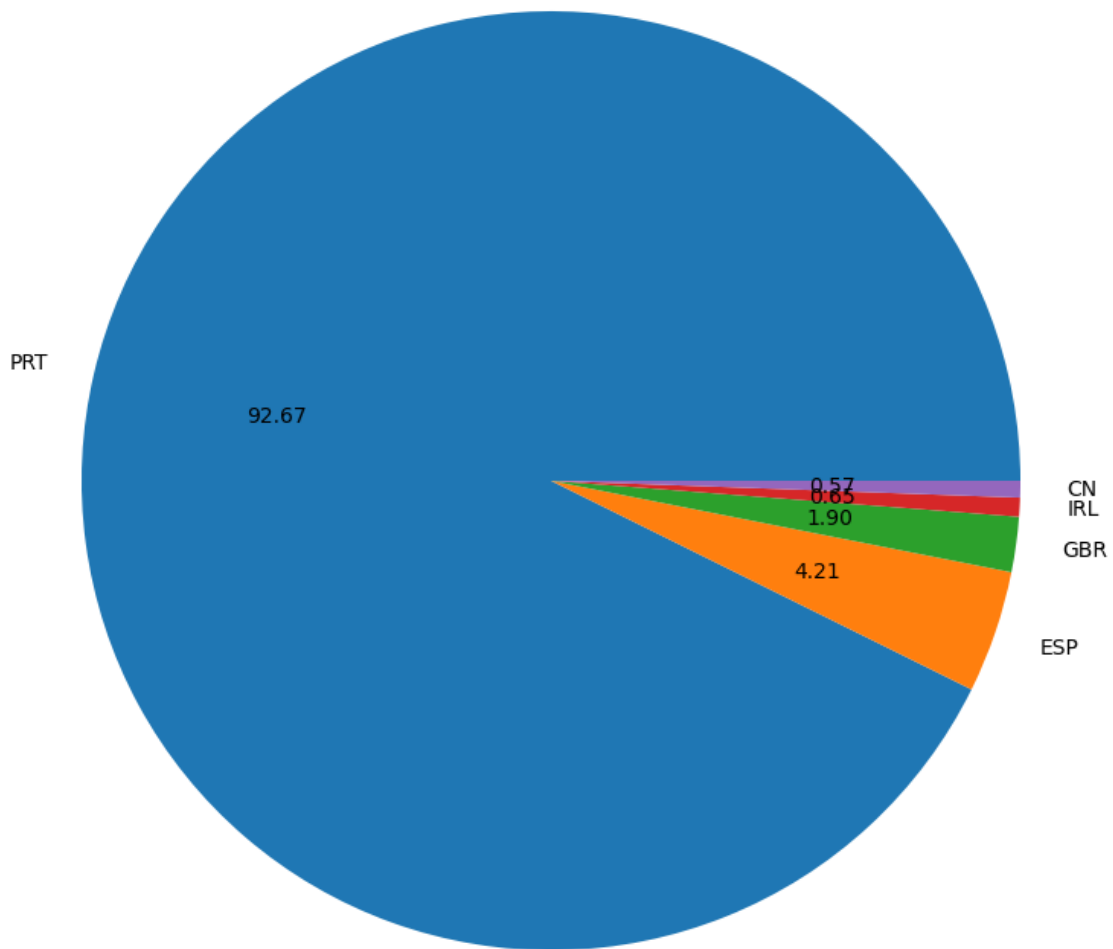


We have plot a graph to analyze the months with highest and lowest reservation levels according to the reservation status. As we can see in the month of August we have highest reservations confirmed and highest cancellations are done in the month of January.



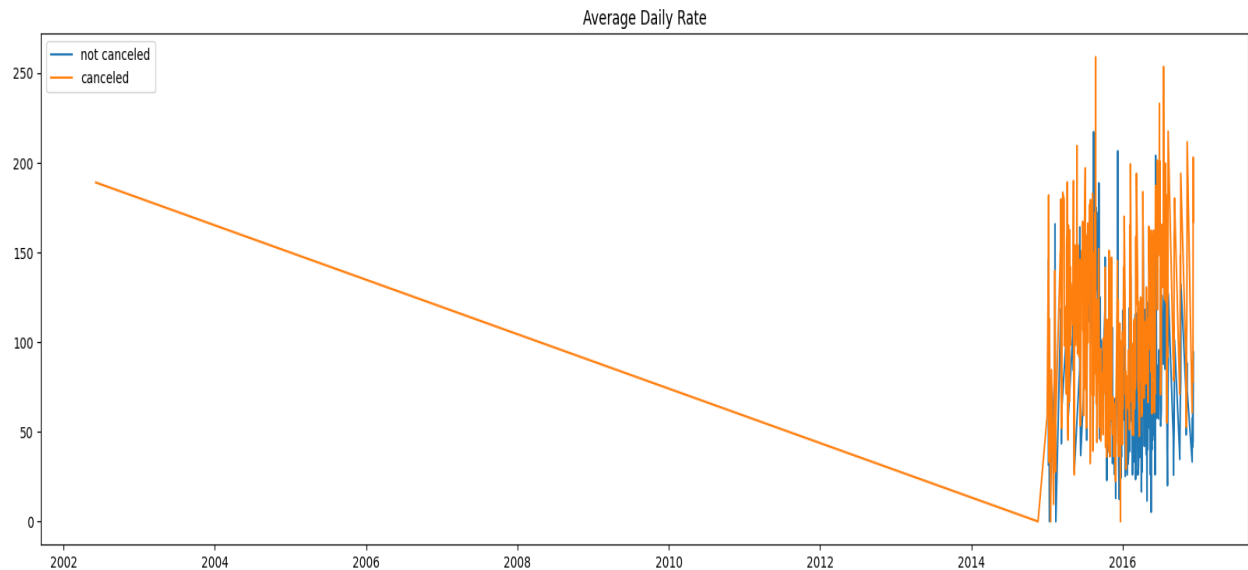
From this ADR Graph we can conclude that high prices are directly proportional to high cancelations. The accommodation cost is the sole factor for cancelation.

Top 10 Countries with highest cancellation



Portugal has highest cancelation rate among all countries.

Let's check how the customers are booking their reservations. Is it coming from online or offline agents? Around 43% come from online ,24% from groups, only 10% clients book hotels directly by visiting them.



When the avg daily rate is higher then reservations are canceled. It leads us to the conclusion that higher price lead to higher cancelations.

#### **Suggestions to Combat the problem:**

1. Increasing prices directly correlates with a rise in cancellation rates. To mitigate cancellations, hotels should focus on refining pricing strategies, considering location-specific rate adjustments for certain establishments, and offering discounts.
2. The cancellation-to-booking ratio is notably higher in Resort Hotels compared to City Hotels. Therefore, it is advisable for Resort Hotels to consider offering reasonable discounts on room rates during weekends and holidays.
3. During the month of January, hotels can introduce discounted rates and initiate marketing campaigns with modest budgets, given that cancellations tend to peak during this period.
4. To decrease cancellation rates in Portugal, hotels in the region should prioritize enhancing quality and customer service.

*Thank You*