KPIs Significance

By combining both machine learning insights and domain knowledge, the KPI set covers both operational efficiency and strategic positioning for the hotels, supporting data-driven decision-making at every management level.

Average Cancellation Rate (ACR)

This helps the owner monitor how often bookings are cancelled. A high ACR can signal problems in pricing strategy, customer expectations, or booking policies. Monitoring this KPI separately for city and resort hotels offers targeted improvement opportunities. The goal is to minimize the ACR over time.

Average Previous Cancellation Rate (APCR)

This measures how often customers have cancelled bookings in the past. A high APCR can guide the owner to apply stricter booking policies (e.g., advance payments) to reduce future cancellations.

A lower ACR over time will lead to a lower APCR. However, unlike ACR, there is no specific target for this KPI. Its purpose is to identify customers more likely to cancel based on past behavior and prevent future cancellations.

Total Revenue

Total revenue provides a direct measure of the financial performance of each hotel. It supports decisions on budgeting, investments, and identifying peak seasons or market segments contributing most to income. The goal is to maximize total revenue, even though it is not a ratio.

Average Daily Rate (ADR)

ADR is a standard hotel industry KPI that shows the average revenue earned per rented room. It reflects the effectiveness of pricing strategies and helps the owner compare performance with

competitors. There is no specific goal for this KPI, as ADR can vary based on seasonality. The strategy is to monitor ADR over time and keep track of competitor performance.

Average Lead Time (ALT)

ALT measures the number of days between booking and arrival. A longer lead time can show that customers are planning their trips in advance, while a shorter lead time may indicate last-minute bookings. This information helps improve marketing campaigns and special offers. The goal is to reduce ALT, although higher ALT may be acceptable if the customer has prepaid for their stay.

Revenue per Guest (RPG)

This KPI measures how much revenue each guest brings on average. It supports upselling and cross-selling strategies, especially for hotel services like the spa, restaurant, or events. The goal is to increase RPG, but caution is needed if the revenue per guest is too high compared to competitors.

Length of Stay

Understanding the typical length of guest stays helps optimize room allocation, housekeeping planning, and pricing models. For example, shorter stays in city hotels and longer stays in resort hotels may require different marketing strategies. The goal is to increase the length of stay, as it reduces administrative costs per day while maintaining high revenue.

Bookings by Source (Market Segments)

This breakdown shows where bookings are coming from (e.g., online travel agents, direct bookings, corporate clients). It is important for strategic marketing planning, partnerships, and managing commission costs. The goal is to reduce dependence on OTAs, as they charge fees for their services. Direct bookings are the most efficient way for a hotel to receive bookings.