**Revenue, Distribution Channel, and Parking Trends for City Hotel and Resort Hotel**

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**Introduction**

The Business Intelligence team was approached by the President and Vice President of Operations, on behalf of the executive team, regarding the current performance of our two acquired hotels, City Hotel and Resort Hotel, in June 2018. The executive team requested the following information:

1. What are the current hotel revenue growth trends?
2. Which distribution channels are being used most for reservations?
3. Do we need to renovate/expand our parking lot?

The executive team, while satisfied with performance, wants to see if performance can be improved further and see which distribution channels are booking most of the reservations, as well as how much potential revenue is being lost with discounts. Further, the hotels are expected to have a Property Improvement Plan (PIP) within the next eighteen months, and the executive team wants to see if there is a need to expand the current parking lots.

**Tools and Methodology**

Data cleaning and manipulation were conducted using SQL in Microsoft SQL Server Management Studio (SMSS), focusing on unionizing each year into one table and ensuring consistency and completeness in the data.

A SQL query was created for the necessary data request and was imported to PowerBI to create an interactive dashboard, provided in the presentation package, to allow for deeper exploration for each hotel and customer type.

**Data Overview**

The data that was requested and extracted was the hotel’s first day of operations (transition of ownership to 2 Hotel Group, Inc. began in July 2018) to the present day (August 2020). 100,756 records were collected since operations began consisting of the specific hotel the guest booked, the guest arrival dates, nights stayed, average daily rate of the stay, discounts, and other miscellaneous fields.

A few minor issues were resolved regarding collecting the requested information including:

* Each year had separate tables in the database
  + We have combined each table into one table for simplicity of this request
* Dax in PowerBI was used to calculate revenue by multiplying ADR by total nights stayed
* A SQL Query was used to calculate parking percentages by dividing requested parking spaces into total night stays

**Insight**

The dashboard is available with this presentation package. However, as requested by the executive team, a summary of the questions were provided:

Revenue Trends

* Since 2 Hotel Group’s operations began in July 2018 for City Hotel and Resort Hotel:
  + Total revenue was approximately $29.1MM
    - City Hotel reported 51.9% of total revenue, or $15.1MM
    - Resort Hotel reported 49.1% of total revenue, or $14.1MM
  + As of August 2020, reported revenue for both hotels was $10.5MM
    - YTD 2020 reported approximately 70.5% compared to YE 2019
      * City Hotel YTD 2020 reported approximately 73.4% compared to YE 2019
      * Resort Hotel YTD 2020 reported 66.2% compared to YE 2019
    - Resort Hotel in 2020 is currently not expected to outperform 2019 results
    - However, City Hotel in 2020 is currently expected to outperform 2019 results
    - ***Overall, combined 2020 results are currently expected to outperform 2019 results***
  + Average Daily Rate (ADR) was approximately $104.40
    - City Hotel reported the highest ADR at $108.70
    - Resort Hotel reported the lowest ADR at $98.20
    - Overall ADR Trends appear to be growing according to the dashboard
  + Overall average discounts for both hotels were 25.8%
    - For the main distribution channel’s average discount – refer to the “Reservations by Distribution Channels and Discount Information” section

Reservations by Distribution Channels and Discount Information

* ***From our review, 78.55% of reservations are booked by a Travel Agent***
  + 82.89% of reservations for City Hotel were booked by a Travel Agent
  + 72.16% of reservations for Resort Hotel were booked by a Travel Agent
  + Travel Agents accounted for 78.7% of global revenue
  + ***However, Travel Agents provided an average discount of 28.79%***
* ***Further, 15.28% of reservations were booked by our reservation staff***
  + 11.8% of reservations for City Hotel were booked by our reservation staff
  + 20.41% of reservations for Resort Hotel were booked by our reservation staff
  + Our reservation staff accounted for 18.2% of reservations
  + ***The average discount our staff provided to guests was 14.21%***
* It should be noted that the highest discount provided was from the GDS channel (29.89%)
  + However, total revenue from GDS transactions accounted for less than 1% of total revenue
* Further, an undefined channel was noted, but also makes up less than 1% of total revenue

Parking Lot Trends for PIP

The required parking trend graph is available on the dashboard; however, we have included the percentages of reservation requests below for additional context:

|  |  |  |  |
| --- | --- | --- | --- |
| **Parking Percentage Request** | | | |
| **Hotel** | **2018** | **2019** | **2020** |
| **City Hotel** | 1.02% | 1.34% | 0.80% |
| **Resort Hotel** | 3.65% | 3.90% | 3.20% |

* From the dashboard graph, there appears to be a slight uptick trend in requested parking spaces
* Parking requests remain marginal for both hotels, indicating that nearly all reservations do not need parking availability

**Conclusion**

Overall, we have noted the following factors from our findings:

* Overall, both hotels as of August 2020 are on track to outperform YTD 2019 results
* ADR growth trends are positive year over year
* There is heavy reliance on the travel agent distribution channel that exposes potential risk and limiting price control
* Our staff has performed well with limiting discounts compared to other channels
  + However, direct bookings are considerably low compared to the reliance on travel agent bookings
* It appears that most of the hotel reservations do not require parking

The following recommendations were noted from our findings:

* Continue to take advantage of busy seasons and travel dates to maximize revenue
* Renegotiate contract terms with travel agents to limit discounts and commissions, as the hotels lost approximately 28.79% of revenue from travel agent bookings
* Analyze our hotel staff’s booking data:
  + Determine how many guests are calling our direct phone lines
  + Determine how many guests are inquiring through our hotel staff and how many reservations are completed by our staff
  + Determine how many calls were disconnected from our staff or by the guest
  + Develop a strategy to encourage more direct bookings and reduce dependency on third-party channels
* No expansion of the parking lot for both hotels may be necessary