

Booking Cancellations Analysis

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HOTEL

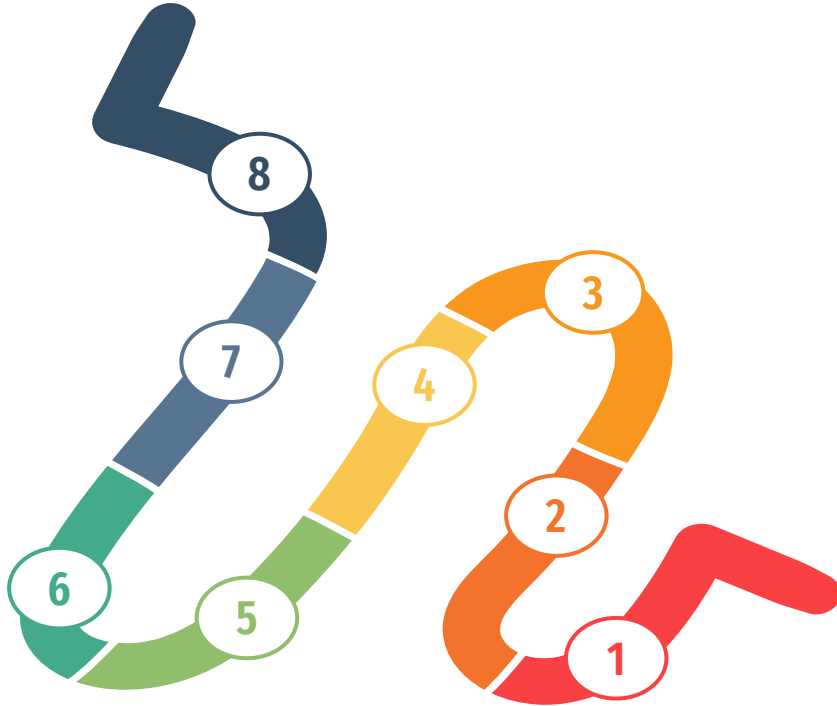


Understanding the reasons: A journey into the customer's experience

Let's dive into a journey through the customer's experience, from the moment he clicks the "Book" button until he arrives, what factors affect his cancellation decision?



Customer's journey



1 X days before the hotel visit, the **customer** decides he needs a booking

2 Visits the website (**dist. channel**)

3 Chooses the **hotel type**

4 Fill the application details: How many **children?**

5 What about the **room type?**

6 Decides whether or not to pay a **deposit**

7 Spends Y days in **waiting list**

8 Arrives safely to the hotel

Hotel data description

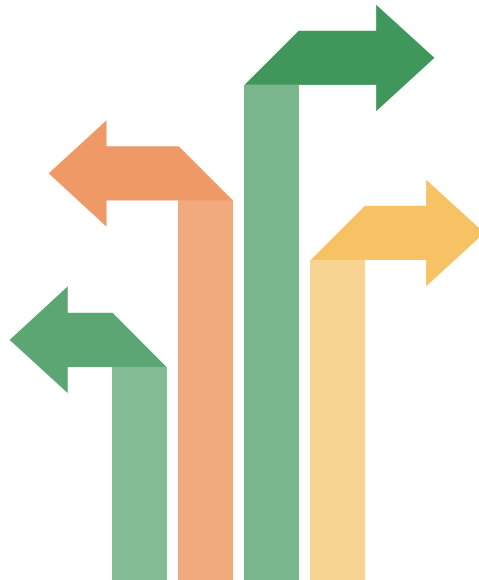
Details about the data.



Information about the data

Each observation represents
a hotel booking.

Dataset comprehend
bookings due to arrive
between the **1st of July of
2015 and the 31st of August
2017**



This data set contains
booking information for **a
city hotel and a resort
hotel**

**Some of the information
available:** When the booking
was made, length of stay, the
number of adults, children,
and/or babies, and the number
of available parking spaces...

Is Cancellation a Real Problem?

Looking at the people who cancelled,

66%

of them were following a No-Deposit deposit type

Hotel types:



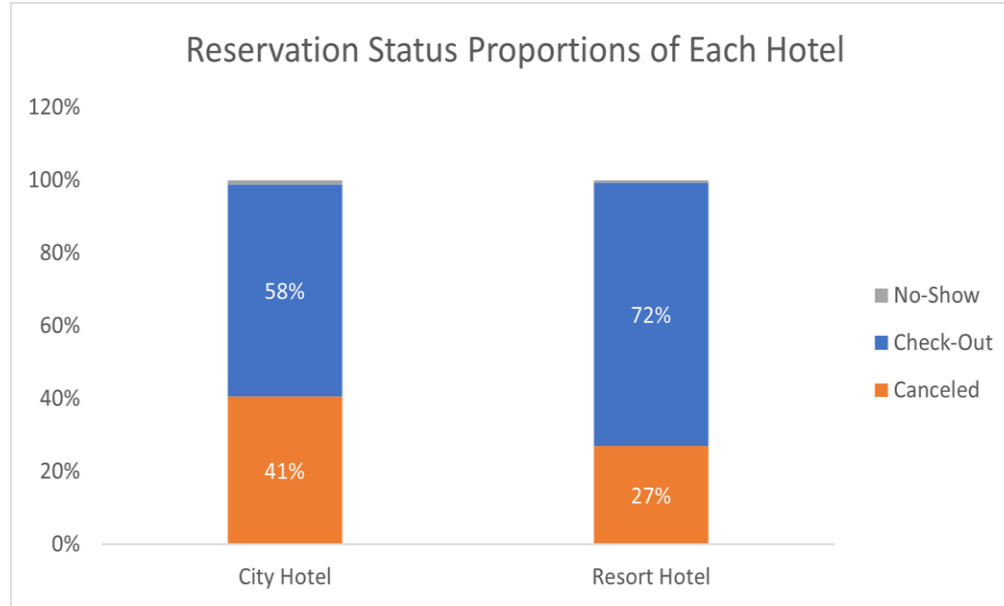
City Hotels: 66% of Demand

Resort Hotels: 34% of Demand



It turns out that there's **more** demand on **city hotels** than **resort hotels**.

What hotel is the customer considering?



City hotels have a **higher** cancellation rate than **Resort Hotels**

Market Segment Analysis - Online Travel Agency

Customers who reserve through an **Online Travel Agency** are the most profitable customers, with an Average Daily Rate of

117\$

Average Daily Rate

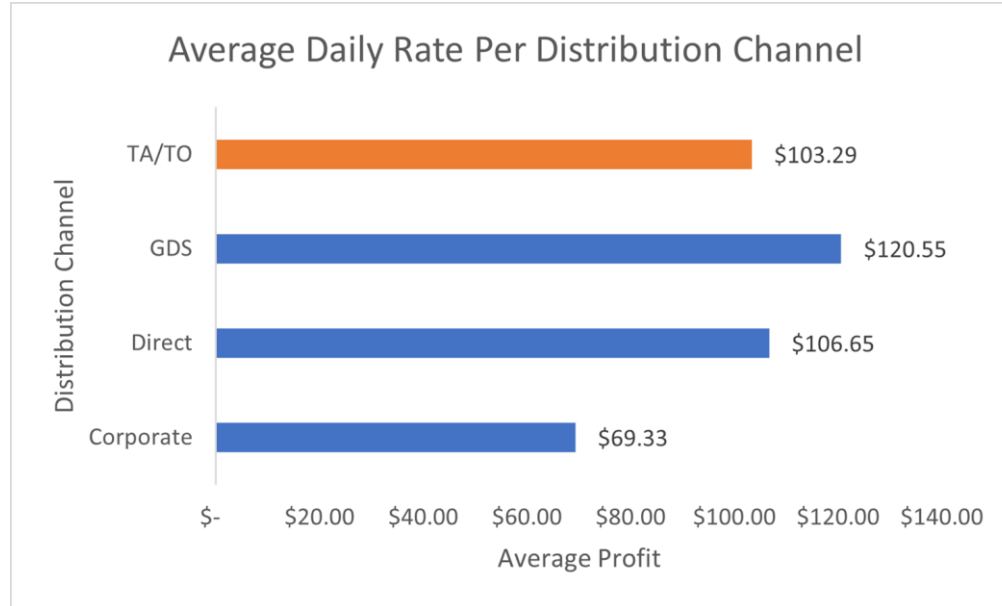
Also, the **Online Travel Agency** Segment Suffers from a considerably **high** cancellation rate!

46%

Cancellation Rate

It appears that the most profitable market segment also is the segment that suffers from the highest cancellation rate.

Distribution Channel Analysis



It appears that the Online Travel Agencies and Tour Operators hold the **3rd** place in the Average Daily Rate

Distribution Channel Analysis Contd.

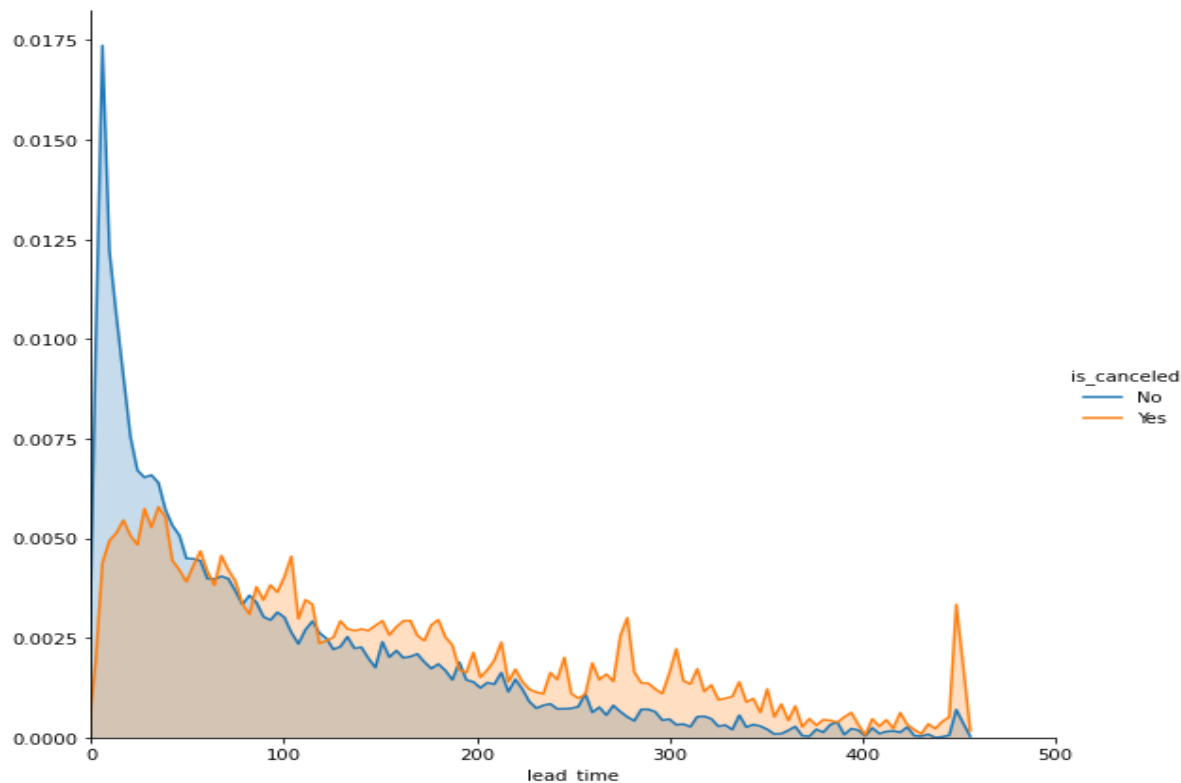
The **Travel Agency** Distribution channel suffers alone from a **very high** cancellation rate!

91%

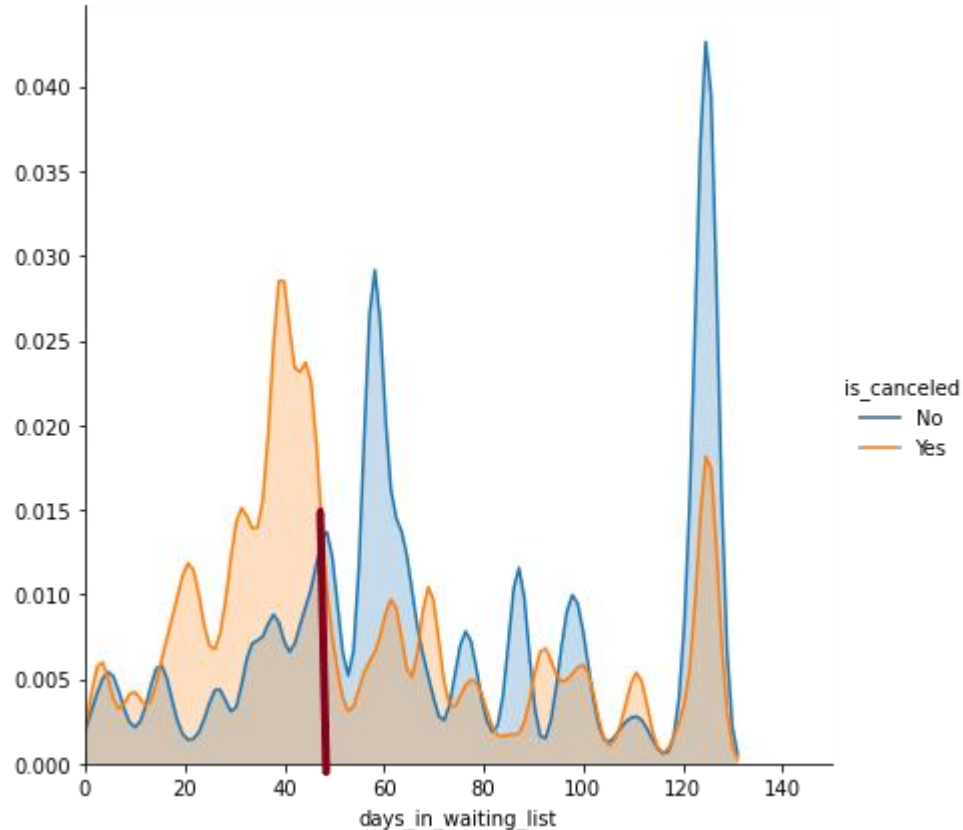
Cancellation Rate

We need to collect more data from Quality Assurance surveys on our TA/TOs websites to be able to suggest a final decision.

How many days in-advance did he book (lead_time)?



How many days did he spend in the waiting list?



What about his family? does he have children?

Having children or babies Does not affect Cancellation Rate especially in City hotels.

About 94% of visitors have no children

42% of them tend to Cancel their reservation.

Huge number: almost half of these proportions!

Most of the visitors are singles or couples
Making special offers for them can help

Which Room Type did he book?

Does Room Type Affects Cancellation Rate?

In City Hotels, Yes.
About 79% of rooms of (Type A) were reserved.

44% of this percentage tends to cancel their reservation for City Hotels
huge percentage of that proportion!

This Percentage represents 82% of the whole cancelations over the whole Rooms.

What about Assigned Room Type, Does it Affect Cancellation Rate?

In City Hotels About 72% of rooms of (Type A) were Assigned.

47% of this percentage tends to cancel their reservation for City Hotels
huge percentage of that proportion too!

This Percentage represents 81% of the whole cancelations over the whole Rooms.

Required more detailed information about the room types, and their facilities.

Recommendations

Market segment

Quality Assurance surveys on
Travel Agency websites

Room type and Having children

- More detailed information about the room types.
- Make special offers.

Lead time

Constraints on website
(Max=100 days)

Deposit

Encourage direct bookings by
offering special discounts.

Distr. channel

Investigate more if the
cancellation is due to customer
frustration with the agent

Days in waiting list

Personalized study.

Thank you!

Does anyone have any questions?

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