

Business Problem

In recent years city hotel and resort hotel have seen high cancellation rates. Each hotel is now dealing with number of issue as a result, including fewer revenues and less than ideal hotel room use. Consequently, lowering cancellation rate on both hotel's primary goal in order to increase their efficiency in generating revenue, and for us to offer through business advice to address this problem.

The analysis of hotel booking cancellation analysis as well as the other factor that have no bearing on their business and yearly revenue generation are the main topic of this report

Assumptions

1. No unusual occurrences between 2015 and 2017 will have sustainable impact on data used
2. The information is till current and can be used to analyze hotel possible plans in efficient manner
3. The hotels are not currently using any suggestions solution
4. The biggest factor affecting the effectiveness of earning income is booking cancellations
5. If a booking is canceled, the room will be free for the entire time it was reserved.
6. Client make reservation same year they make cancellation

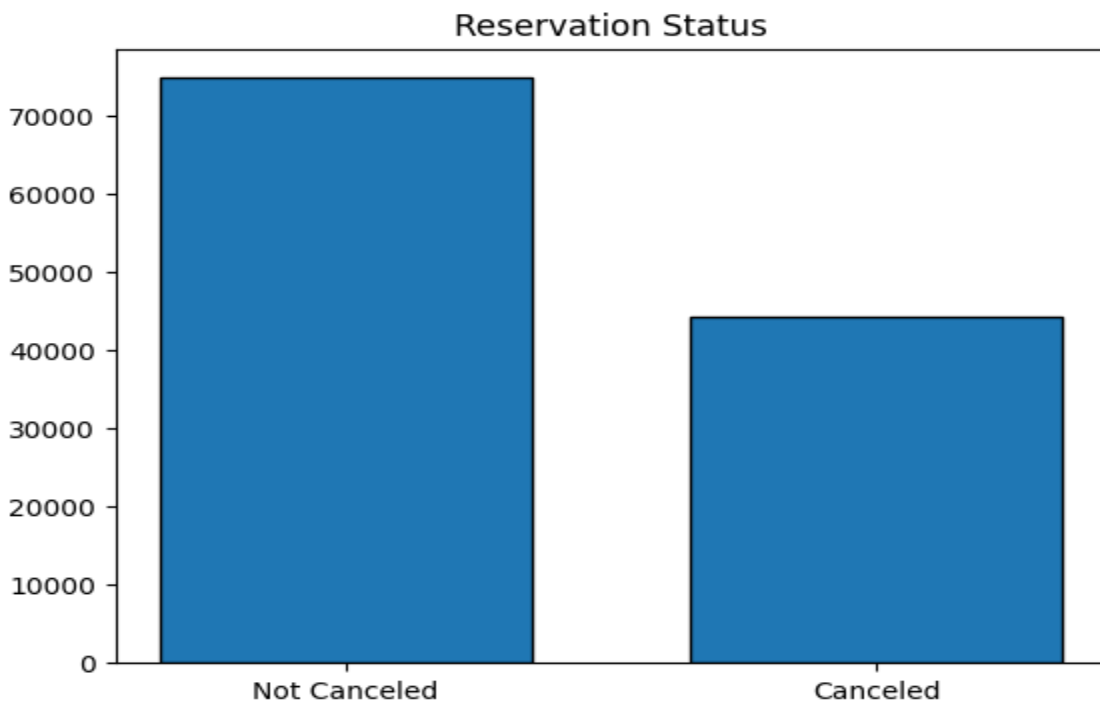
Research Questions

1. What are the variable that effect hotel reservation cancellation
2. How can we make hotel reservations cancellations better
3. How will hotels be assisted in making pricing and promotional decision

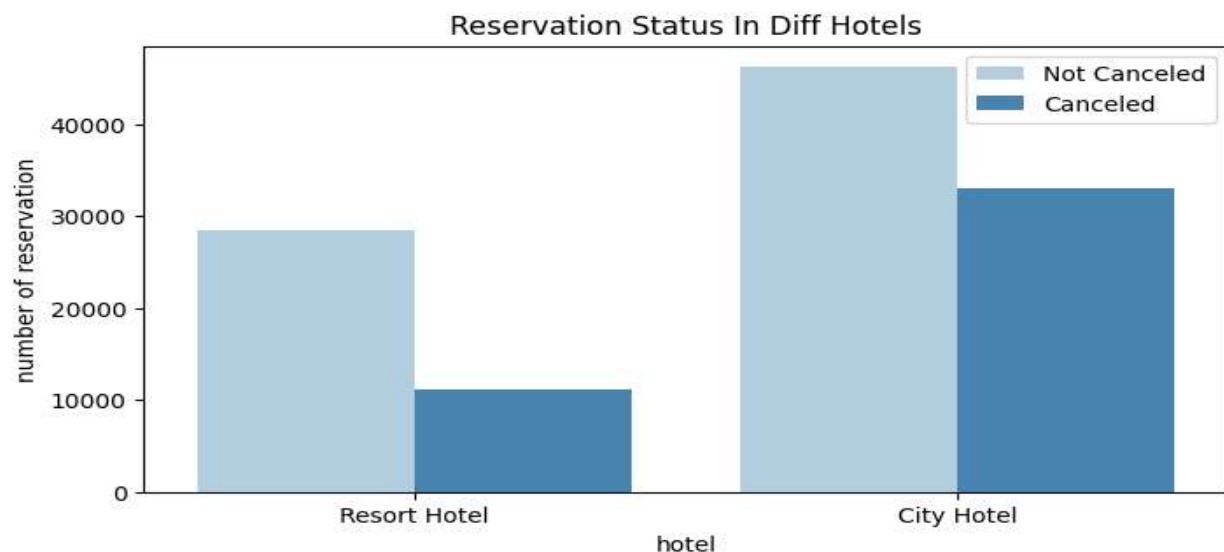
Hypothesis

1. More cancellations occurs when price are higher
2. When there is longer waiting list customer tend to cancel more frequently
3. The majority of clients are coming from offline travel agent to make their reservations

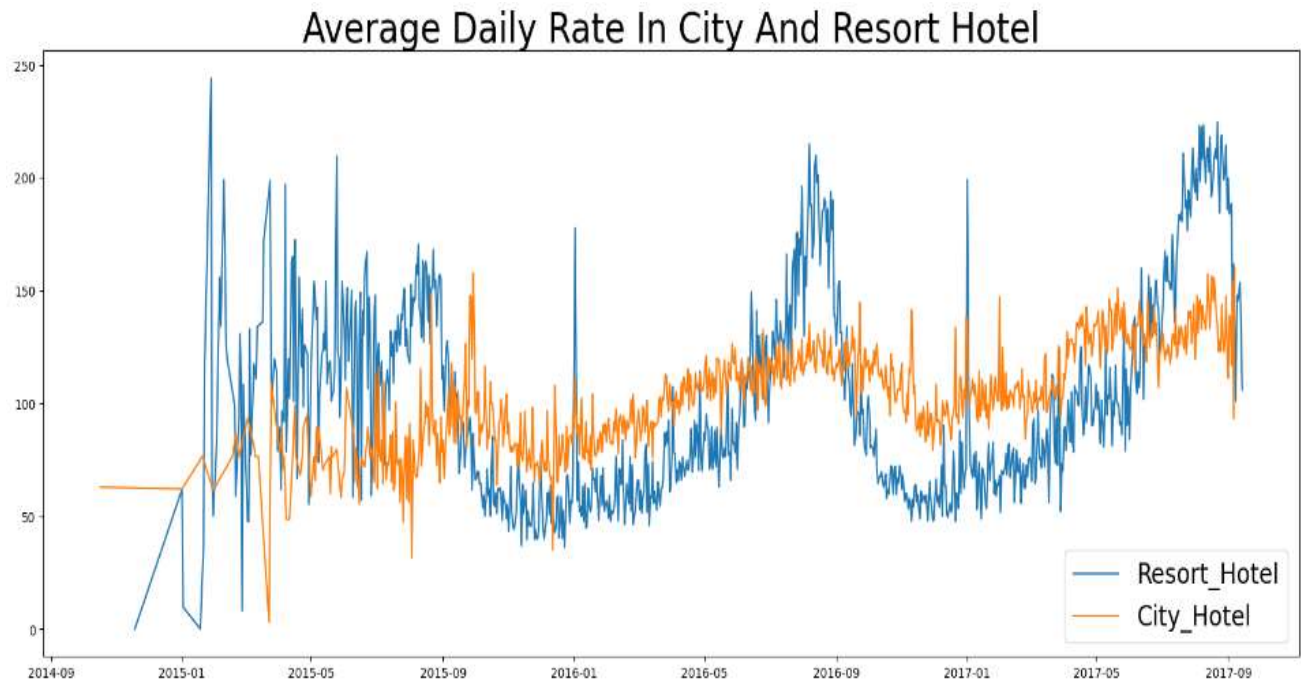
Analysis and Findings



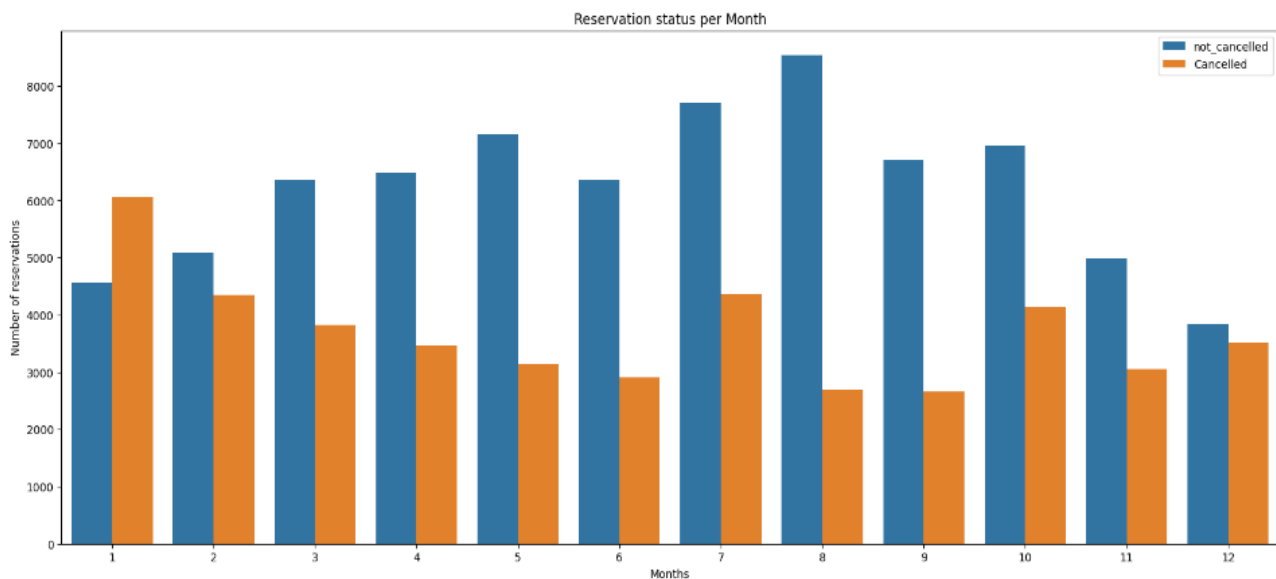
The accompanying bar graph shows the percentage of reservations that are canceled and those that are not. It is obvious that there are still a significant number of reservation that have not been canceled. There are still 37% of clients who canceled their reservation which has significant earning on hotel's earning



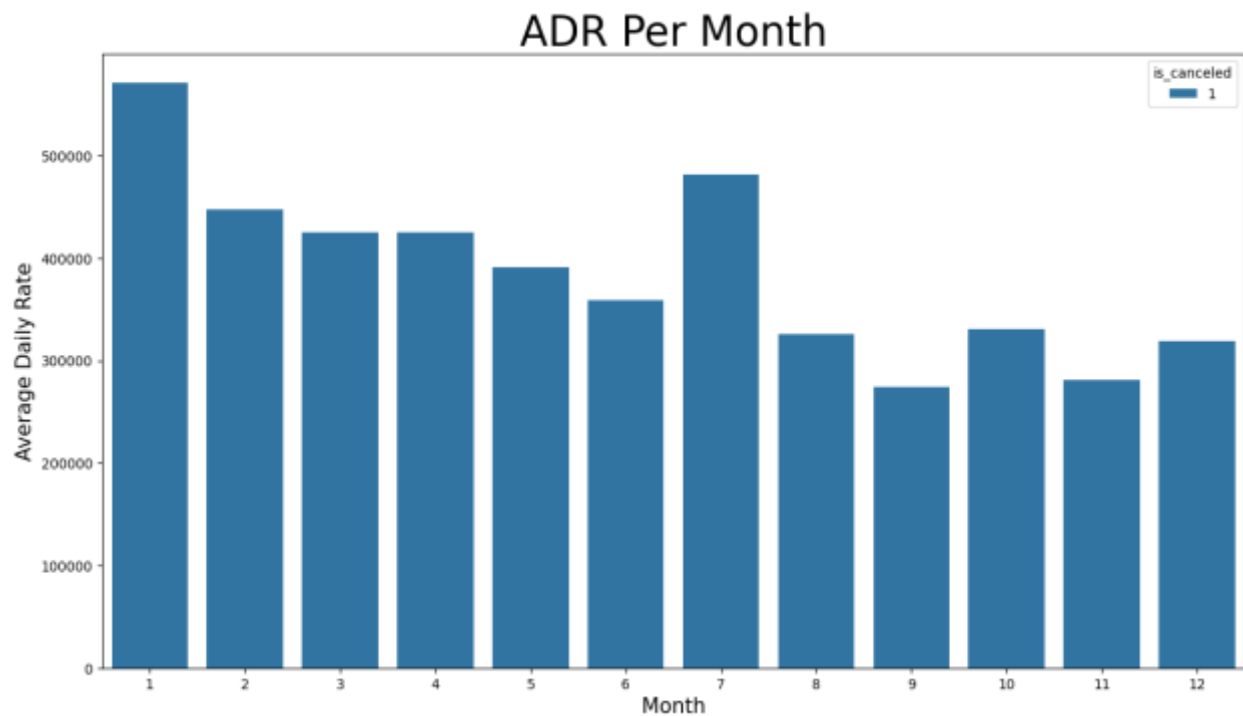
In comparison to resort hotel, City hotels have more bookings. It is possible that resort hotel are more expensive than that cities



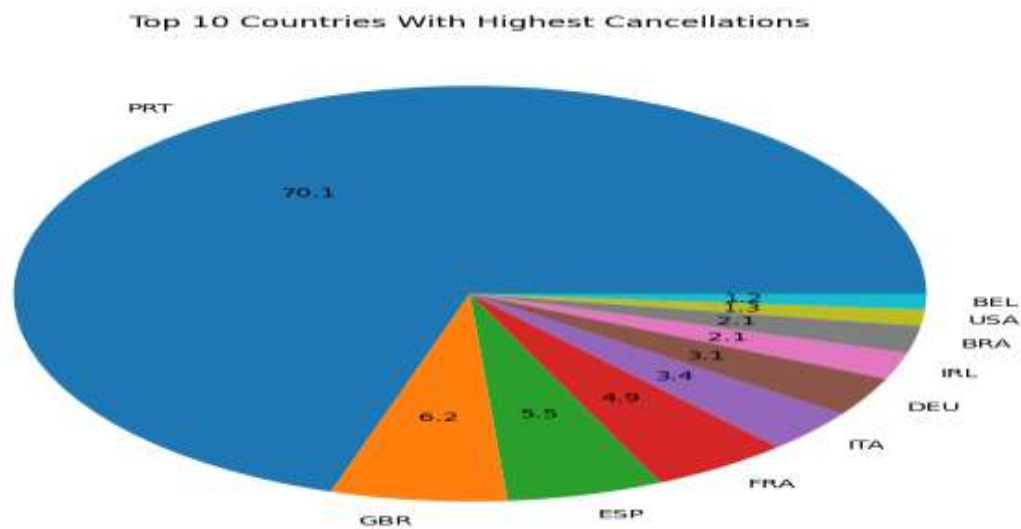
The line chart above shows that on certain days the average daily rate of city hotel is less than that of resort hotel and on other days it is even less. It goes without saying that weekends and holidays may see a rise in resort hotel rates



We have developed the grouped bar graph to analyze the month with the highest and lowest reservation level according to the reservation status. As can be seen both the number of confirmed reservation and the number of canceled reservation are largest in the month of August whereas January is the month with the most canceled reservations

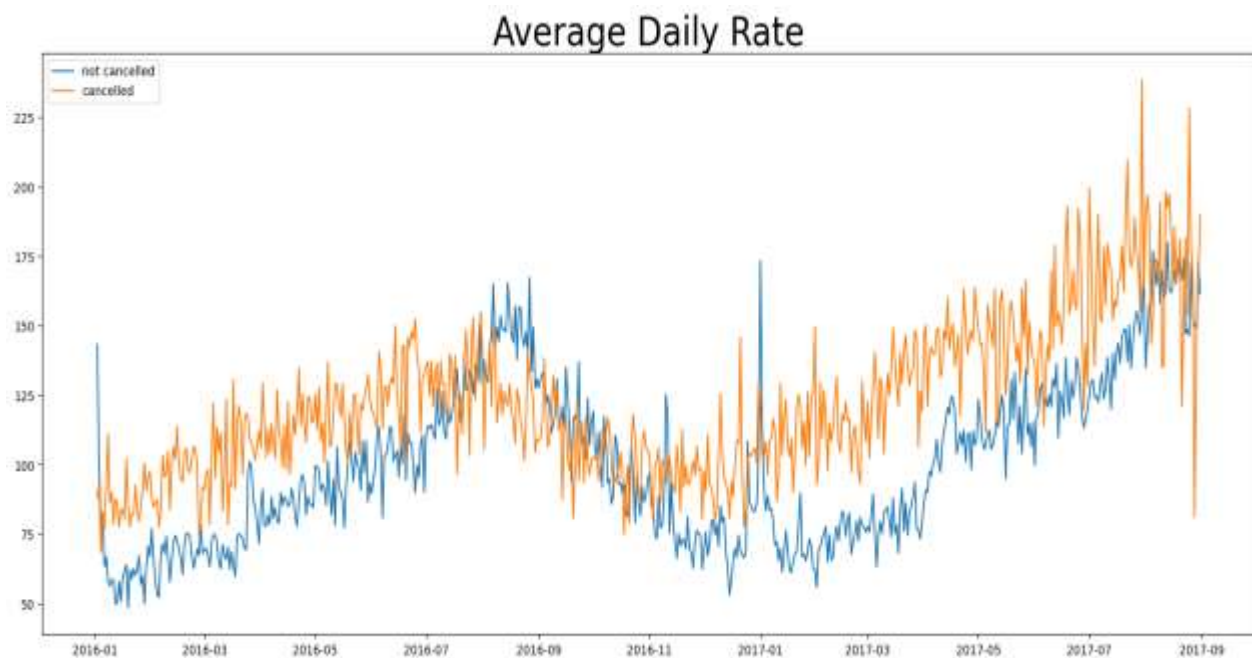


This graph demonstrate that cancelation rates are highest when prices are higher and cancelation rates are lowest when prices are lower



From above pie chart we can see that the country with highest cancelation rate is Portugal

let's check the area from where the guest are visiting the hotels and making reservation.is it coming from Direct or Groups, Online or Offline Travel Agents? Around 46%of the clients come from online travel agencies, whereas 27% come from groups. Only 4% of clients book directly by visiting them and making reservations



As seen in the graph reservations are cancelled when the average daily rate is higher than when it is not canceled. It clearly proves all the above analysis, that the higher price leads to higher cancellation

Suggestions

1. Cancellation rates rises as the price does. In order to prevent cancellation of reservation, hotels could work on their pricing strategies and try to lower the rate for specific hotels base on location. They can also provide discount to the costumer

2. As the ratio of cancellation and not cancellation of the resort hotel is higher in the resort hotel than the City hotels so the hotel should provide reasonable discount on the room price on weekends or on holidays
3. In the month of January hotels can start campaigns or marketing with a reasonable amount to increase their revenue as the cancellation is higher in this month'
4. They can also increase the quality of their hotel and their services in Portugal to reduce cancellation rate