



Hotel Reservation Cancellations

Understanding the variables that drive cancellations and strategies to optimize revenue



Research Questions



Key Variables

What factors affect hotel reservation cancellations?



Improvement Strategy

How can we reduce cancellation rates effectively?



Business Impact

How will insights assist hotels in pricing and promotional decisions?

Initial Hypotheses

01

Price Sensitivity

More cancellations occur when prices are higher

02

Waiting List Impact

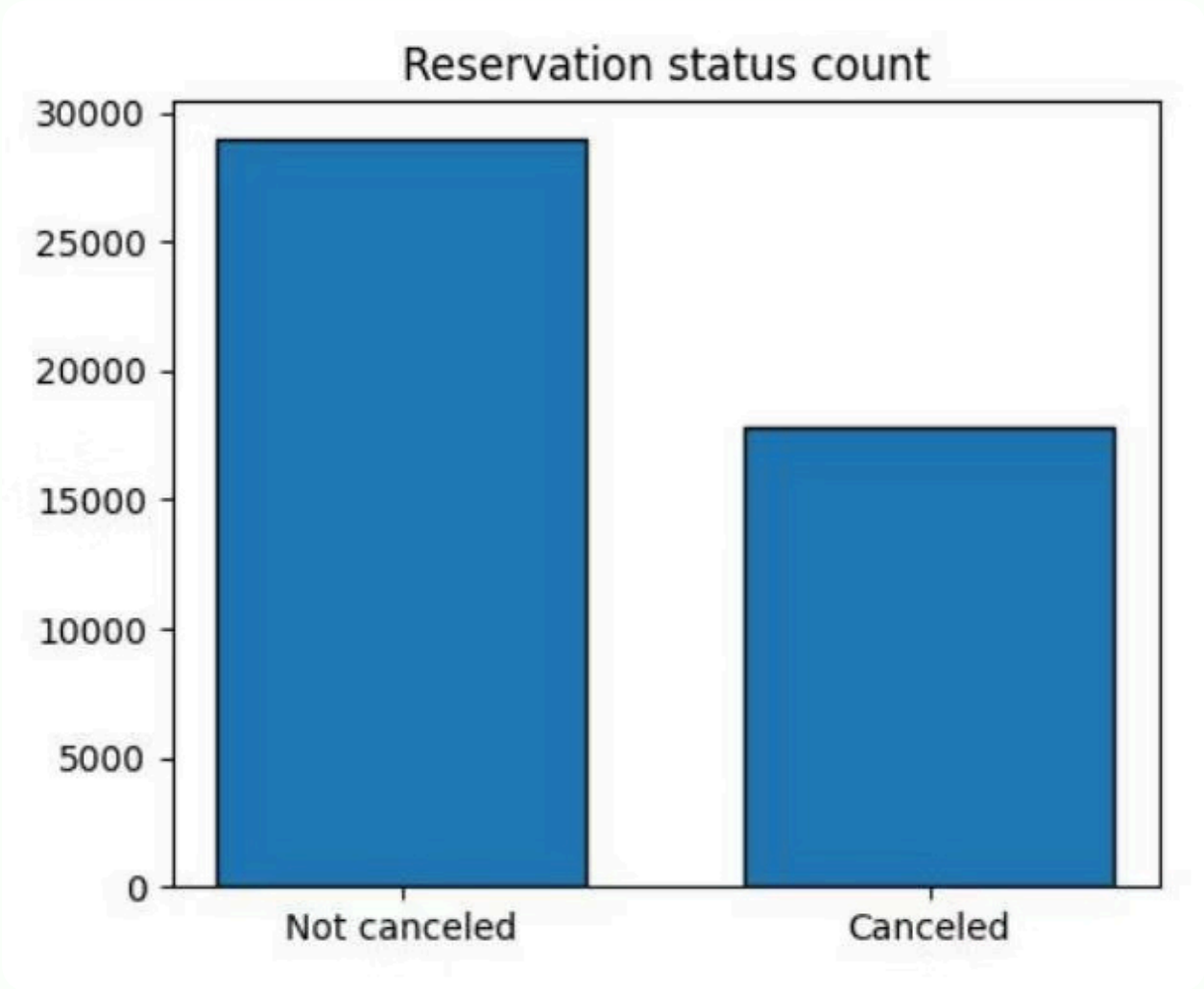
Longer waiting lists correlate with increased cancellation frequency

03

Booking Channels

Majority of clients make reservations through offline travel agents

Cancellation Overview



37%

Canceled Reservations

Significant impact on hotel earnings and revenue

63%

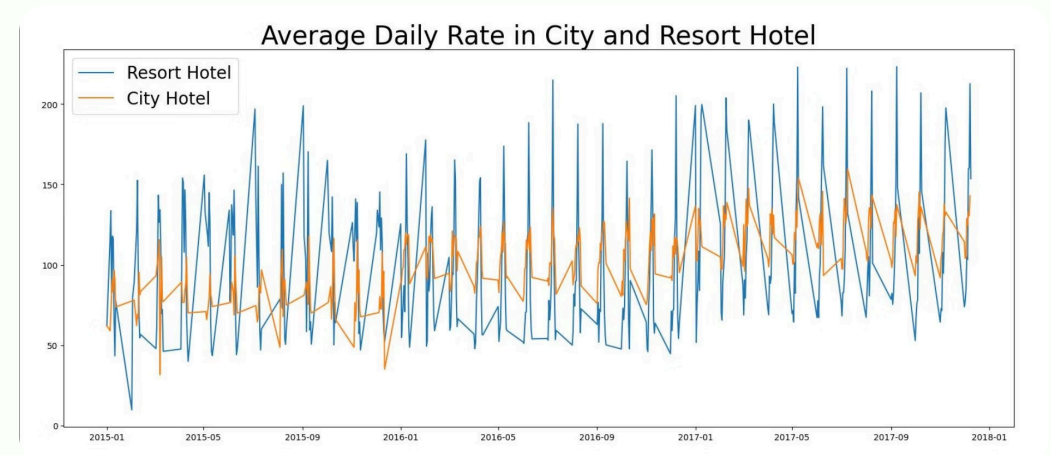
Confirmed Bookings

Majority of reservations remain active

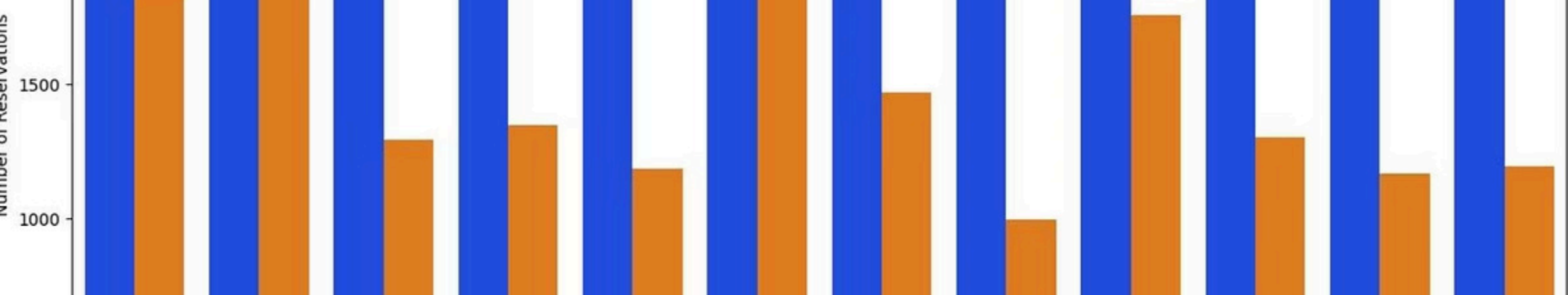
City vs. Resort Hotels



City hotels have significantly more bookings compared to resort hotels, likely due to lower pricing.



Average daily rates fluctuate between hotel types. Resort rates spike on weekends and holidays.



Seasonal Patterns

Peak Season

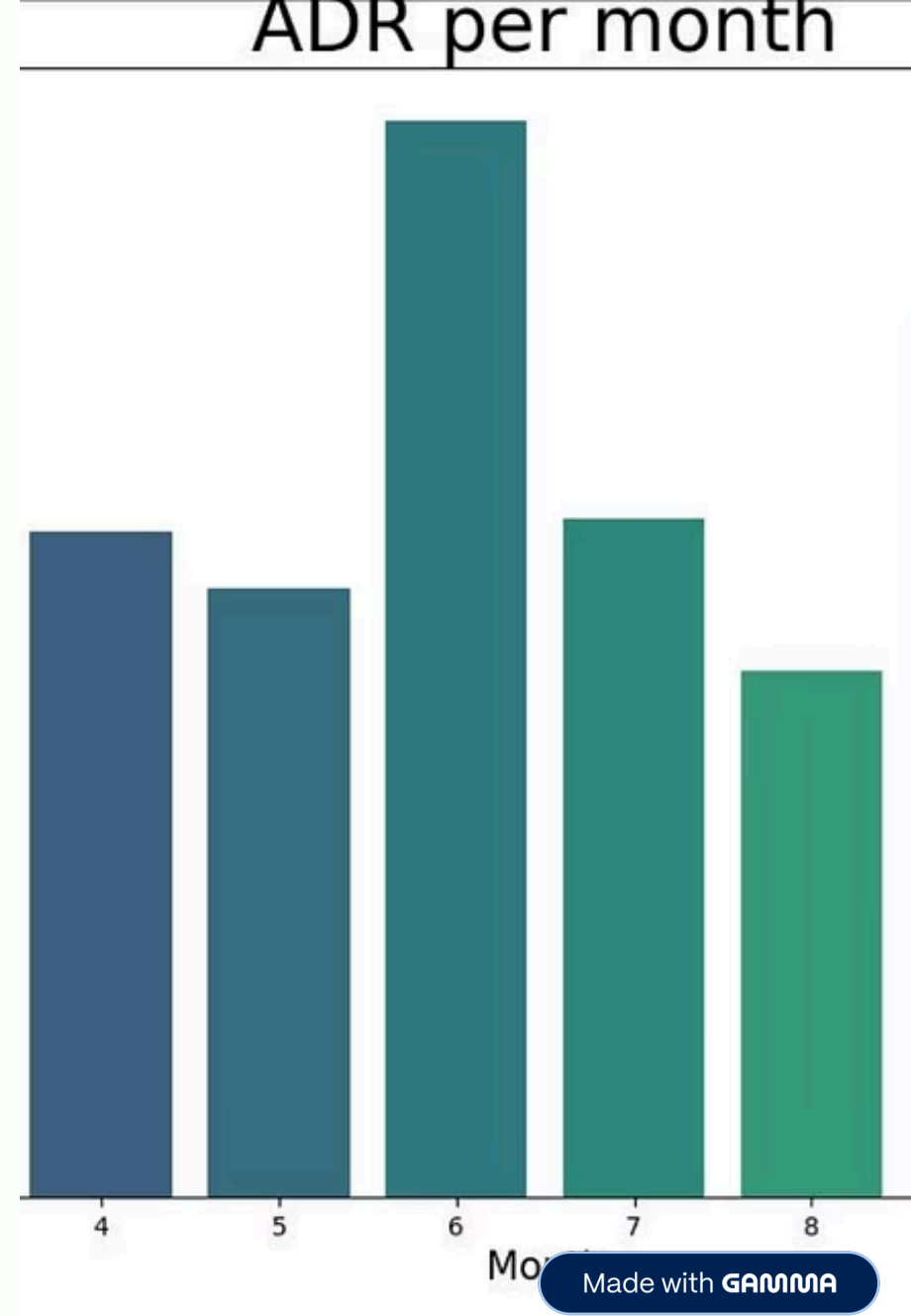
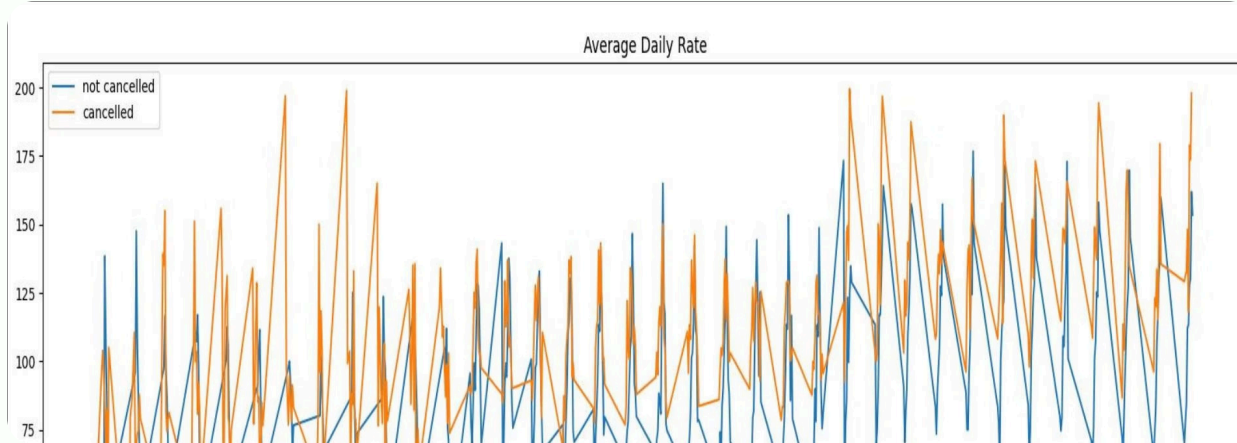
August shows highest confirmed and canceled reservations

Cancellation Crisis

January has the highest cancellation rate of any month

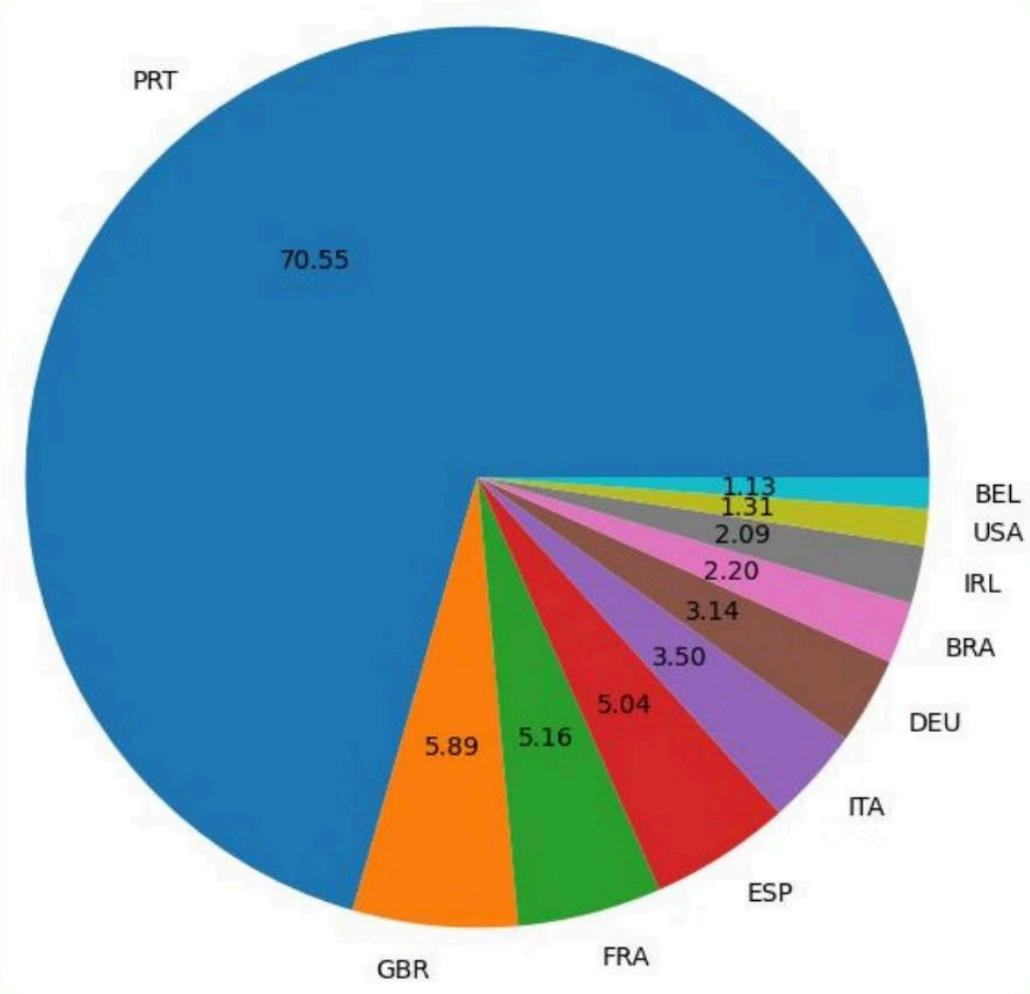
Price Drives Cancellations

Cancellations are most common when prices are highest and least common when prices are lowest. Accommodation cost is the primary driver of cancellation behavior.



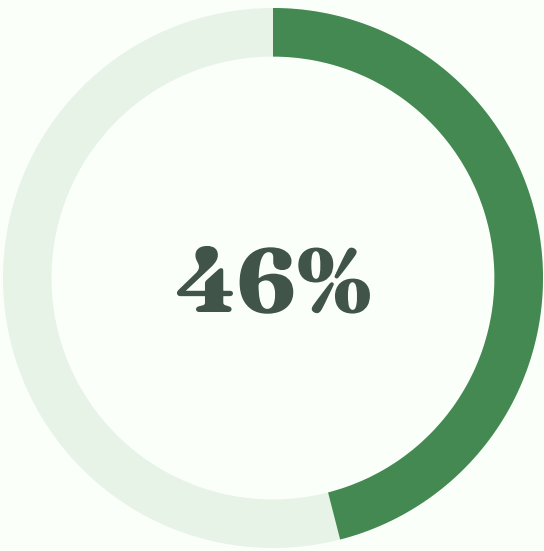
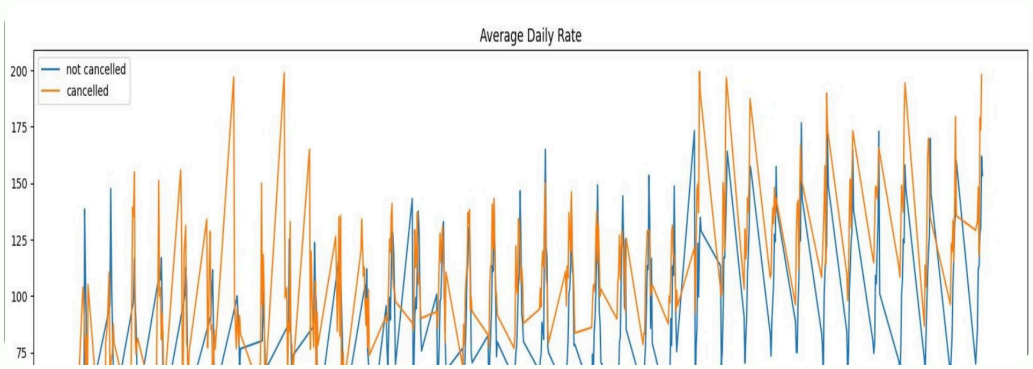
Geographic & Channel Insights

Top Cancellation Country

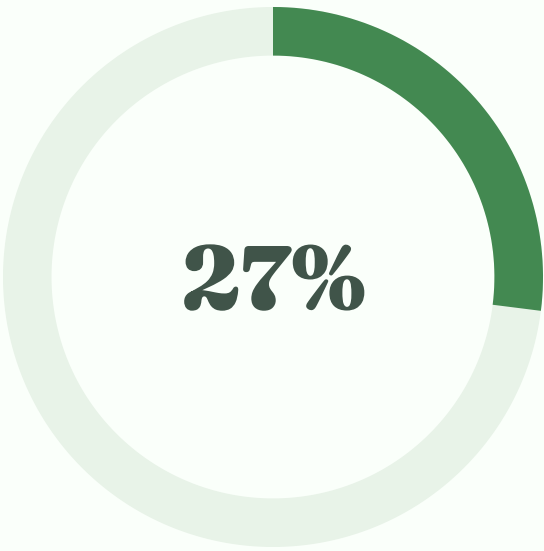


Portugal leads with the highest number of cancellations

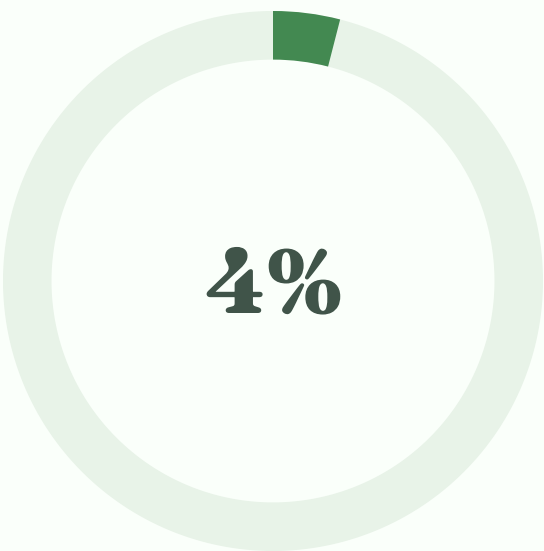
Booking Channels



Online travel agencies



Group bookings



Direct bookings

Strategic Recommendations

1

Dynamic Pricing Strategy

Lower rates for specific locations and offer targeted discounts to prevent cancellations driven by high prices

2

Weekend & Holiday Promotions

Provide reasonable discounts on resort hotel room prices during weekends and holidays to reduce cancellation ratio

3

January Campaign Focus

Launch marketing campaigns with competitive pricing in January to increase revenue during peak cancellation month

4

Quality Enhancement in Portugal

Improve hotel quality and services in Portugal to address the highest cancellation rates in this market



Key Takeaway

Higher prices directly correlate with increased cancellations. Strategic pricing adjustments, seasonal promotions, and quality improvements can significantly reduce cancellation rates and boost hotel revenue.