# Impact of Hotel Booking Cancellations on Revenue and Business Strategies

## 1. Introduction

In recent years, hotels have experienced a significant increase in booking cancellations, leading to reduced revenues and inefficiencies in hotel room utilization. This report focuses on understanding the factors contributing to these cancellations, analyzing booking data, and providing actionable recommendations for reducing cancellations and optimizing revenue generation.

## 2. Research Objective

The primary objectives of this study are:

* To identify the key variables affecting hotel reservation cancellations.
* To recommend strategies to minimize cancellations and improve room utilization.
* To provide insights that assist hotels in making pricing and promotional decisions.

## 3. Hypotheses

* Higher hotel prices are correlated with increased cancellations.
* Longer wait times for bookings lead to more cancellations.
* Most customers book through offline travel agents.

## 4. Data Analysis & Findings

* **Reservation Status:** A significant portion of bookings, approximately 37%, were canceled, greatly impacting revenue. City hotels experienced more bookings than resort hotels.
* **Price Fluctuations:** The average daily rates fluctuate, with resort hotels showing higher prices on weekends and holidays.
* **Country of Origin:** Portugal had the highest number of cancellations, indicating potential location-specific issues.
* **Booking Channels:** Most customers used online travel agencies (46%) for bookings, followed by groups (27%).

A deeper dive into the data showed that higher prices and longer wait times contributed to increased cancellations, confirming our hypothesis.

## 5. Recommendations

* **Pricing Adjustments:** Hotels should adopt dynamic pricing models to prevent cancellations. Offering location-based discounts or packages during peak cancellation months can also help.
* **Promotional Campaigns:** January, with the highest cancellation rate, should see targeted campaigns to boost bookings.
* **Quality Improvements:** Focusing on improving hotel services, especially in regions like Portugal, could reduce the cancellation rate.

## 6. Conclusion

Hotels can leverage the insights from this analysis to modify their pricing strategies, promotional efforts, and service offerings to reduce cancellations, improve customer satisfaction, and maximize revenue.