



Hotel Booking Cancellation Analysis

Business Insight & Recommendation Report

Executive Summary

Hotel booking cancellations are causing significant revenue loss and operational challenges. This report explains why cancellations occur and outlines practical actions hotels can take to reduce their impact.

Business Situation

Hotels rely on advance bookings to manage rooms, pricing, and staffing. When bookings are canceled, rooms often remain empty, resulting in lost revenue. This issue is more severe for City Hotels and for bookings made through online platforms.

Key Business Problem

High cancellation rates are leading to:

- Lost revenue
- Lower room occupancy
- Uncertain planning

Hotels need to understand **where cancellations come from and how to control them.**

What the Analysis Revealed

- City Hotels experience more cancellations than Resort Hotels
- Higher room prices are linked to more cancellations
- Nearly **half of all bookings come through Online Travel Agents**
- **Online Travel Agents have the highest cancellation rates**
- **Portugal shows the highest cancellation levels among all countries**

Why This Is Happening (Business View)

- Online platforms make booking and cancellation very easy
- Customers often book multiple properties and cancel later
- Online listings may sometimes create expectations that do not fully match the actual experience
- In high-tourism regions like Portugal, demand fluctuation increases cancellation risk

Business Recommendations (Simple & Practical)

Improve Online Booking Quality

- Ensure property listings accurately reflect reality
- Use recent and verified photos
- Clearly communicate hygiene and service standards

Reduce Dependence on High-Risk Channels

- Encourage direct bookings through incentives
- Apply stricter cancellation rules for OTA bookings

Smarter Pricing Decisions

- Avoid overpricing during peak demand
- Introduce flexible and non-refundable pricing options

Focus on High-Risk Regions

- Closely monitor bookings from Portugal
- Adjust promotions and pricing by region
- Improve communication for international guests

Expected Business Benefits

By applying these actions, hotels can:

- Reduce cancellations
 - Increase revenue stability
 - Improve customer trust
 - Enhance operational efficiency
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Final Takeaway

Cancellations are not random. They follow clear patterns related to pricing, booking platforms, and geography. By improving online transparency, managing pricing carefully, and focusing on high-risk markets, hotels can significantly reduce cancellations and protect revenue.