

MASS HOTEL CANCELLATIONS - HOW TO MANAGE THEM TO SAVE THE FUTURE



The FORST Business School of Tourism has included a scenario that has become a reality for many businesses today as a result of the coronavirus outbreak, now officially COVID-19, and its impact on massive international events, such as the cancellation of the Mobile World Congress (MWC) of Barcelona, Venice Carnival, ITB Berlin etc.

Experts emphasize, there is no magic recipe or solution for the situation of mass hotel cancellations; the key is to analyze each element and take customized strategies and action to guarantee the highest level of customer loyalty in the future.

Customer Origin Analysis

Analysis of the clients' chosen destination is a must. For example, Asian markets are not the "most important for most European destinations, but it is true that everything has an impact. While cancellations from this type of client do not represent the majority, they do have an effect.

The slowdown of the tourism market, which is very prone to shift when safety alerts are issued, usually results in a drop in prices as long as there's a tourism decline.

Urban markets, meaning the largest cities will be affected - the cities that welcome tourists from very conservative markets, such as the United States. In this type of circumstances, they opt not to travel. However, some kind of "borrowed tourists" could be welcomed from European markets mostly, who look for destinations with maximum security guarantees within Europe.

Searching for Less Conservative Markets

So, while facing this health crisis, which is slowly turning into a global concern, it is necessary to design campaigns targeted at markets less sensitive to these alerts.

Also, the most active markets and less alarmed by this type of alert such as the British or German markets, will gradually move to other competing destinations.

Markets that are not so sensitive can be found in Latin America (Brazil, Mexico); Israel and Russia also become important markets since they usually report longer stays.

Cancellation Policy

Once the type of market that is most prone to hotel cancellations has been identified, it is essential to define a cancellation policy. Experts recommend avoiding the use of standard mechanisms, but studying each reservation based on parameters like type of customer, whether they're new or repeat customers; or the type of reservation, whether it is direct or through operator and agencies. In the decision-making process, it is clear that what needs to be preserved is customer loyalty in the short and medium-term.

Experts point out that, it is best to "apply flexible mechanisms and seek intermediate solutions. In many cases, the idea will be to delay the reservation, without refunds, but protecting it for other

dates.”

Regarding cancellation policies, it is possible to differentiate between cancellations due to force majeure and those that occur because the client does not wish to travel. Cancellation policies cannot be applied to the former, but it can to the latter.

Pre-reservation Management

In this regard, before these situations and to avoid mass cancellations when there’s no leeway, **it is recommended to draft clear policies regarding pre-reservations.**

In such events, it would be a good idea to introduce semi-flexible rates to ensure the refund if they cancel between 21 and 30 days from the date of entry [to the country]. This way, we have room to design supply and exit strategies for these rooms in domestic or other markets that are less inclined to cancellations due to these types of alerts.

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